

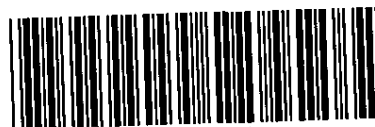
# **NEP UK Film I Limited**

## **Annual report and financial statements**

**For the year ended 31 December 2021**

**Registered in England and Wales number 10482244**

MONDAY



\*ABI8GFLE\*

A07

05/12/2022

#23

COMPANIES HOUSE

**NEP UK Film I Limited**  
**Annual report and financial statements for the year ended 31 December**  
**2021**  
**Contents**

	Pages
Directors and Advisers	1
Strategic Report	2 – 5
Streamlined Energy and Carbon Reporting (SECR)	6 – 8
Directors' Report	9 – 11
Statement of Directors' Responsibilities	12
Independent Auditor's Report	13 – 15
Consolidated Profit and Loss Account	16
Consolidated Statement of Comprehensive Income	17
Consolidated and Parent Company Balance Sheets	18
Consolidated and Parent Company Statement of Changes in Equity	19 – 20
Consolidated and Parent Company Cash Flow Statements	21
Notes to the Consolidated Financial Statements	22 – 48

**NEP UK Film I Limited**  
**Annual report and financial statements for the year ended 31 December**  
**2021**  
**Directors and Advisers**

Directors	D Naccarato DA Crump MA Wilson SA Jenkins SA Mort
Company Secretary	DM Leadbetter
Registered office	Units 2-4 Manor Gate, Manor Royal Crawley England RH10 9SX
Bankers	JP Morgan 25 Bank Street London, E14 5JP
Independent auditor	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ United Kingdom

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### 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 year ended 31 December 2021 results of NEP UK Film I Limited show significant improvement from the prior year. Covid continued to have an impact in 2021, particularly for our Live Events businesses during the start of the year, however nothing as severe as we saw during 2020. The roll out of vaccines across our markets and the subsequent relaxation of government restrictions meant that as 2021 progressed we began to see more of a return towards business as usual.

During 2020 we adapted as a group and developed new products and ways of working. These stood us in good stead in 2021 and as our markets began to return to normal, so did our revenues. In addition to the underlying improvement in market conditions, 2021 also benefited from several large events which had been postponed in 2020.

#### Key Performance Indicators

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

	2021 £'000	2020 £'000	Change £'000
Turnover	174,122	106,407	67,715
Operating profit/(loss)	3,865	(19,014)	22,879
Loss for the period	(100)	(21,543)	21,443
Net liabilities	(43,162)	(38,865)	(4,297)

As a result of the relaxation of Covid restrictions, Group revenues in 2021 of £174m increased significantly from the prior year. 2021 also benefited from pent up demand in the market, including events that had been postponed in 2020 including the Tokyo Olympics, Euro 2020, World Expo and Wimbledon. Additionally, demand for our broadcast and connectivity services has increased due to our television broadcast and production clients' needs to produce more content for television schedules, as well as the increased adoption and usage of our London Production Centre, which was opened in Spring 2021.

Gross profit increased from £32.5m in 2020 to £64.0m in 2021, with gross margins increasing 6% to 37%. However gross margins are distorted by the large fixed cost element associated with depreciation which had a greater relative impact on 2020 as a result of the reduced revenues.

Overheads (distribution costs and administrative expenses) increased by £5.3m in 2021 compared to the prior year. We made significant efforts to reduce overheads in 2020 and although we looked to hold on to savings into 2021 where we could, given the revenue increase it was not unexpected that overheads showed an increase over the prior year as our business returned to more of a business as usual footing.

The Group recognised other operating income of £0.3m in 2021, relating to the Coronavirus Job Retention Scheme in the UK and similar schemes, where available, in our overseas territories. This was down significantly on the 2020 figure of £3.6m, reflective of both a reduction in available government support and our need to draw on it.

As a result of the above factors operating profit improved to £3.9m in 2021, compared with a loss of £19.0m in 2020

Net interest cost decreased by £0.3m to £6.2m in 2021, which was broadly consistent year on year, the majority of our interest charge being payable on group loans. However the results benefited from a tax credit (mostly related to deferred taxes) of £2.2m (2020: £4.0m). As a result of the above the total loss for the financial period was £0.1m (2020: £21.5m).

## **NEP UK Film I Limited**

### **Annual report and financial statements for the year ended 31 December 2021**

#### **Strategic Report (continued)**

The Group is in a net liability position of £43.2m at the balance sheet date (2020: net liability of £38.9m). The increase in net liabilities from the prior year has been mostly driven by the losses incurred during the year plus a loan waiver to a group company which has been accounted for as a dividend payable. It is worth noting that the December 2021 balance sheet includes group debts of £168.7m, of which only £44m is due within one year. For further details see the Going Concern statement on page 10 of the Directors' report.

During the year the Group reported a net increase in cash and cash equivalents, excluding foreign exchange gains or losses, of £0.1m (2020: £0.2m). 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 (see General risk management and internal control section on page 5 and Economic and business cycle on page 4);
- (b) the interests of the company's employees (see Employee involvement section on page 10);
- (c) the need to foster the company's business relationships with suppliers, customers and others (see Engagement with customers, suppliers and other stakeholders section on page 10);
- (d) the impact of the company's operations on the community and the environment (see Environmental section on page 11 and Climate change section on page 4);
- (e) the desirability of the company maintaining a reputation for high standards of business conduct (see New and emerging markets section on page 4); and
- (f) the need to act fairly between members of the company.

Section 172 (f) does not apply to the Company as it is a wholly owned subsidiary of NEP Group Holdings, LP.

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**

The key decisions taken during the year related to our allocation of capital and resources in response to our markets opening up. Key capex items in 2021 included LED and associated equipment to support the Tokyo Olympics and Euro 2020, spend related to the build of our London Production Centre, and costs to upgrade and expand our connectivity infrastructure to better support existing and new contracts and clients.

During 2021 we took the strategic decision to expand our Live Event operations in the Middle East. This will involve significant investment in new equipment (some of which started in 2021) and the opening of an operation in Saudi Arabia which is expected to be fully operational by the end of 2022.

In Spring 2021 we expanded our System Integration (SI) business, launching an SI offering in the UK to sit alongside our SI capability in Ireland and the Middle East.

Also in Spring 2021, we opened our new Production Centre in central London to allow us to better serve existing and new clients with a centralised production facility connected to our resilient Anylive fibre network between over 300 of the UK's largest venues, sports stadia and entertainment venues, broadcasters, network operators, channel aggregators and major switching centres.

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Strategic Report (continued)

##### Principal Risks and Uncertainties

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. Due to the level of loans due to Group undertakings the Group is dependent on its parent company for future funding requirements and has 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

**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 important of environmental responsibility.

**NEP UK Film I Limited**

**Annual report and financial statements for the year ended 31 December 2021**

**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.

**Future Developments**

We budgeted for 2022 to return to business as usual now our markets are able to operate on a more normal basis. Despite some lingering effects from Omicron in January we are now seeing this in our results for the year to date; financial performance up to September has been strong and is tracking ahead of budget with key upsides from the Winter Olympics and World Expo. In addition we are benefiting from high demand with the return of in person corporate events and music touring.

We are also optimistic about the second half of 2022 where, as well as the underlying high demand, we will be providing services to the Commonwealth Games in Birmingham and the FIFA World Cup in Qatar.

We remain confident in the long term prospects of the Group and assuming that we don't see any serious new Covid variants are looking forward to continuing to grow and develop the business into 2023 and beyond, while we are continuing to see increased demand from our television broadcast and production clients who require more content for television schedules, as well as the increased adoption and usage of our London Production Centre, which was opened in March 2021.

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



MA Wilson  
11 November 2022

NEP UK Film I Limited  
Units 2-4 Manor Gate, Manor Royal  
Crawley, RH10 9SX

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Streamlined Energy and Carbon Reporting (SECR)

Streamlined Energy and Carbon Reporting (SECR) is presented in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which introduced energy and carbon reporting requirements for large unquoted companies in the UK. Large unquoted companies are obliged to report their UK energy use and associated GHG emissions as a minimum relating to gas, electricity and transport fuel, as well as an intensity ratio and information relating to energy efficiency action, through their annual reports. The Group meets the criteria of a large unquoted company.

#### Reporting Boundary

The reporting boundary for this report is NEP UK Film I Limited and its UK registered subsidiaries as set out in note 15.

#### Reporting Period

The Group is presenting information for the year ended 31 December 2021.

#### Measurement Methodology

The energy and emissions data presented here include all UK subsidiaries and operations of the Group, where they have operational control in the financial year. The methodologies used in calculating total energy and greenhouse gas (GHG) emissions include the GHG Protocol Corporate Standard, the 2019 HM Government Environmental Reporting Guidelines, and the 2021 UK Government's Conversion Factors for Company Reporting.

Data on gas combustion and purchased electricity was sourced from supplier invoices for the period of January 2021 – December 2021. The gas and electricity consumption for Bowtie Television Ltd, SOS Event Logistics Limited and NEP Connect Limited leased offices was estimated using the square footage area of their occupied space and CIBSE Energy Benchmarks. For company and employee-owned/hire vehicles, data on litres of fuel consumed and mileage travelled was obtained from fuel card reports and expense claims reports for 2021 and was converted to kWh using SECR mile to kWh and kWh/litre conversion factors from the 2021 UK Government's Conversion Factors for Company Reporting. For some of the company/employee-owned vehicles' data, litres of fuel were calculated from fuel spend data and using pence/litre data from BEIS Weekly Road Fuel Prices 2021.

For unquoted companies, fugitive emissions from refrigerants do not require to be reported under SECR and these have not been included. Similarly, reporting on fuel combustion in stationary equipment other than gas combustion is not required under SECR and has not been included.

#### Intensity Ratio

The intensity metric selected by the Group is tonnes of CO<sub>2</sub>e per £m sales revenue. The business metric data was sourced from the Group's financial accounts. The intensity ratio was calculated by dividing total UK GHG emissions (tonnes) by total UK annual revenue for the year ended 31 December 2021

It should be noted that due to the negative impact of the Covid-19 pandemic in 2020 and the subsequent recovery of the Group's business activities in 2021, a tendency towards an increase in energy consumption and associated GHG emissions was observed in 2021 financial year. This resulted in an overall increase in energy consumption of 13 % and in GHG emissions of 9 % in 2021 compared to the previous 2020. The intensity ratio has decreased in 2021 compared to the previous financial year despite the overall increase observed in GHG emissions. This can be explained with a higher sales revenue in 2021 compared to 2020.



## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Streamlined Energy and Carbon Reporting (SECR) (continued)

##### Energy and Carbon Performance Results

Scopes and Categories	2021		2020	
	Energy Data (kWh)	GHG Emission (Tonnes of CO <sub>2</sub> e)	Energy Data* (kWh)	GHG Emission (Tonnes of CO <sub>2</sub> e)
Gas Combustion in Stationary Equipment	1,108,514.44	203.04	883,485.36*	162.45*
Fuel Consumption: Company Owned/Leased Vehicles	3,126,390.67	740.64	2,960,694.94	711.93
<b>Scope 1 Total</b>	<b>4,234,905.11</b>	<b>943.68</b>	<b>3,844,180.30</b>	<b>874.38</b>
Purchase of Grid Electricity	1,934,065.48	410.66	1,675,325.81**	390.59**
<b>Scope 2 Total</b>	<b>1,934,065.48</b>	<b>410.66</b>	<b>1,675,325.81</b>	<b>390.59</b>
Business Travel: Employee-Owned and Hire Vehicles	917,549.46	226.23	749,553.38	185.16
<b>Scope 3 Total</b>	<b>917,549.46</b>	<b>226.23</b>	<b>749,553.38</b>	<b>185.16</b>
<b>All Scopes Total</b>	<b>7,086,520.05</b>	<b>1,580.57</b>	<b>6,269,059.49</b>	<b>1,450.13</b>
<b>Intensity ratio (Tonnes CO<sub>2</sub>e per £m revenue)</b>		<b>11.13</b>		<b>16.73***</b>

\*The figures have been revised due to unintentionally omitted data on gas consumption associated with NEP Connect.

\*\*The figures have been revised due to unintentionally omitted data on electricity consumption associated with NEP Connect.

\*\*\*The ratio was also revised based on the revised GHG emissions total for 2020

##### Energy Efficiency and Management

The Group recognises the importance of environmental responsibility, including using energy and resources as efficiently as possible.

##### *Creative Technology Limited*

As part of its commitment to the environment Creative Technology has long held certification for ISO 14001: Environmental Management Systems. Creative Technology is constantly analysing and developing its processes to minimise the impact of our activities on the Environment.

Measures Creative Technology have taken during the year include:

- Commenced working towards ISO 20121: Event Sustainability;
- Continued to replace lighting fittings with LED alternatives;
- Installation of additional electric vehicle charging points, which are provided free of charge, for use by staff and visitors in order to encourage the use of energy efficient vehicles;
- From 2021 the company car scheme was restricted to electric vehicles only. Prior to this hybrid vehicles had also been available; and
- Sourced electricity from REGO backed renewable sources for premises where Creative Technology is responsible for negotiating utility contracts.

Future plans include:

- Continue working towards ISO 20121: Event Sustainability; and
- Replacing the remaining lighting with LED alternatives.

## **NEP UK Film I Limited**

### **Annual report and financial statements for the year ended 31 December 2021**

#### **Streamlined Energy and Carbon Reporting (SECR) (continued)**

##### *NEP UK Limited*

During 2021 NEP commenced using a bowser to supply Bio-diesel to its truck fleet.

NEP also launched an Environmental Task Force and started to put all employees through Albert Sustainability training.

Future plans for 2022 include:

- Working to obtain ISO14001: Environmental Management Systems; and
- Calculating NEP's carbon footprint.

##### *NEP Connect Limited*

Measures NEP connect have taken during the year include, but are not limited to the following:

- Introducing Hybrid vehicles for new contract builds;
- Working with Carbon Footprint Ltd to establish a baseline business Carbon Footprint for FY21;
- Carbon offsetting in progress via Albert Sustainability and The Carbon Footprint Co. with c200 tonnes certified during FY21.

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Directors' Report

The Directors have pleasure in presenting their Annual report and the audited financial statements for the year ended 31 December 2021.

#### 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 future developments of the business and the risks therein.*

#### Dividends

On 31 December 2021 Creative Technology EME Limited, a subsidiary of the Company, waived a loan of HKD 41,909,759 receivable from Creative Technology (Asia Pacific) Co., Limited, another related company within the wider NEP Group Holdings, Inc. Group. The waiver of this loan has been classified as a dividend.

No dividend was paid in the prior year.

#### 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 (resigned 25 April 2022)  
D Naccarato (appointed 25 April 2022)  
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 as at 31 December 2021.

#### 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.

## **NEP UK Film I Limited**

### **Annual report and financial statements for the year ended 31 December 2021**

#### **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***

The Group has net liabilities and is reliant on the NEP Group cash pooling mechanism for funding. Given these circumstances 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. The Group has a number of formal and informal processes for employee concerns to be raised to the Board, including a whistleblowing policy which has been circulated to all staff.

##### ***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**

### **Annual report and financial statements for the year ended 31 December 2021**

#### **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.

The SECR on pages 6 to 8 discloses information on the Group's emissions of carbon dioxide, the methodologies used to calculate those emissions and the intensity ratio for those emissions.

##### **Post balance sheet events**

There were no post balance sheet events requiring disclosure in the financial statements.

##### **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  
11 November 2022

NEP UK Film I Limited  
Units 2-4 Manor Gate, Manor Royal  
Crawley, RH10 9SX

## **NEP UK Film I Limited**

### **Annual report and financial statements for the year ended 31 December 2021**

#### **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 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 Parent 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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



MA Wilson  
11 November 2022

NEP UK Film I Limited  
Units 2-4 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 2021 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 statement of changes in equity;
- the consolidated and parent company cash flow statements; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

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

### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

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

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

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

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

- We presume a risk of material misstatement due to fraud related to revenue recognition and evaluate which types of revenue, revenue transactions or assertions give rise to such risks. We have considered there to be a fraud risk in relation to revenue recognition over the occurrence of revenue, which may manifest through the inaccurate recording of revenue in the current year for events that have not yet taken place. In response to this risk we have:
  - ✓ Assessed the design and implementation of the company's controls around this risk.
  - ✓ Performed substantive testing over a sample transactions, tracing through to evidence supporting the occurrence of the revenue transaction.

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



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

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

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

### **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**

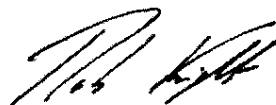
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

#### **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.



Rob Knight, FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
11 November 2022

**NEP UK Film I Limited****Annual report and financial statements for the year ended 31 December 2021****Consolidated Profit and Loss Account**

	Note	2021 £000s	2020 £000s
Turnover	4	174,122	106,407
Cost of sales		(110,124)	(73,922)
<b>Gross profit</b>		<b>63,998</b>	<b>32,485</b>
Distribution costs		(368)	(807)
Administrative expenses		(60,068)	(54,312)
Other operating income		303	3,620
<b>Operating profit/(loss) before taxation</b>	5	<b>3,865</b>	<b>(19,014)</b>
Interest receivable and similar income	9	916	1,231
Interest payable and similar expenses	9	(7,088)	(7,766)
<b>Loss before taxation</b>		<b>(2,307)</b>	<b>(25,549)</b>
Tax on loss	10	2,207	4,006
<b>Loss for the financial year</b>		<b>(100)</b>	<b>(21,543)</b>
Attributable to:			
Owners of the Company		(100)	(21,543)
Non-controlling interests		-	-
		<b>(100)</b>	<b>(21,543)</b>

All amounts relate to continuing operations.

The notes on pages 22 to 48 are an integral part of these financial statements.

**NEP UK Film I Limited****Annual report and financial statements for the year ended 31 December 2021****Consolidated Statement of Comprehensive Income**

	2021 £000s	2020 £000s
Loss for the financial year	(100)	(21,543)
Other comprehensive (expense)/income:		
Currency translation differences	(174)	257
<b>Total comprehensive expense for the year</b>	<b>(274)</b>	<b>(21,286)</b>
Attributable to:		
Owners of the Company	(274)	(21,286)
Non-controlling interests	-	-
	<b>(274)</b>	<b>(21,286)</b>

All amounts are attributable to equity holders of the Company. There was no tax relating to other comprehensive income. All items in other comprehensive (expense)/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 2021**

**Consolidated and Parent Company Balance Sheets**

		Group		Company	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Note	£000s	Restated* £000s	£000s	Restated* £000s
<b>Fixed assets</b>					
Goodwill	14	9,441	10,538	-	-
Intangible assets	14	7,789	8,062	-	-
Tangible assets	13	65,480	72,192	-	-
Other investments	15	-	-	31,000	31,000
		<b>82,710</b>	<b>90,792</b>	<b>31,000</b>	<b>31,000</b>
<b>Current assets</b>					
Stocks	17	348	288	-	-
Debtors: amounts falling due within one year	16	89,990	69,255	-	-
Debtors: amounts falling due after more than one year	16	173	170	13,212	12,536
Cash at bank and in hand	18	1,883	1,426	-	-
		<b>92,394</b>	<b>71,139</b>	<b>13,212</b>	<b>12,536</b>
<b>Creditors: Amounts falling due within one year</b>	19	<b>(88,042)</b>	<b>(75,316)</b>	<b>(3,459)</b>	<b>(2,733)</b>
<b>Net current assets/(liabilities)</b>		<b>4,352</b>	<b>(4,177)</b>	<b>9,753</b>	<b>9,803</b>
<b>Total assets less current liabilities</b>		<b>87,062</b>	<b>86,615</b>	<b>40,753</b>	<b>40,803</b>
<b>Creditors: Amounts falling due after more than one year</b>	20	<b>(125,592)</b>	<b>(120,817)</b>	<b>(9,608)</b>	<b>(9,710)</b>
<b>Provisions for liabilities</b>	21	<b>(4,632)</b>	<b>(4,663)</b>	<b>-</b>	<b>-</b>
<b>Net (liabilities)/assets</b>		<b>(43,162)</b>	<b>(38,865)</b>	<b>31,145</b>	<b>31,093</b>
<b>Capital and reserves</b>					
Called up share capital	23	-	-	-	-
Share premium		31,000	31,000	31,000	31,000
Merger reserve		(29,674)	(29,674)	-	-
Translation reserve		(966)	(792)	-	-
Profit and loss account		(43,522)	(39,399)	145	93
<b>Shareholders' (deficit)/funds</b>		<b>(43,162)</b>	<b>(38,865)</b>	<b>31,145</b>	<b>31,093</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital employed</b>		<b>(43,162)</b>	<b>(38,865)</b>	<b>31,145</b>	<b>31,093</b>

\* Refer to notes 16 and 19.

The notes on pages 22 to 48 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 financial year dealt with in the financial statements of the parent Company was £52,000 (2020: £51,000).

The financial statements of NEP UK Film I Limited were approved by the Board of Directors on 11 November 2022. They were signed on its behalf by:



**Mark Wilson**  
Director



**Simon Mort**  
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 2021**

**Consolidated and Parent Company Statement of Changes in Equity**

**Consolidated**

<b>Group</b>	<b>Share capital account £000s</b>	<b>Share premium account £000s</b>	<b>Merger reserve £000s</b>	<b>Translation reserve £000s</b>	<b>Retained earnings £000s</b>	<b>Total equity £000s</b>
<b>Balance at 1 January 2021</b>	-	31,000	(29,674)	(792)	(39,399)	(38,865)
Loss for the period	-	-	-	-	(100)	(100)
Other comprehensive expense, net of tax	-	-	-	(174)	-	(174)
<b>Total comprehensive expense for the period</b>	-	-	-	(174)	(100)	(274)
Transactions with owners in their capacity as owners						
Dividends paid	-	-	-	-	(4,023)	(4,023)
<b>Balance at 31 December 2021</b>	-	31,000	(29,674)	(966)	(43,522)	(43,162)

<b>Group</b>	<b>Share capital account £000s</b>	<b>Share premium account £000s</b>	<b>Merger reserve £000s</b>	<b>Translation reserve £000s</b>	<b>Retained earnings £000s</b>	<b>Total equity £000s</b>
<b>Balance at 1 January 2020</b>	-	31,000	(29,674)	(1,049)	(17,856)	(17,579)
Loss for the period	-	-	-	-	(21,543)	(21,543)
Other comprehensive income, net of tax	-	-	-	257	-	257
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	257	(21,543)	(21,286)
<b>Balance at 31 December 2020</b>	-	31,000	(29,674)	(792)	(39,399)	(38,865)

**NEP UK Film I Limited**

**Annual report and financial statements for the year ended 31 December 2021**

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

<b>Company</b>	Share capital account £000s	Share premium account £000s	Retained earnings £000s	Total £000s
Balance at 1 January 2021	-	31,000	93	31,093
Profit for the period	-	-	52	52
<b>Total comprehensive income for the period</b>	-	-	52	52
<b>Balance at 31 December 2021</b>	-	31,000	145	31,145

<b>Company</b>	Share capital account £000s	Share premium account £000s	Retained earnings £000s	Total £000s
Balance at 1 January 2020	-	31,000	42	31,042
Profit for the period	-	-	51	51
<b>Total comprehensive income for the period</b>	-	-	51	51
<b>Balance at 31 December 2020</b>	-	31,000	93	31,093

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 22 to 48 are an integral part of these financial statements.

**NEP UK Film I Limited**

**Annual report and financial statements for the year ended 31 December 2021**

**Consolidated and Parent Company Cash Flow Statements**

	Note	Group		Company	
		2021 £000s	2020 £000s	2021 £000s	2020 £000s
<b>Net cash flows from operating activities</b>	25	<b>21,867</b>	<b>22,710</b>	<b>(1)</b>	<b>-</b>
<b>Cash flows from investing activities</b>					
Purchases of fixed assets		(14,245)	(13,828)	-	-
Proceeds from sale of fixed assets		422	1,377	-	-
Interest received		783	1,083	-	-
Deferred consideration on acquisition of subsidiary		(148)	-	-	-
Cash acquired		-	(100)	-	-
<b>Net cash flows from investing activities</b>		<b>(13,188)</b>	<b>(11,468)</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>					
Interest paid		(2,548)	(2,964)	(623)	(592)
Proceeds from borrowings		14,081	11,161	-	2,631
Repayments of borrowings		(20,138)	(19,207)	624	(2,039)
<b>Net cash flows from financing activities</b>		<b>(8,605)</b>	<b>(11,010)</b>	<b>1</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>74</b>	<b>232</b>	<b>-</b>	<b>-</b>
<b>Cash, cash equivalents and bank overdrafts at beginning of year</b>		<b>1,426</b>	<b>1,578</b>	<b>-</b>	<b>-</b>
Exchange gains/(losses) on cash and bank overdrafts		383	(384)	-	-
<b>Cash and cash equivalents at end of year</b>	18	<b>1,883</b>	<b>1,426</b>	<b>-</b>	<b>-</b>

The notes on pages 22 to 48 are an integral part of these financial statements.

## **NEP UK Film I Limited**

### **Annual report and financial statements for the year ended 31 December 2021**

#### **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. The address of the Company's registered office is shown on page 1.

##### **2. Accounting policies**

###### **2.1 Basis of preparation**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

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, except in relation to the recognition of business combinations at fair value.

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 functional currency of Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. 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*

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. 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 2021**

#### **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 recognised in the merger reserve.

### **2.4 Going concern**

The Group has net liabilities and is reliant on the NEP Group cash pooling mechanism for funding. Given these circumstances 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.

### **2.5 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 2021

#### Notes to the Consolidated Financial Statements (continued)

#### 2. Accounting policies (continued)

##### 2.6 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:

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.

##### 2.7 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 2021

#### 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.

##### 2.8 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).

##### 2.9 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

###### *Financial assets*

###### 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.

**NEP UK Film I Limited**

**Annual report and financial statements for the year ended 31 December 2021**

**Notes to the Consolidated Financial Statements (continued)**

**2. Accounting policies (continued)**

*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.*

**2.10 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.

**2.11 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.

**2.12 Current and deferred income tax**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Notes to the Consolidated Financial Statements (continued)

##### 2. Accounting policies (continued)

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

##### 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 Company issues equity-settled share options and cash-settled share appreciation rights to certain employees within the Group. 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.

##### 2.14 Provisions

The Group may hold provisions on the balance sheet for restructuring, reorganisation, dilapidation 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'.

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Notes to the Consolidated Financial Statements (continued)

## 2. Accounting policies (continued)

### 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 Government grants

Government grants consist of amounts claimed under a number of government support programmes which were put in place to mitigate the impact of Coronavirus. These include the Coronavirus Job Retention Fund in the United Kingdom.

Government grants are recognised in accordance with the performance model. Grants that do not impose specified, future performance-related conditions on the recipient are recognised when the following criteria are met:

- The Group will comply with the conditions attached to the grant; and
- The grant proceeds are receivable.

Government grants of £303,000 (2020: £3,620,000) have been credited to Other Operating Income within the profit and loss account.

### 2.17 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 2021

#### Notes to the Consolidated Financial Statements (continued)

## 2. Accounting policies (continued)

### 2.18 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.

## 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements 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 profit and loss account during the period.

#### *b) Estimated impairment of goodwill*

The carrying value of goodwill as at 31 December 2021 was £9,441,000 (2020: £10,538,000). In accordance with the accounting policy stated in note 2.8, the Group tests whether goodwill has suffered any impairment when indicators of impairment are identified. Management exercises judgement to determine whether such indicators of impairment exist. No indicators of impairment were identified in the current year.

#### *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.

#### *c) 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 2021 was £51,451,000 (2020: £57,733,000). 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 2021****Notes to the Consolidated Financial Statements (continued)****3. Critical accounting estimates and key sources of estimation uncertainty (continued)**

There are no critical judgements or sources of estimation uncertainty in relation to the Company's accounting policies.

**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	2021 £000s	2020 £000s
Turnover from contracts with customers	174,122	106,407
	<b>174,122</b>	<b>106,407</b>

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 £17,652,000 (2020: £9,137,000) relates to audio visual installation contracts.

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

Turnover	2021 £000s	2020 £000s
United Kingdom	116,648	82,286
Mainland Europe	18,180	11,546
United States of America	6,820	2,903
Rest of the World	32,474	9,672
	<b>174,122</b>	<b>106,407</b>
Live Events & Installations	71,574	34,314
Broadcast Services	100,869	71,372
Freight Logistics	1,679	721
	<b>174,122</b>	<b>106,407</b>

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

**5. Operating profit/(loss) before taxation**

Operating profit/(loss) is stated after charging/(crediting):

	Note	Group 2021 £000s	2020 £000s	Company 2021 £000s	2020 £000s
Depreciation	13	21,997	24,661	-	-
Amortisation	14	2,009	2,002	-	-
Operating lease payments					
- plant and machinery		437	502	-	-
- other		8,839	7,264	-	-
(Gain)/loss on disposal of property, plant and equipment		(73)	1	-	-
Exchange (gain)/loss		(755)	1,469	-	-



# NEP UK Film I Limited

## Annual report and financial statements for the year ended 31 December 2021

### Notes to the Consolidated Financial Statements (continued)

#### 6. Employee information

##### a) Average number of people employed

The monthly average number of persons employed including executive Directors was:

Group	Group	
	2021 Number	2020 Number
Operations	467	488
Administration	115	134
	<b>582</b>	<b>622</b>

The Company had no employees during the period.

Their aggregate remuneration comprised:

##### b) Employee benefit expense

	Group	
	2021 £000s	2020 £000s
Wages and salaries	33,596	29,253
Social security costs	3,442	2,889
Pension costs - contribution plans (note 7)	1,487	1,619
	<b>38,525</b>	<b>33,761</b>

The Company incurred no employee costs during the period.

##### c) Directors' remuneration

	Group	
	2021 £000s	2020 £000s
Directors' remuneration:		
Aggregate emoluments	1,443	859
Social security costs	192	114
Pension costs - contribution plans	39	41
Highest paid Director:		
Aggregate emoluments	530	258
Social security costs	72	34
Pension costs - contribution plans	-	18

The highest paid director did not exercise any share options during the year.

One of the Directors (2020: 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 (2020: four of the directors) were entitled to shares under the NEP Group, Inc. Equity Incentive Plan. None of the directors (2020: none of the directors) exercised share options during the year.

Retirement benefits were accruing for three Directors (2020: three Directors) under defined contribution type pension arrangements.

**NEP UK Film I Limited****Annual report and financial statements for the year ended 31 December 2021****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 £1,487,000 (2020: £1,619,000), and £195,000 (2020: £238,000) 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.

	2021 £000s	2020 £000s
Audit of the annual report and financial statements	260	252
Audit of subsidiaries	20	18
<b>Total audit fees</b>	<b>280</b>	<b>270</b>

There were no non-audit fees during the current and prior year.

**9. Finance costs (net)**

	2021 £000s	2020 £000s
Interest on short term bank deposits	71	1
Interest on intercompany receivables	840	1,206
Other interest receivable	5	24
Interest receivable and similar income	916	1,231
Interest on bank borrowings	(118)	(95)
Interest element of hire purchase obligations	(3)	(8)
Interest on intercompany borrowings	(6,967)	(7,663)
Interest payable and similar expenses	(7,088)	(7,766)
<b>Net finance costs</b>	<b>(6,172)</b>	<b>(6,535)</b>

**10. Tax credit on loss***Analysis of taxation charge for the year*

	2021 £000s	2020 £000s
Current tax		
Current tax on profits for the period	54	44
Overseas tax	70	9
Adjustments in respect of prior periods	(14)	(26)
<b>Total current tax</b>	<b>110</b>	<b>27</b>
Deferred tax (note 22)		
Origination and reversal of temporary differences	(317)	(4,296)
Impact of change in the UK tax rate	(1,263)	126
Adjustments in respect of prior years	(737)	137
<b>Total deferred tax</b>	<b>(2,317)</b>	<b>(4,033)</b>
<b>Total tax on profit</b>	<b>(2,207)</b>	<b>(4,006)</b>

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Notes to the Consolidated Financial Statements (continued)

#### 10. Tax credit on loss (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:

	2021 £000s	2020 £000s
Loss before tax	(2,307)	(25,549)
Tax calculated at standard rate of UK corporation tax of 19% (2020: 19%)	(438)	(4,854)
Group relief claimed	(152)	(239)
Expenses not deductible for tax purposes	378	407
Income not taxable	(182)	(185)
Unrecognised differences between capital allowances and depreciation	3	41
Other unrecognised temporary differences	-	(9)
Movements in unrecognised tax losses	182	370
Losses carried back	-	-
Re-measurement of deferred tax - change in tax rates	(1,263)	126
Differences in tax rates	16	226
Prior period adjustments	(751)	111
<b>Total tax on profit</b>	<b>(2,207)</b>	<b>(4,006)</b>

In his budget of 3 March 2021, the Chancellor of the Exchequer announced that the UK corporation tax rate will increase from 19% to 25% from 1 April 2023. This change was substantively enacted at the balance sheet date and has therefore been applied in the measurement of the company's deferred tax assets and liabilities at 31 December 2021.

#### 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 £52,000 (2020: £51,000).

#### 12. Dividends

No dividends were approved or paid during the current or prior period.

On 31 December 2021 Creative Technology EME Limited, a subsidiary of the Company, waived a loan of HKD 41,909,759 receivable from Creative Technology (Asia Pacific) Co., Limited, another group undertaking. The waiver of this loan has been classified as a dividend.

**NEP UK Film I Limited**

**Annual report and financial statements for the year ended 31 December 2021**

**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
<b>Cost</b>				
At 1 January 2021	6,121	143,333	23,948	173,402
Additions	1,140	10,742	3,568	15,450
Disposals	-	(1,025)	(57)	(1,082)
Exchange differences	3	(255)	(39)	(291)
<b>At 31 December 2021</b>	<b>7,264</b>	<b>152,795</b>	<b>27,420</b>	<b>187,479</b>
<b>Accumulated depreciation and impairment</b>				
At 1 January 2021	2,949	85,600	12,661	101,210
Depreciation charge	747	16,890	4,360	21,997
Disposals	-	(978)	(38)	(1,016)
Exchange differences	2	(168)	(26)	(192)
<b>At 31 December 2021</b>	<b>3,698</b>	<b>101,344</b>	<b>16,957</b>	<b>121,999</b>
<b>Net book amount</b>				
<b>At 31 December 2021</b>	<b>3,566</b>	<b>51,451</b>	<b>10,463</b>	<b>65,480</b>
At 31 December 2020	3,172	57,733	11,287	72,192

Depreciation of £16,892,000 (2020: £17,787,000) has been charged in 'cost of sales' and the remaining £5,105,000 (2020: £6,874,000) 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 2021 £000s	Other plant and equipment 2021 £000s	Total 2021 £000s	Hire stock 2020 £000s	Other plant and equipment 2020 £000s	Total 2020 £000s
Cost	70	3,241	3,311	3,154	1,745	4,899
Depreciation	(70)	(1,862)	(1,932)	(2,549)	(1,086)	(3,635)
<b>Net book amount</b>	<b>-</b>	<b>1,379</b>	<b>1,379</b>	<b>605</b>	<b>659</b>	<b>1,264</b>

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 2021**

**Notes to the Consolidated Financial Statements (continued)**

**14. Intangible assets**

<b>Group</b>	<b>Goodwill £000s</b>	<b>Customer Relationships and contracts £000s</b>	<b>Computer Software £000s</b>	<b>Total £000s</b>
<b>Cost</b>				
At 1 January 2021	13,611	10,760	356	24,727
Additions	-	-	783	783
Disposals	-	-	(142)	(142)
Exchange differences	-	-	(8)	(8)
<b>At 31 December 2021</b>	<b>13,611</b>	<b>10,760</b>	<b>989</b>	<b>25,360</b>
<b>Accumulated Amortisation</b>				
At 1 January 2021	3,073	2,788	266	6,127
Amortisation charge	1,097	828	84	2,009
Exchange differences	-	-	(6)	(6)
<b>At 31 December 2021</b>	<b>4,170</b>	<b>3,616</b>	<b>344</b>	<b>8,130</b>
<b>Net book amount</b>				
<b>At 31 December 2021</b>	<b>9,441</b>	<b>7,144</b>	<b>645</b>	<b>17,230</b>
At 31 December 2020	10,538	7,972	90	18,600

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:

<b>Group</b>	<b>2021 £000s</b>	<b>2020 £000s</b>
Creative Technology UK	1,515	1,704
NEP Connect	4,817	5,310
Creative Technology Ireland	3,109	3,524
<b>Net book value</b>	<b>9,441</b>	<b>10,538</b>

Customer relationships and contracts include £4,230,000 (2020: £4,759,000) of customer relationships and contracts arising on the acquisition of Avesco Group plc in the year ended 31 December 2017. This asset has a remaining amortisation period of 8 years. Customer relationships and contracts also include £2,914,000 (2020: £3,213,000) of customer contracts arising on the acquisition of NEP Connect in the prior year. This asset has a remaining amortisation period of 9 years.

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Notes to the Consolidated Financial Statements (continued)

#### 15. Investments

##### *Investments in subsidiary undertakings*

Company	2021 £000s	2020 £000s
Cost	31,000	31,000
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 2021, all of which are included in the consolidation, were as follows:

Legal names	Trading name(s)	Activity	Holding	Country of incorporation
<b>United Kingdom</b>				
Creative Technology Limited	CT London	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	Dormant	Ordinary shares	England & Wales
NEP UK & Ireland Group Limited*	NEP UK & Ireland Group	Holding company	Ordinary shares	England & Wales
Creative Technology EME Limited	Creative Technology EME	Holding company	Ordinary shares	England & Wales
NEP UK Limited	NEP UK	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 2021**

**Notes to the Consolidated Financial Statements (continued)**

**15. Investments (continued)**

Legal name	Trading name(s)	Activity	Holding	Country of incorporation
<b>Mainland Europe</b>				
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
<b>Rest of World</b>				
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
Creative Technology Saudi Arabia for Information Technology	CT Saudi Arabia	Audio visual services	Ordinary shares	Saudi Arabia
SOS Cargo Services LLC	SOS Dubai	Logistics	Ordinary shares	Dubai

At 31 December 2021 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.

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Notes to the Consolidated Financial Statements (continued)

##### 15. Investments (continued)

The registered office the Company and the Group's subsidiary undertakings was units 2-4 Manor Gate, Manor Royal, Crawley, RH10 9SX, with the exception of the following subsidiaries:

- The registered office of NEP UK 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;
- Creative Technology Saudi Arabia for Information Technology does not currently have a registered office;
- The registered office of SOS Cargo Services LLC is Office 15, OneSpace Business Centre, Green Community, DIP 1, Dubai, United Arab Emirates.

NEP UK & Ireland Group Limited, Creative Technology Group Limited, Creative Technology EME Limited, Creative Technology Limited, Sports Technology Limited, NEP UK Limited, NEP (UK) Investments Limited, NEP Connect Limited, and SOS Event Logistics 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 & Ireland Group 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. Sports Technology Limited is a company incorporated in England and Wales with registered number 07482461. 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. SOS Event Logistics Limited is a company incorporated in England and Wales with registered number 12253035.



# NEP UK Film I Limited

## Annual report and financial statements for the year ended 31 December 2021

### Notes to the Consolidated Financial Statements (continued)

#### 16. Debtors

	Group 2021	2020 Restated*	Company 2021	2020
	£000s	£000s	£000s	£000s
<b>Amounts falling due within one year:</b>				
Trade debtors	22,412	13,518	-	-
Amounts owed by Group undertakings	1,933	4,286	-	-
Loans to Group undertakings	44,799	35,915	-	-
Other debtors	462	619	-	-
Corporation tax recoverable	4	288	-	-
Prepayments	5,963	5,161	-	-
Accrued income	6,660	3,709	-	-
Deferred tax asset (note 22)	7,757	5,759	-	-
	<b>89,990</b>	<b>69,255</b>	<b>-</b>	<b>-</b>
<b>Amounts falling due after more than one year:</b>				
Loans to Group undertakings	-	-	13,212	12,536
Other debtors	173	170	-	-
	<b>173</b>	<b>170</b>	<b>13,212</b>	<b>12,536</b>

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. Loans to Group undertakings falling due within one year are unsecured, repayable on demand and bear interest based on local interbank rates; they relate to loans provided to other Group undertakings via the NEP cash pooling mechanism. Accrued income includes £252,000 (2020: £1,402,000) due from customers in relation to audio visual installation contracts.

Loans to 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 subsidiary undertakings to finance acquisitions and working capital. 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.

\*The prior year balance sheet for the Group has been restated to reclassify £35,915,000 of loans to Group undertakings from Amounts falling due after more than one year to Amounts falling due within one year. These balances relate to loans provided to other Group undertakings via the NEP cash pooling mechanism and as such are repayable on demand. As these balances are deposited and drawn down on a regular basis, the comparative figures in the primary statements and notes have been restated to update their classification.

#### 17. Stocks

Group	2021 £000s	2020 £000s
Consumables and goods for resale	348	288
	<b>348</b>	<b>288</b>

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### 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	
	2021	2020	2021	2020
	£000s	£000s	£000s	£000s
Cash at bank and on hand	1,883	1,426	-	-
	<b>1,883</b>	<b>1,426</b>	<b>-</b>	<b>-</b>

#### 19. Creditors – amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£000s	Restated* £000s	£000s	Restated* £000s
Trade creditors	5,979	4,462	-	-
Obligations under finance leases and HP contracts	393	301	-	-
Social security and other taxes	4,856	5,979	-	-
Other payables	1,224	1,282	-	-
Accruals	19,065	13,267	-	-
Deferred income	5,971	8,916	-	-
Amounts owed to fellow Group subsidiary undertakings	6,512	4,005	-	-
Loans from Group undertakings	44,035	36,899	3,459	2,733
Corporation tax	5	55	-	-
Deferred acquisition payments	2	150	-	-
	<b>88,042</b>	<b>75,316</b>	<b>3,459</b>	<b>2,733</b>

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 £1,664,000 (2020: £nil) due to customers in relation to audio visual installation contracts.

\*The prior year balance sheet for the Group has been restated to reclassify £35,699,000 of Loans from Group Undertakings from amounts falling due after more than one year to amounts falling due within one year. The prior year balance sheet for the Company has been restated to reclassify £2,631,000 of Loans from Group Undertakings from amounts falling due after more than one year to amounts falling due within one year. These balances relate to loans received from other Group undertakings via the NEP cash pool mechanism and as such are repayable on demand. As there is no evidence of unconditional right to defer settlement of these balances, the comparative figures in the primary statements and notes have been restated to update their classification.

**NEP UK Film I Limited**

**Annual report and financial statements for the year ended 31 December 2021**

**Notes to the Consolidated Financial Statements (continued)**

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

	Group		Company	
	2021	2020	2021	2020
	£000s	Restated* £000s	£000s	Restated* £000s
Loans from Group undertakings	124,640	120,405	9,608	9,710
Obligations under finance leases and HP contracts	952	412	-	-
	<b>125,592</b>	<b>120,817</b>	<b>9,608</b>	<b>9,710</b>

Loans from group undertakings relate to loans provided by other Group undertakings to finance acquisitions.

\*Refer to note 19.

*Intercompany borrowings*

Loans from Group undertakings are repayable as follows:

	Group		Company	
	2021	2020	2021	2020
	£000s	Restated* £000s	£000s	Restated* £000s
<b>Intercompany borrowings</b>				
In 1 year or less	44,035	36,899	3,459	2,733
Later than 1 year and no later than 5 years	111,708	71,774	9,608	9,710
Later than 5 years	12,932	48,631	-	-
	<b>168,675</b>	<b>157,304</b>	<b>13,067</b>	<b>12,443</b>

Company borrowings of £13,067,000 (2020: £12,443,000) relate to intercompany borrowings which are denominated in Sterling and unsecured. The loan bears interest based on LIBOR.

Group borrowings of £150,751,000 (2020: £147,155,000) relate to intercompany borrowings which are denominated in Sterling and unsecured. The loans bear interest based on LIBOR.

Group borrowings of £13,941,000 (2020: £10,149,000) relate to intercompany borrowings which are denominated in Euro and unsecured. The loans bear interest based on EURIBOR.

Group borrowings of £3,983,000 (2020: £nil) relate to intercompany borrowings which are denominated in US Dollars and unsecured. The loans bear interest based on LIBOR.

\*Refer to note 19.

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Notes to the Consolidated Financial Statements (continued)

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

##### *Hire purchase liabilities*

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

	2021 £000s	2020 £000s
<b>Gross hire purchase liabilities - minimum lease payments</b>		
In 1 year or less	451	355
Later than 1 year and no later than 5 years	1,024	458
Later than 5 years	-	-
	1,475	813
Future finance charges on hire purchase obligations	(130)	(100)
<b>Present value of future hire purchase liabilities</b>	<b>1,345</b>	<b>713</b>
<b>Present value of hire purchase liabilities</b>		
	2021 £000s	2020 £000s
In 1 year or less	393	301
Later than 1 year and no later than 5 years	952	412
	1,345	713

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%.

#### 21. Provisions

Group	Deferred taxation £000s	Dilapidations £000s	Total £000s
At 1 January 2021	2,678	1,985	4,663
(Credited)/charged to the income statement	(319)	291	(28)
Exchange differences	-	(3)	(3)
<b>At 31 December 2021</b>	<b>2,359</b>	<b>2,273</b>	<b>4,632</b>

##### *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 £920,000 falling due in the year ending 31 December 2026, £183,000 falling due in the year ending 31 December 2037, and £1,007,000 falling due in the year ending 31 December 2037.

#### 22. Deferred tax

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Notes to the Consolidated Financial Statements (continued)

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 2021	5,320	439	5,759
Credited/(charged) to the profit and loss account	2,045	(47)	1,998
<b>At 31 December 2021</b>	<b>7,365</b>	<b>392</b>	<b>7,757</b>

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 2021	2,678	2,678
Credited to the income statement	(319)	(319)
<b>At 31 December 2021</b>	<b>2,359</b>	<b>2,359</b>

## 23. Share capital

Group and company	2021 number	2020 number	2021 £000s	2020 £000s
Allotted, called up and fully paid				
Ordinary shares of £1 each	32	32	-	-

## 24. Share-based payment

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Notes to the Consolidated Financial Statements (continued)

The Group operated an Equity Incentive Plan during the year to provide for the grant of incentive share options in shares to certain key management of the Group. The plan, provided for share options in shares of NEP Group Holdings, Inc. ran from 8 December 2018.

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

Group	2021 number	2020 number
Options outstanding as at 1 January	28,730	28,480
Options lapsed	(760)	(500)
Options acquired in business combinations	-	-
Options vested	-	-
Options granted during the year	-	750
<b>Options outstanding as at 31 December</b>	<b>27,970</b>	<b>28,730</b>
<b>Exercisable as at 31 December</b>	<b>13,186</b>	<b>8,954</b>

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.

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.

#### 25. Cash generated from operations

**NEP UK Film I Limited**

**Annual report and financial statements for the year ended 31 December 2021**

**Notes to the Consolidated Financial Statements (continued)**

	Group		Company	
	2021	2020	2021	2020
	£000s	£000s	£000s	£000s
Operating loss	3,865	(19,014)	(1)	-
Adjustments for:				
- depreciation of plant, property and equipment	21,997	24,661	-	-
- amortisation of intangible assets	2,009	2,002	-	-
- loss on sale of plant, property and equipment	(73)	1	-	-
- impairment of intangible assets	-	-	-	-
- negative goodwill	-	100	-	-
- unrealised foreign exchange (losses)/gains, net	(344)	342	-	-
Changes in working capital:				
- inventories	(78)	88	-	-
- trade and other receivables	(12,921)	20,674	-	-
- receivables from Group undertakings	3,411	787	-	-
- trade and other payables	3,584	(8,344)	-	-
Net movement in provisions	291	167	-	-
Income tax received/(paid)	126	1,246	-	-
<b>Cash generated from operations</b>	<b>21,867</b>	<b>22,710</b>	<b>(1)</b>	<b>-</b>

**26. Analysis of net debt**

	At 1 January 2021	Net cash flow	Other non cash changes	Currency translation differences	At 31 December 2021
Group	£000s	£000s	£000s	£000s	£000s
Cash at bank and in hand	1,426	74	-	383	1,883
Bank overdrafts	-	-	-	-	-
<b>Net cash</b>	<b>1,426</b>	<b>74</b>	<b>-</b>	<b>383</b>	<b>1,883</b>
HP obligations due in less than one year	(301)	320	(413)	1	(393)
HP obligations due in more than one year	(412)	(957)	413	4	(952)
Intercompany borrowings due in less than one year	(36,899)	(7,153)	15	2	(44,035)
Intercompany borrowings due in more than one year	(120,405)	-	(4,597)	362	(124,640)
<b>Net debt</b>	<b>(156,591)</b>	<b>(7,716)</b>	<b>(4,582)</b>	<b>752</b>	<b>(168,137)</b>

## NEP UK Film I Limited

### Annual report and financial statements for the year ended 31 December 2021

#### Notes to the Consolidated Financial Statements (continued)

#### 26. Analysis of net debt (continued)

Company	At 1 January 2021 £000s	Net cash flow £000s	Other non cash changes £000s	At 31 December 2021 £000s
Cash at bank and in hand	-	-	-	-
Intercompany borrowings due in less than one year	(2,733)	(624)	(102)	(3,459)
Intercompany borrowings due in more than one year	(9,710)	-	102	(9,608)
<b>Net debt</b>	<b>(12,443)</b>	<b>(624)</b>	<b>-</b>	<b>(13,067)</b>

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 £762,000 (2020: £2,313,000) 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	
	2021 £000s	2020 £000s	2021 £000s	2020 £000s
No later than 1 year	1,772	1,734	6,062	6,532
Later than 1 but no later than 5 years	4,703	4,056	6,613	12,335
Later than 5 years	7,755	8,604	5	-
	<b>14,230</b>	<b>14,394</b>	<b>12,680</b>	<b>18,867</b>

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 & Ireland Group Limited
- Creative Technology Group Limited
- Creative Technology EME Limited
- Creative Technology Limited
- Sports Technology Limited
- NEP UK Limited
- NEP (UK) Investments Limited
- NEP Connect Limited
- SOS Event Logistics Limited



## **NEP UK Film I Limited**

### **Annual report and financial statements for the year ended 31 December 2021**

#### **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 £6,876,000 (2020: £2,897,000), and incurred costs of £9,956,000 (2020: £4,114,000) and management fees of £4,532,000 (2020: £2,639,000) from fellow subsidiaries of the ultimate parent that have not been eliminated on consolidation. The Group has paid interest of £6,967,000 (2020: £7,663,000) to, and received interest of £840,000 (2020: £1,206,000) from Group entities that have not been eliminated on consolidation. All related party transactions are carried out on an arms-length basis.

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 Holdings, Inc. Equity Incentive Plan (see note 24). The fair value attributable to the Directors' portion of the awards in the year ended 31 December 2021 is £nil (2020: £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 £623,000 (2020: £643,000) and paid interest of £676,000 (2020: £590,000) to group undertakings.

At the year end balances due from subsidiaries to the Company amounted to £13,212,000 (2020: £12,536,000) and due to subsidiaries from the Company amounted to £13,067,000 (2020: £12,443,000).

**NEP UK Film I Limited****Annual report and financial statements for the year ended 31 December 2021****Notes to the Consolidated Financial Statements (continued)****29. 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 2021. 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 2021.