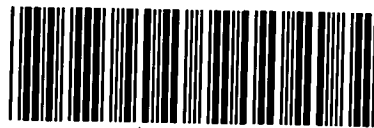


REGENCY ENTERTAINMENT (UK) LIMITED
Annual Report and Financial Statements
For the year ended 31 December 2022

Registered no: 11523673

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REGENCY ENTERTAINMENT (UK) LIMITED

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REGISTERED NO: 11523673

REGENCY ENTERTAINMENT (UK) LIMITED
COMPANY INFORMATION

Directors

Gabriel Hodes
Yariv Milchan

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

JPMorgan Chase Bank, N.A.
1 Chaseside
Bournemouth
Dorset BH7 7DA

Registered Office

71, Queen Victoria Street
London EC4V 4BE
United Kingdom

Registered no: 11523673

REGISTERED NO: 11523673

**REGENCY ENTERTAINMENT (UK) LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors present their strategic report and the audited financial statements for the year ended 31 December 2022 for Regency Entertainment (UK) Limited (the “Company”).

Principal Activities

In the current and prior periods, the Company focused its principal activities on the exploitation of distribution rights to motion pictures and television series produced by group companies. The operations of the Company are directly affected by the specific distribution needs of group companies, and by the financial well being of the entertainment industry as a whole. The Company is a wholly owned subsidiary of Monarchy Enterprises S.a.r.l. (“MESARL”) and has offices in London.

Business Review

In February 2022, Russian forces entered into military conflict with Ukraine. In response, various nations, including the United States, have instituted new and strict economic sanctions against Russia including the removal of certain financial institutions from the Society of Worldwide Interbank Financial Telecommunication (SWIFT) payment systems. Various companies and institutions have proactively suspended their services or limited their activities in the region. The geopolitical instability and resulting measures that have been or could be taken could have an impact on the global economy and our business prospects.

The Company’s principal activities include the exploitation of international distribution rights to motion pictures and television series produced by its group companies. The Company has paused all future licensing of distribution rights to its current and upcoming motion picture and television series in Russia. Moreover, the Company is actively monitoring the impact the conflict in Russia is and will continue to have on its existing distribution agreements as well as upcoming theatrical releases in Russia and the ability of its existing licensors to complete financial banking transactions.

Despite the uncertainty over the war in Russia will impact businesses and consumers, the Company continues to have a reasonable expectation that the Group has adequate resources to continue its operations. Although the Company currently believes it is reasonably well-positioned to mitigate and minimize the adverse effects of the war in Russia, the Company cannot predict or estimate the ongoing significance of these effects and any changes to its operations, results, projections and forecasts thereof.

The Company’s result for the financial year is US\$2,776,000 profit (2021: US\$3,723,000 profit) and it has been transferred to reserves.

Principal Risks and Uncertainties

The Company faces risks and uncertainties related to:

Strategic Risks

- Quality of Films for Distribution – the Company has established strategic first look and key relationships with award winning directors, producers and talent. The Company has long established itself as a recognized brand creating worldwide successful and talent driven creative feature films. The commercial acceptance of feature films to be exploited, and the financial well-being of the entertainment industry as a whole could lead to fluctuations in revenues.

REGISTERED NO: 11523673
REGENCY ENTERTAINMENT (UK) LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal Risks and Uncertainties (Continued)

Operational Risks

- Concentration of Credit Risk – the financial well-being of broadcasters and television networks that provide a significant portion of the Company's revenues. The Company assesses the creditworthiness of counterparties prior to entering into business arrangements.

Legal and Compliance Risks

- Intellectual Property Claims – the Company protects its intellectual property rights to its productions through available copyright and trademark laws and licensing and distribution arrangements with reputable domestic and international companies in specific territories and media for limited durations.

Financial Risks

- Foreign Currency – fluctuations in the relative valuation, against other currencies, of British pounds sterling and the US Dollar, which are, respectively, the Company's functional and presentation currencies. The Company uses foreign exchange forward contracts when appropriate to minimize exposure in this area.

Key Performance Indicators

The Company's business and its performance are closely monitored with key performance indicators for turnover and gross margin by title and territory. These key performance indicators provide an indication the quality and strength of the Company's motion picture and television series library and reflects the Company's ability to exploit the distribution rights across all international territories and regions.

The Company's turnover for the financial year is US\$51,854,000 (2021: US\$162,674,000).

The Company's gross profit for the financial year is US\$5,733,000 (2021: US\$9,618,000).

On behalf of the Board.



Gabriel Hodas
Director

4 DECEMBER 2023

REGISTERED NO: 11523673

DIRECTORS' REPORT

REGENCY ENTERTAINMENT (UK) LIMITED

Principal Activities

The Company's principal activities have been disclosed in the Strategic Report above.

Directors

The names of persons who were directors of the Company during the year and up to the date of this report are set out below:

Gabriel Hodes – Director

Yariv Milchan – Director

Dividends

For the years 31 December 2022 and 2021, the directors did not recommend a final dividend, respectively.

Going Concern

The directors of REUK have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Management has assessed the relevant factors surrounding going concern, including financing available from the parent company, and concludes that there are no material events or uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the directors of REUK have continued to adopt the going concern basis in preparing the annual report and financial statements.

The Directors of REUK have also considered the financial viability of its ultimate parent company, MESARL, noting MESARL has the financial resources to assist the Company in meeting its liabilities, if needed. The Directors have also considered the Company's own financial viability, noting the Company's has reported substantial annual turnover since its inception and continues to report profit year-over-year. In consideration of the above, the Directors of REUK are of the view that there are no material financial events or uncertainties anticipated that will impact the Company's ability to continue as a going concern. The Company has also received an unconditional letter of support from, MESARL., for a period covering 12 months from the date of approval of these financial statements.

Consequently, and based on their knowledge of MESARL, the directors of REUK have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Subsequent Events

There are no subsequent events to report.

Directors qualifying third party indemnity provisions

The Company may indemnify one or more directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006 and the Company may purchase insurance for this purpose. The Company has purchased a directors and officers liability insurance policy for the benefit of the Company and its directors and such policy was in force during the year and is in force as at the date of approving the Directors' Report.

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its

REGISTERED NO: 11523673
REGENCY ENTERTAINMENT (UK) LIMITED
DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Disclosure of information to auditors (Continued)

report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

The auditors Ernst & Young LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Political contributions

No political or charitable contributions were made during the years ended 31 December 2022 and 2021, respectively.

Research and development

No research and development was carried out by the Company during the years ended 31 December 2022 and 2021, respectively.

Future developments

The directors do not anticipate any significant changes to the Company's activity in the foreseeable future.

On behalf of the Board



Gabriel Hodes
Director
4 DECEMBER 2023

REGISTERED NO: 11523673

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
REGENCY ENTERTAINMENT (UK) LIMITED**

Statement of directors' responsibilities in respect of the Annual Report and the financial statements:

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 (applicable law and United Kingdom Accounting Standards 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 company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report, that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

REGISTERED NO: 11523673

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REGENCY ENTERTAINMENT (UK) LIMITED**

Opinion

We have audited the financial statements of Regency Entertainment (UK) Limited for the year ended 31 December 2022 which comprise as the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

REGISTERED NO: 11523673

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REGENCY ENTERTAINMENT (UK) LIMITED (CONTINUED)**

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 this 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 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' and strategic reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ the directors' and strategic reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' and strategic reports.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

REGISTERED NO: 11523673

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REGENCY ENTERTAINMENT (UK) LIMITED (CONTINUED)**

Responsibilities of directors

As explained more fully in the directors' responsibilities statement (see page 6), 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 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 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.

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006) and the relevant tax compliance regulations in the United Kingdom.
- We understood how Regency Entertainment UK Limited is complying with those frameworks by making inquiries of management and those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes and papers provided to those charged with governance, as well as considerations of the results of our audit procedures over the company's financial statements.

REGISTERED NO: 11523673

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
REGENCY ENTERTAINMENT (UK) LIMITED (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements (Continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (Continued)

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was susceptibility to fraud. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how senior management monitors those programme and controls. Where the risk was identified to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiries of those responsible for legal compliance of the company and management, as well as focussed testing. In addition we completed procedures to conclude on the compliance of the disclosures in the financial statements with all applicable requirements.

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

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.



Mohan Pandian (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

8 December, 2023

REGISTERED NO: 11523673
REGENCY ENTERTAINMENT (UK) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 December 2022	Year ended 31 December 2021
	Notes	\$'000	\$'000
Turnover	3	51,854	162,674
Cost of sales		(46,121)	(153,056)
Gross profit		5,733	9,618
Administrative expenses	4	(4,270)	(3,828)
Operating profit for the year	3	1,463	5,790
Other (expense) income, net		1,313	(1,194)
Profit on ordinary activities before taxation		2,776	4,596
Tax on profit on ordinary activities	11	-	(873)
Profit for the financial year		2,776	3,723

The Company has no recognised gains or losses during the current or prior year other than those reflected in the above profit and loss account and therefore no separate statement of comprehensive income has been presented.

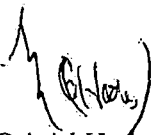
The above results all relate to continuing operations.

The Notes to Accounts form an integral part of these financial statements.

REGISTERED NO: 11523673
REGENCY ENTERTAINMENT (UK) LIMITED
BALANCE SHEET
AS AT YEAR ENDED 31 DECEMBER 2022

	Notes	31 December 2022 \$'000	31 December 2021 \$'000
<u>Non-current assets</u>			
Fixed Assets	5	40	63
Other Assets		106	111
Film Costs	6	6,085	8,828
		<u>6,231</u>	<u>9,002</u>
<u>Current assets</u>			
Debtors	7	61,296	90,472
Cash at bank and in hand		8,897	8,503
		<u>70,193</u>	<u>98,975</u>
Creditors: Amounts falling due within one year	8	222	1,620
Net current assets		<u>69,971</u>	<u>97,355</u>
Total assets less current liabilities		76,202	106,357
<u>Non-current Liabilities</u>			
<u>Creditors</u>			
Payables to related parties, net	8, 12	61,616	91,587
Deferred revenues	6, 8	6,653	9,613
		<u>68,269</u>	<u>101,200</u>
Net assets		<u>7,933</u>	<u>5,157</u>
<u>Capital and reserves</u>			
Called up share capital		-	-
Profit and loss account	9	7,933	5,157
Total shareholder's funds	10	<u>7,933</u>	<u>5,157</u>

The financial statements on pages 11 to 21 were approved by the board of directors on 4 December, 2023 and were signed on its behalf by:


Gabriel Hodes
Director

The Notes to Accounts form an integral part of these financial statements

REGISTERED NO: 11523673

REGENCY ENTERTAINMENT (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2022

	Notes	Called up share capital	Profit and loss account	Total Shareholder's funds
		\$'000	\$'000	\$'000
Balance as at 1 January 2021		-	1,434	1,434
Profit for the year		-	3,723	3,723
Total comprehensive income		-	5,157	5,157
Balance as at 31 December 2021		-	5,157	5,157
Balance as at 1 January 2022		-	5,157	5,157
Profit for the year		-	2,776	1,302
Total comprehensive income		-	7,933	6,459
Balance as at 31 December 2022		-	7,933	6,459

REGENCY ENTERTAINMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1 Principal Accounting Policies

General information

Regency Entertainment (UK) Limited, a United Kingdom corporation and a wholly owned subsidiary of MESARL, was formed on August 17, 2018 for the purpose of exclusive distribution and sub-distribution in the content and titles held by its parent company. It is a private company limited by shares. It is registered in England, registration number 11523673. The registered address is 71 Queen Victoria St. London EC4V 4BE, United Kingdom.

MESARL in turn is a wholly-owned subsidiary of the ultimate parent company, Monarchy Enterprises Holdings S.à.r.l. ("MEHSARL"), and is included in the consolidated financial statements of MEHSARL, which are publicly available. MESARL has its registered office at 12C, rue Guillaume Kroll, L-1882 Luxembourg, as registered with the Luxembourg trade and companies register under the number B78119. MEHSARL also has its registered office at 12C, rue Guillaume Kroll L-1882 Luxembourg, as registered with the Luxembourg trade and companies register under the number B236937. The consolidated financial statements of MEHSARL are available at 12C, rue Guillaume Kroll L-1882 Luxembourg.

The functional currency of the Company is British pounds sterling. The financial statements are presented in United States dollars in light of it being the currency of the primary economic environment in which the Company's parent and other group companies operate. Monetary amounts in these financial statements are rounded to the nearest \$'000.

Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 – reduced disclosure exemptions, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

A summary of the more important accounting policies is set out below. The accounts have been presented in US dollars.

Financial Reporting Standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Investments

Investments are stated at cost less provision for any impairment in value.

The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

REGENCY ENTERTAINMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

1 Principal Accounting Policies (Continued)

Gross Billings

Gross billings represent the gross value of invoices raised by the Company with respect to the distribution of motion picture and television series rights, in addition to gross billings for the exploitation and distribution services to group companies.

Turnover

Turnover for motion picture and television series distribution rights is recognised when the Company has completed all of its substantive obligations under relevant agreements and the related rights are available for exploitation by the local distributor. Cash collected in advance of availability is recorded as deferred income.

Tax

The charge for current income tax is based on the result for the period as adjusted for items which are not taxed or disallowed, calculated using tax rates enacted as of 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 future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Debtors

Debtors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the debtor is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the profit and loss account. When a debtor is uncollectible, it is written off against the allowance account for debtor. Subsequent recoveries of amounts previously written off are credited in the profit and loss account.

Creditors

Creditors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

REGENCY ENTERTAINMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

1 Principal Accounting Policies (Continued)

Pensions

The Company operates a defined contribution scheme. Contributions payable to the Company's pension scheme are charged to the income statement in the period to which they relate.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for impairment. The Company provides depreciation in equal annual instalments over the estimated lives of the assets at the following rates:

Computer equipment	33% straight-line basis
Leasehold improvements	20% straight-line basis
Furniture and fixtures	20% straight-line basis

Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is British pounds sterling. The financial statements are presented in United States dollars in light of it being the currency of the primary economic environment in which the Company's parent and other group companies operate. Monetary amounts in these financial statements are rounded to the nearest \$'000.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the retranslation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

Cash Flow Statement

The Company is a wholly-owned subsidiary of MESARL which in turn is a wholly-owned subsidiary of MEHSARL, and is included in the consolidated financial statements of MEHSARL, which are publicly available (see note 12). Consequently, the Company has taken advantage of the exemption available under FRS 102.1.12(b) and has not prepared a cash flow statement.

Going Concern

The directors of REUK have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Management has assessed the relevant factors surrounding going concern, including financing available from the parent company, and concludes that there are no material events or uncertainties that may cast significant doubt about the ability of the Company to continue as a going concern. Accordingly, the directors of REUK have continued to adopt the going concern basis in preparing the annual report and financial statements.

REGENCY ENTERTAINMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

1 Principal Accounting Policies (Continued)

Going Concern (Continued)

The Directors of REUK have also considered the financial viability of its ultimate parent company, MESARL, noting MESARL has the financial resources to assist the Company in meeting its liabilities, if needed. The Directors have also considered the Company's own financial viability, noting the Company has reported substantial annual turnover since its inception and continues to report profit year-over-year. In consideration of the above, the Directors of REUK are of the view that there are no material financial events or uncertainties anticipated that will impact the Company's ability to continue as a going concern. The Company has also received an unconditional letter of support from, MESARL, for a period covering 12 months from the date of approval of these financial statements.

Consequently, and based on their knowledge of MESARL, the directors of REUK have concluded that it is appropriate to prepare these financial statements on a going concern basis.

2 Directors' Emoluments

Emoluments received by the two directors, one of which is also an employee, amounted to US\$ nil (2021: US\$ nil) for services provided to the Company. There was no pension expense for any of the directors (2021: US\$ nil).

The Directors of the company received no other remuneration from the Company (2021: US\$ nil) but were remunerated by virtue of their employment with other group and non-group entities.

3 Turnover and Operating Profit

Turnover of US\$51,854,000 (2021: US\$162,674,000), which is stated net of value added tax if applicable, arises solely in the United Kingdom in respect of continuing activities. Operating profit of US\$1,463,000 (2021: US\$5,790,000) is stated after charging US\$ nil for audit services (2021: US\$ nil) which have been included as Administrative Expenses – Accounting fees in the Company's Profit and Loss Account for the year ended 31 December 2022 (see Note 4).

REGENCY ENTERTAINMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

4 Administrative Expenses

	31 December 2022 \$'000	31 December 2021 \$'000
Depreciation expense – Tangible fixed assets (see note 5)	28	32
Employee compensation expense (see below)	1,582	1,670
Management fee from other group companies	1,333	1,286
Legal and other consulting fees	515	395
Foreign exchange (gains) losses	418	150
Accounting fees	8	34
Office rent	85	94
Travel and entertainment	73	10
Other operating expenses	228	157
Total operating expenses	4,270	3,828

The Company had eight employees during the year (2021: seven employees). Total employment costs for the year are as follows:

	31 December 2022 \$'000	31 December 2021 \$'000
Wages and salaries	1,355	1,430
Social security costs	173	179
Pension costs	54	61
Total employment costs	1,582	1,670

Fees incurred by the Company for audit services have been included in the Profit and Loss account in the consolidated financial statements of MEHSARL for the years ended December 31, 2022 and 2021, respectively.

REGENCY ENTERTAINMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

5 Tangible Fixed Assets

	Computer equipment \$'000	Leasehold improvements \$'000	Furniture and fixtures \$'000	Total \$'000
Cost or valuation				
At 1 January 2022	33	93	18	144
Additions	4	-	1	5
Disposals	-	-	-	-
At 31 December 2022	<u>37</u>	<u>93</u>	<u>19</u>	<u>149</u>
Depreciation				
At 1 January 2022	26	47	8	81
Provided during the year	6	18	4	28
Disposals	-	-	-	-
At 31 December 2022	<u>32</u>	<u>65</u>	<u>12</u>	<u>109</u>
Net book value				
At 1 January 2022	<u>7</u>	<u>46</u>	<u>10</u>	<u>63</u>
At 31 December 2022	<u>5</u>	<u>28</u>	<u>7</u>	<u>40</u>

6 Film Costs and Deferred Revenues

Additions to film costs, classified as intangible assets, represent amounts paid or due to MESARL for the acquisition of distribution rights. Based on the contractual arrangement with MESARL, the acquisition price for these rights is based on a percentage of license fees collected and is due to MESARL upon recognition of license fee revenues from broadcasters and distributors when film is available for broadcast. Cash collected in advance of availability is recorded as deferred revenues (see note 8).

As of 31 December, 2022 and 2021, the Company had \$6,085,000 and \$8,828,000 recorded as film costs, respectively.

7 Debtors

	31 December 2022 \$'000	31 December 2021 \$'000
Due within one year		
Trade debtors	61,296	90,472
Total debtors falling due within one year	<u>61,296</u>	<u>90,472</u>

8 Creditors

	31 December 2022 \$'000	31 December 2021 \$'000
Due within one year		
Trade creditors	222	379

REGENCY ENTERTAINMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

8 Creditors (Continued)

Other taxes and social security costs	-	1,241
Total creditors falling due within one year	222	1,620

	31 December 2022 \$'000	31 December 2021 \$'000
Due after one year		
Accruals and deferred income	6,653	9,613
Amounts owing to other group companies	61,616	91,587
Total creditors falling due after one year	68,269	101,200

9 Reserves

	Profit and loss account \$'000
Movements on reserves are set out as follows:	
Balance at 1 January 2022	5,157
Profit for the year	2,776
Balance at 31 December 2022	7,933

10 Reconciliation of Movements in Shareholder's Funds

	31 December 2022 \$'000	31 December 2021 \$'000
Opening shareholder's funds	5,157	1,434
Retained profit for the year	2,776	3,723
Closing shareholder's funds	7,933	5,157

11 Current Tax Charge for the Year

	31 December 2022 \$'000	31 December 2021 \$'000
Current tax:		
UK corporation tax on profit of the year	-	873
Tax on profit on ordinary activities	-	873
	31 December 2022 \$'000	31 December 2021 \$'000
Profit on ordinary activities before taxation	1,535	4,596
Profit on ordinary activities multiplied by the standard rate in the UK of 19.00%	292	873
Effects of:		
Group relief on profit of current year	(292)	-
Current tax charge for the year	-	873

REGENCY ENTERTAINMENT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

12 Parent Company and Ultimate Controlling Party

The Company is a wholly owned subsidiary of MESARL, which in turn is a wholly-owned subsidiary of the ultimate parent company, MEHSARL, and is included in the consolidated financial statements of MEHSARL, which are publicly available (see Note 1). Consequently, the Company has taken advantage of the exemption available under Section 33 Related Party Disclosures of FRS 102.1.12(e) and has not disclosed any transactions within the MEHSARL group.

MESARL has its registered office at 12C, rue Guillaume Kroll, L-1882 Luxembourg, as registered with the Luxembourg trade and companies register under the number B78119. MEHSARL also has its registered office at 12C, rue Guillaume Kroll L-1882 Luxembourg, as registered with the Luxembourg trade and companies register under the number B236937. The consolidated financial statements of MEHSARL are available at 12C, rue Guillaume Kroll L-1882 Luxembourg.

13 Contingent Liability

The Company has provided fixed and floating charges as well as negative pledge to JP Morgan Chase Bank NA for all its assets including its bank account as security for loans and credit line facilities between the bank and its ultimate parent company, MESARL. This funding is used to support the production of movies and TV programmes for the Group.