



Pinewood Group plc Annual Report & Accounts 2015

Pinewood Group plc is a leading provider of studio and related services to the global screen-based industries. Our services support film production, filmed television and studio television recording, digital content services and the provision of facilities to media-related businesses.

The Group's mission is to:

- Continue to create the UK's leading film, television and media destination;
- Enhance our brand heritage;
- Exceed our customers' expectations through our commitment to professionalism, quality of service and offering sustainable advantage; and
- Increase value for all our stakeholders.

Contents

Highlights	1	<i>Consolidated financial statements</i>		
Chairman's statement	3	Independent auditor's report	40	<i>Company financial statements (UK GAAP)</i>
Strategic report	4	Group income statement	42	Parent Company balance sheet
Corporate governance statement	24	Group statement of other comprehensive income	43	Notes to the financial statements
Board of Directors	29	Group statement of financial position	44	Forward-looking statements
Directors' report	31	Group statement of cash flows	45	Company information
Directors' remuneration report	35	Group reconciliation of movement in net debt	46	
Directors' responsibilities statement	38	Group statement of changes in equity	47	
		Notes to the consolidated financial statements	48	

Highlights

- Revenue £75.0m (year ended 31 March 2014: £64.1m)
- Operating profit £5.8m (year ended 31 March 2014: £4.9m)
- Operating profit from Media Services activities before exceptional items £11.0m (year ended 31 March 2014: £9.2m)
- Basic earnings per share 16.4p (year ended 31 March 2014: 10.8p)
- Basic earnings per share adjusted for exceptional items 13.5p (year ended 31 March 2014: 11.5p)
- Final dividend of 2.8p per share declared (year ended 31 March 2014: 1.9p)
- Cash generated from operations of £18.4m (year ended 31 March 2014: £14.0m)
- Net debt of £71.9m (31 March 2014: £40.2m), with increase principally from the Shepperton Studios Property Partnership (“SSPP”) acquisition
- Media Services return on capital employed of 10.1% (31 March 2014: 9.6%)



Aerial view of Pinewood Studios showing construction of the Pinewood Studios Development Framework (May 2015) © Pinewood Studios Limited

Chairman's statement

Pinewood Group plc has again delivered record revenues with strong margin growth. Consolidated revenues of £75.0m for the year ended 31 March 2015 (year ended 31 March 2014: £64.1m) were up 17% on the previous year. These results are despite being capacity-constrained. Phase One of the Pinewood Studios Development Framework ("PSDF") is now underway and is scheduled for completion in the first half of 2016. This additional capacity will significantly increase Pinewood's offer to the global screen-based industries.

The Pinewood brand has global reach and enjoys a reputation for excellence. This has enabled the Group to develop a number of complementary new business opportunities in the UK such as the provision of lighting and 3D digital printing. The Company has extended its Media Investment offering to video games and high-end television. Internationally, new revenue streams have included production services and studio consultancy.

I would like to take this opportunity to thank all our customers for their continuing support and confidence in the Group.

On 6 March 2015, the Company agreed new banking facilities of up to £135m with its two long-standing relationship banks, Lloyds Bank plc and The Royal Bank of Scotland plc, and also welcomes two new partners to its banking syndicate, HSBC Bank plc and Barclays Bank Plc.

On 31 March 2015, the Company announced details of a conditional placing by N+1 Singer to raise £30m through the issue of 8,000,000 new ordinary shares at an issue price of 375p per share, which were admitted to trading on AIM on 17 April 2015. I would like to thank our shareholders, old and new, who made the placing possible and to welcome all the new shareholders who have invested in the Company.

In my letter to shareholders dated 31 March 2015, I wrote that it was "*the Board's current intention to apply in due course for the admission of the ordinary shares to the premium segment of the Official List of the UK Listing Authority and to trading on the Main Market*". The Company's shares are still tightly held, notwithstanding this the Board will continue to seek a full listing of the shares which is subject to satisfying the UK Listing Authority's eligibility criteria.

The Board has decided to recommend a final dividend of 2.8p per share, recognising the strong performance in the year. We look forward to continuing to see further benefits from the strategy which has delivered these results.

In May 2015, Dr. Catherine Raines and Mary Teresa ("MT") Rainey joined the Board as Independent Non-Executive Directors. Both bring valuable experience and skills to the Board which will be of immense value to the Group in delivering its strategic objectives. Ruth Prior was also appointed the Senior Independent Director. Subsequent to year end, Tom Allison, Neil Lees and Steve Christian stood down as Directors. I would like to record the Board's grateful thanks for their contribution.

These results would not have been achieved without the dedication and commitment of our staff and senior management.

Lord Grade of Yarmouth, CBE
Chairman

29 June 2015

Strategic report

This Strategic report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed.

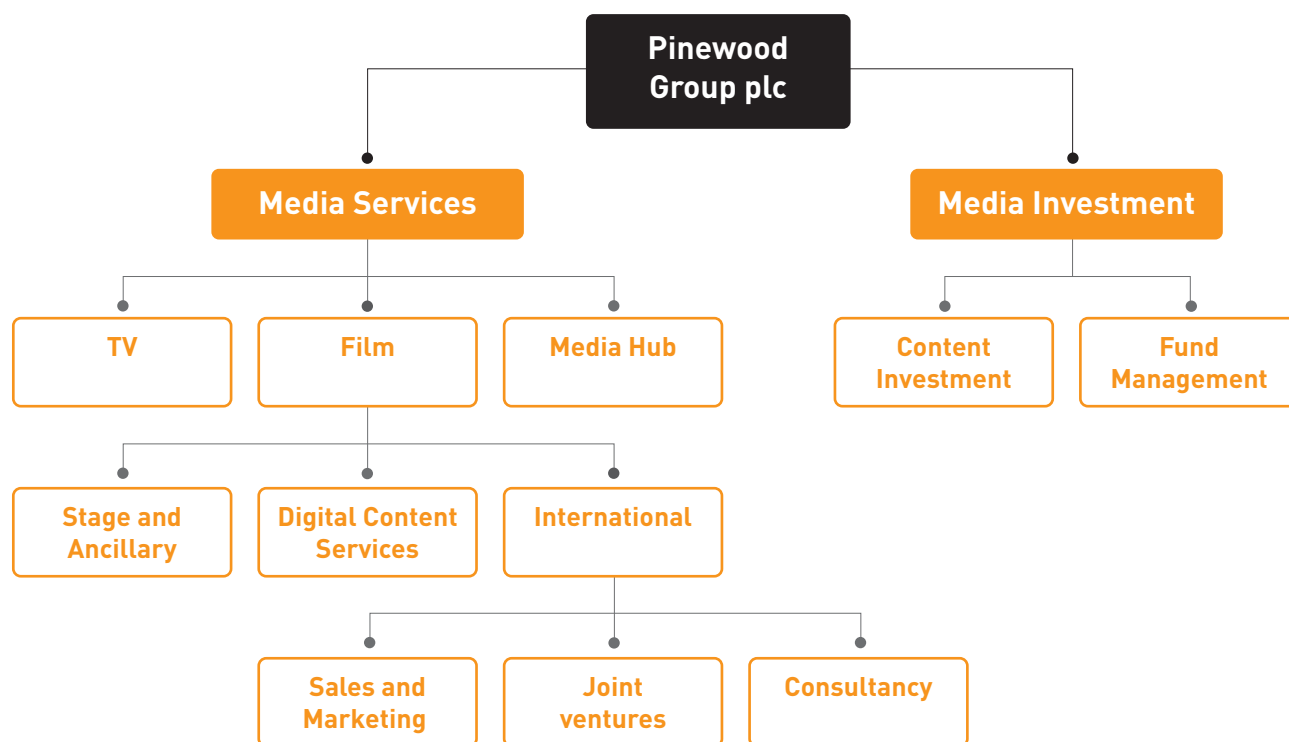
The Strategic report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic report, have complied with Section 414C of the Companies Act 2006.

Business model

Pinewood Group plc is a leading provider of studio and related services to the global screen-based industries. Our services support film production, filmed television and studio television recording, digital content services and the provision of facilities to media-related business ("Media Hub").

The Group's unique selling point is the breadth of production-related facilities and services available 'on-the-lot', which provides clients with a full service offering.



The Company currently has two reporting segments – Media Services, which provides studio and related services to the screen-based industries; and Media Investment, which provides investment funding and production services to the screen-based industries.

The Media Services segment has principally three complementary operating streams – Film; Television; and Media Hub. Within Film, operations are further divided into Stage and Ancillary, which provides production facilities to clients, Digital Content Services ("DCS") and International.

DCS offers picture and sound post production, media storage and management and distribution for original English language and internationally re-versioned content.

International operations, which leverage the Pinewood brand, include providing international sales, marketing, studio development and consultancy services in Canada, the Dominican Republic, Malaysia and China, plus a joint venture in the USA.

The Company's television ("TV") business provides a range of unique TV production facilities, often utilising its stages and DCS offerings to host and service large 'event' television productions. The television offering consists of a comprehensive range of production facilities such as high definition TV studios, film stages and post production services to support all forms of television production.

The Media Hub is currently home to 257 independent businesses representing and providing expertise, equipment and support to the film, television, games, advertising and photographic industries. These companies come together to form a unique cluster and centre of excellence for the entire creative industry.

The Media Investment segment (trading as 'Pinewood Pictures') includes an agreement to source and advise on film, high-end television and video game investment opportunities for two media development funds; a £25m fund established by the Isle of Man Treasury and a £30m fund established by the Welsh Government. In addition, the segment involves identification and investment by the Group in British qualifying film and high-end television productions.

Objectives and strategy

The Group's mission is to:

- Continue to create the UK's leading film, television and media destination;
- Enhance our brand heritage;
- Exceed our customers' expectations through our commitment to professionalism, quality of service and offering sustainable advantage; and
- Increase value for all our stakeholders.

Targeted strategic plans to achieve this mission include:

- Operational growth:
 - Increase capacity through expansion of existing stage and studio facilities;
 - Investment in digital activities; and
 - Increased Media Investment activity.
- Property development:
 - Plan to increase overall capacity through the Pinewood Studios Development Framework ("PSDF"); and
 - Demand-led Media Hub expansion to limit speculative risk.
- Leveraging the brand:
 - Selective international growth through joint ventures with limited capital commitment;
 - Lower risk investment in screen content; and
 - Provision of investment advice to third party 'content' funds.

Key performance indicators

The Board uses a number of key performance indicators ("KPIs") to monitor the Company's performance, as well as to measure progress against the Company's objectives.

The KPIs used to measure performance and which are discussed in further detail below are:

	Year ended 31 March 2015	Year ended 31 March 2014
Media Services		
Revenue (including intersegment)	£57.2m	£50.4m
Operating profit before exceptional items	£11.0m	£9.2m
Return on capital employed	10.1%	9.6%
Stage occupancy	80%	81%
Media Hub occupancy (as a % of net lettable area)	97%	96%
Media Investment		
Number of active Film Production Companies during the year	7	8
Loss after tax	(£0.1m)	(£0.2m)
Film finance funding invested by the Group	£1.0m	£1.9m
Film finance funding from third party funds	£6.4m	£11.3m
Group performance		
Profit after tax	£8.1m	£5.4m
Earnings per share adjusted for exceptional items	13.5p	11.5p
Cash generated from operations	£18.4m	£14.0m
Net debt	£71.9m	£40.2m



Three royal carriages and two sedan chairs, recreated by Pinewood Creative for Hampton Court Palace 500th Anniversary celebrations. © Historic Royal Palaces

Media Services review

Total revenues within this segment were £57.2m for the year (year ended 31 March 2014: £50.4m), including £1.3m of intersegment revenue (year ended 31 March 2014: £1.2m). Intersegment revenues relate to revenue generated from the utilisation of the Company's core services by the Group's wholly-owned Film Production Companies ("FPCs").

Film

Film revenues for the year ended 31 March 2015 were £43.9m (year ended 31 March 2014: £37.4m), a year on year increase of 17.5%. The increase is due to greater utilisation of ancillary studio space, expansion of the Group's offering in complementary activities, growth in DCS revenues and a higher level of international activity.

The demand for the Company's facilities throughout the year has been strong, as reflected in stage occupancy of 80% (year ended 31 March 2014: 81%); however this ongoing strong film demand has limited television occupancy opportunities over the year.

The largest film production based at Pinewood Studios during the period was *Star Wars: Episode VII – The Force Awakens* (Lucasfilm) and the largest production at Shepperton Studios was *Alice Through the Looking Glass* (Disney).

Other major productions which were based at Pinewood and Shepperton during the year include the 24th Bond film, *Spectre* (Eon) and *Avengers: Age of Ultron* (Marvel).

DCS revenues included within the total film revenue for the year ended 31 March 2015 were £7.2m (year ended 31 March 2014: £6.5m).

Notable sound post production work completed during the year included Kenneth Branagh's *Cinderella* (Disney), *Ex Machina* (DNA Films) and *The Theory of Everything* (Working Title Films). The Company also successfully completed original and international sound work for the video games industry on Microsoft Lionhead *Fable Legends* and Sega's *Total War Attila*.

Digital Production Services, the secure management of data generated from digital film shoots on set and on location, continues to grow with services provided to productions including *The Avengers: Age of Ultron* (Marvel), *Pride and Prejudice and Zombies* (Cross Creek Pictures) and *The Riot Club* (Pinewood Productions/Blueprint Pictures).

DCS continues to enhance its offering to the growing number of feature films choosing to shoot with digital camera technology and television productions wishing to work in a digital file-based environment at the Studios. The Company now offers digital intermediate colour grading for Film and TV projects post producing on-the-lot with serviced projects including *Spooks: The Greater Good* (Kudos Films/Shine/Pinewood Pictures), *Take Down* (Pinewood Pictures) and *I Live With Models* (Comedy Central).

International

International revenues for the year included within film were £3.1m (year ended 31 March 2014: £1.1m) and relate to sales and marketing agreements in Toronto, Malaysia and the Dominican Republic, with the increase driven by the newly operational Pinewood Atlanta Studios plus consultancy services provided in China, as further discussed below.

Pinewood Atlanta Studios

Pinewood Atlanta Studios ("PAS"), the Company's partnership with Rivers Rock LLC, is located on approximately 650 acres of land in Georgia, USA, owned by the Partnership. Phase One of the development, comprising 118,000 sq ft of film sound stages (being six stages), 90,000 sq ft of workshops and 200,000 sq ft of offices, was completed in June 2014.



T.Rex on display in the custom-designed biology lab in TV Two at Pinewood Studios prior to autopsy. (Photo credit: National Geographic Channels/Stuart Freedman)

Marvel's *Antman* was the first production to shoot at PAS, moving in shortly after construction was completed and finishing principal photography in November 2014. Marvel's second feature to shoot at PAS commenced principal photography in April 2015.

PAS has established several exclusive vendor relationships including MBS Lighting, Hollywood Trucks, Home Depot and The Rag Place. PAS also took over sales and management of the Pinewood Atlanta Studios Production Centre formerly managed by Rivers Rock LLC.

China

The Company provides consultancy services to a number of leading Chinese film industry companies. During the year, the Company continued to provide advice on the design and construction of the Qingdao Oriental Movie Metropolis, a film facility comprising 45 stages for the Wanda Group. Construction on Phase One commenced in 2015 with the studio complex scheduled to open in 2017. In addition, the Company commenced the provision of consultancy advice to the Shanghai Film Group on its studio facilities in Chidden. Both projects remain ongoing.

Television

TV revenues for the year were £5.8m (year ended 31 March 2014: £6.2m).

The Company's television business hosted a number of productions during the year, including *Not Going Out* (Avalon), *Birds of a Feather* (Freemantle Media) and *Still Open All Hours* (BBC). ITV, BBC and Sky expressed an interest in utilising the Company's dual purpose film stages for their large scale light entertainment formats but the Company was unable to accommodate these requests due to capacity constraints. The PSDF should enable Pinewood to accommodate these large format TV productions in the future. Tapeless workflow has increased the volume of TV work being facilitated in DCS.

The Group completed its exit from Teddington Studios on 24 December 2014.

Pinewood Studio Wales

In January 2015, Pinewood Studio Wales opened and is now home to 15 tenant companies and has hosted two productions, *The Bastard Executioner* (Fox) and *The Crow* (Relativity Media). The Company is targeting film and high-end TV drama productions to utilise the facility.

Media Hub

Media Hub revenues inclusive of service, utility and facility charges for the year were £6.2m (year ending 31 March 2014: £5.6m) with the increase principally due to the Shepperton Studios Property Partnership transaction as discussed below.

The total number of Media Hub companies accommodated at the year end was 242 at Pinewood Studios and Shepperton Studios, with occupancy of 97% across a net lettable area of 359,000 sq ft (year ended 31 March 2014: 228 companies, 96% occupancy, 349,000 sq ft).

Gross and operating margins

The Media Services segment gross margin, including intersegment revenues, for the year ended 31 March 2015 was 37.2% (year ended 31 March 2014: 37.7%). The year on year variance is principally driven by an increase in depreciation costs due to progression of a number of development projects.

The Media Services operating margin before exceptional items is 19.3% (year ended 31 March 2014: 18.3%), reflecting a Selling, Distribution and Administrative cost base capable of servicing the expanded revenue generated.

Exceptional items

The Group discloses as exceptional items on the face of the income statement those items which, because of the nature and expected infrequency of the events giving rise to them, merit separate disclosure to allow users of the financial statements to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

The Company earned exceptional income of £2.0m (year ended 31 March 2014: £nil income, £0.5m charge) as detailed below.

Shepperton Studios Property Partnership ("SSPP") acquisition

Up until 3 December 2014, the Group held a 50% share in SSPP which was treated as a joint venture under IFRS 11 *Joint Arrangements*. On 3 December 2014, the Group acquired the 50% previously owned by clients of Aviva Investors, with the resultant 100% ownership leading to SSPP becoming a wholly-owned subsidiary undertaking of the Company. In accounting for this transaction, a net gain of £1,952,000 was realised (after accounting for loan break costs in SSPP of £366,000).

Details of exceptional items incurred in the year ended 31 March 2014 can be found in Note 7 of these financial statements.

Return on capital employed

The Company measures return on capital employed ("ROCE") for the Media Services segment by reference to annualised operating profit before exceptional items, including intersegment profit and share of results of joint ventures, as a percentage of average capital employed, being total equity plus interest-bearing loans and borrowings. ROCE for the 12 months ended 31 March 2015 was 10.1% (12 months ended 31 March 2014 restated: 9.6%). The prior period has been restated to include the results of joint ventures.

The ROCE year on year is principally driven by significant capital investment during previous years now being fully revenue-generating.

The PSDF is a capital intensive project with significant long-term infrastructure spend front-loaded. Capital employed at 31 March 2015 includes £6.1m of assets in the course of construction and land of £5.3m relating to this project, totalling £11.4m (31 March 2014: £8.8m) which are non-revenue-generating, and are not expected to be so until the year ending 31 March 2017. Excluding these assets from average capital employed gives a ROCE of 11.2% for the year ended 31 March 2015 and 10.0% for the prior period.



Spooks: The Greater Good filming on the Isle of Man, financed by Pinewood Pictures. Pinewood Post supplied full front end and post services for the production. © Spooks: The Greater Good Ltd 2015

Media Investment review

Media Investment revenue for the year was £19.0m (year ended 31 March 2014: £14.9m).

Investment advisory

The combined investment funds advised by the Company total £55m (Wales – £30m; Isle of Man – £25m), making them a significant investment portal for British film, television and video games content. During the year, the funds co-invested £6.4m in *Take Down* following advice from Pinewood Pictures.

Investment advisory revenue for the year was £0.8m (year ended 31 March 2014: £0.4m), with the year on year increase due to the commencement of the Welsh investment advisory agreement in March 2014.

In addition to the investment made by third party funds in *Take Down*, the Group also provided film finance totalling £1.0m to its wholly-owned subsidiary FPCs (year ended 31 March 2014: £1.9m).

During the year, the Company earned other commissions and investment recoupment totalling £0.5m against film investments made in prior years (year ended 31 March 2014: £0.5m). The recoupment revenue has been generated from the theatrical release of *The Riot Club* during the year and further receipts from *Dom Hemingway*.

Film production companies

Revenue from FPCs for the year totalled £17.8m (year ended 31 March 2014: £14.0m). An FPC is considered active from the close of film financing until the production is completed and delivered.

The operating loss from FPC activity of £4.3m (year ended 31 March 2014: £3.5m) is largely offset by UK film tax relief of £4.1m (year ended 31 March 2014: £3.1m) as expected.

Included in the Group cash balance of £6.4m is £0.6m (year ended 31 March 2014: £1.4m) restricted solely for use in the production of specific FPC operations. The Group trade receivables balance of £5.7m includes £0.7m (31 March 2014: £7.0m) consolidated from FPC activities whilst the Group trade and other payables balance of £30.3m includes £5.1m (31 March 2014: £9.5m) from FPCs. The year on year variance is driven by the stage of completion of active FPCs.

Result after tax

Results for the Media Investment segment are more meaningfully reviewed at the after tax level due to the impact of the UK Film Tax Relief.

The loss after tax for the segment is £0.1m (year ended 31 March 2014: £0.2m loss).

Group performance

Total consolidated revenue for the year is £75.0m (year ended 31 March 2014: £64.1m).

Profit after tax for the year ended 31 March 2015 was £8.1m (year ended 31 March 2014: £5.4m). This includes exceptional income of £2.0m and an associated tax charge of £0.4m (year ended 31 March 2014: £0.5m exceptional expense, £0.1m tax credit).

Basic and diluted earnings per share for the period were 16.4p (year ended 31 March 2014: 10.8p). Normalised basic and diluted earnings per share for the year (after adjusting for exceptional items) were 13.5p (year ended 31 March 2014: 11.5p).

EBITDA (earnings before exceptional items, interest, tax, depreciation and amortisation) for the year was £12.2m (year ended 31 March 2014: £9.9m), including £5.3m of Media Investment loss (year ended 31 March 2014: £3.8m loss) but excluding the EBITDA attributable to the Group's share of joint ventures. After adding back the FPC loss which is largely offset by the UK Film Tax Relief, adjusted EBITDA is £16.5m (year ended 31 March 2014: £13.4m).

Taxation

The total corporation tax credit for the period, based on profit before tax of £5.0m, was £3.1m (year ended 31 March 2014: £1.8m credit).

The Group qualified for an aggregate film tax credit of £4.1m (year ended 31 March 2014: £3.1m) on the expenditure from the Film Production Companies that are Group subsidiaries.

The underlying rate of tax on profit before accounting for UK Film tax relief from FPCs, prior year adjustments and exceptional items is 23% (year ended 31 March 2014: 23%).

Liquidity management

The Company's cash balance increased by £5.6m over the year to 31 March 2015. Excluding restricted cash reserved solely for the use by specific Film Production Companies, the Company's general cash balance increased by £6.5m.

The main drivers of this cash inflow is an increase in underlying profitability as demonstrated by the £2.4m improvement in cash from operating activities, coupled with a favourable working capital movement of £6.6m, including a £2.1m Media Services deferred income movement and a £2.6m Media Services trade payables movement, alongside a reduction in capital expenditure (as explained below).

Capital expenditure (excluding acquisition activity) has decreased from £18.4m in the comparative period to £7.1m as a number of large scale investment projects have been completed. The Company has invested a further £2.6m (year ended 31 March 2014: £1.0m) in its Pinewood Atlanta Studios joint venture.

The Company's acquisition of the 50% of SSPP previously owned by clients of Aviva Investors resulted in a cash outflow totalling £36.8m, which was funded by an extension to the existing bank facility of £35m plus internal resources.

Net debt at 31 March 2015 was £71.9m including restricted FPC cash and £72.5m excluding FPC cash (31 March 2015: £40.2m including FPC cash; £41.6m excluding FPC cash). The increase in net debt year on year is driven by the SSPP acquisition on 3 December 2014. This has led to an increase in gearing to 78.6% compared to 48.3% at 31 March 2014, excluding fair value and loan issue costs.

As at the balance sheet date, the Company had banking facilities of up to £85m, which comprised a £35m revolving credit facility, a £15m term facility and a £35m acquisition facility.

On 17 April 2015, these banking facilities were fully repaid and terminated and replaced by a £135m term and revolving facilities agreement, which comprises a £35m revolving credit facility and a £100m term facility.

These facilities are secured on certain of the Company's assets. The new revolving credit facility has no scheduled repayments and matures on 30 April 2019. The new term facility contains scheduled repayments of £2.5m on both 30 June 2017 and 31 December 2017, and of £5m on both 30 June 2018 and 31 December 2018 and matures on 30 April 2019.

The Company has retained its £5m overdraft facility.

The revolving credit and term facilities have a range of standard covenants and events of default together with variable margins ranging between 175 and 375 basis points over LIBOR.

Dividend

The Board is committed to paying dividends in line with its dividend policy of not less than three times cover and as a result the Board has recommended a final dividend of 2.8p (year ended 31 March 2014: 1.9p) for approval at the Annual General Meeting, making a total dividend for the year of 3.5p (year ended 31 March 2014: 2.5p). This represents a 40% increase year on year.

The dividend is to be paid on 5 October 2015 to shareholders on the register at 4 September 2015 (ex-dividend date of 3 September 2015).

Going concern

Having considered the performance of the Group for the year to 31 March 2015 above and future developments outlined below the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group has primary banking facilities in place until 30 April 2019. Although the Group is in a net current liability position of £11.3m, principally driven by the deferred income balance which arises as a result of the Group's billing profile on major contracts, the Group has £71.4m of undrawn committed loan facilities in place following the refinancing drawn upon in April 2015. The Group also has £8.7m of asset financing available to be drawn upon, including £1.6m of a pre-approved facility. The Directors are confident these undrawn debt facilities provide sufficient headroom to support continued trading.

The Directors have specifically considered the level of capital commitment at 31 March 2015 (see Note 27) and the projected spend on the PSDF compared with the existing financing and the additional financing completed in April 2015 (see Note 22).

In addition, Notes 22 and 29 to the financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk.

The Group also has a strong brand and reputation in the marketplace with a growing number of customers and suppliers in the film and television industry. As a consequence, the Directors believe that the Group is well placed to manage its business risks and operations successfully.

Future developments

The Pinewood Studios Development Framework

The PSDF comprises a substantial expansion of the existing Pinewood Studios by ultimately adding a total of 1,000,000 sq ft of new facilities including ten large stages with supporting workshops, production offices and infrastructure. The Secretary of State for Communities and Local Government approved the outline planning consent for the project on 19 June 2014. Detailed planning permission for Phase One of PSDF was granted by South Bucks District Council on 23 December 2014.

Phase One of the scheme incorporates five sound stages totalling 150,000 sq ft, 140,000 sq ft of workshops across ten buildings and two office buildings totalling 55,000 sq ft. This first phase of development will be completed in the first half of 2016.

A design and build contract for Phase One was signed on 19 May 2015 with Sir Robert McAlpine Limited. The cost of development is to be funded by a combination of the £135m banking facilities agreed on 6 March 2015 and £30m (before expenses) of equity raised through the issuance of 8m new ordinary shares on 17 April 2015.

The carrying value of all PSDF-related assets totals £11.4m, which includes costs incurred during the planning process and initial construction of £6.1m and land of £5.3m.

Media Investment

The Company is considering possible further media investment funds. Both in terms of fund advice and direct diversification opportunities, this segment continues to be an important driver for the future.

Outlook

Pinewood has once again delivered strong growth.

As the Group's core business has grown, the range of services for the screen-based industries has expanded. The Group is seeing encouraging results from this strategy. The Group's growing presence internationally continues to deliver clear benefits.

Following the successful share placing in April 2015, construction has begun on the first phase of the Pinewood expansion. This is an exciting development for the Group and the Board are pleased with the support and commitment given to the Company through the placing.

Although the Group has hosted the three largest film productions of the year, being *Star Wars: Episode VII – The Force Awakens*, *Avengers: Age of Ultron* and the 24th Bond film *Spectre*, the Group continues to be unable to meet demand for all large films. This will be partly addressed by the first phase of the Pinewood expansion.

The Board are encouraged that the current financial year has got off to a strong start with good visibility into the coming year.

Principal risks and uncertainties

The Board views effective risk management as a primary part of the Group's wider strategy and is fully committed to the identification, evaluation and management of significant risks facing the Group. The table below outlines the key risks and uncertainties identified by the Board, together with an outline of mitigation activities.

1. General risks

Risk	Description	Mitigation
Importance of key customers and big budget films	The Group's largest customers account for a high percentage of revenues. If 'big budget' film-makers cease to choose the Group's facilities, or if Pinewood's key customer base experiences financial difficulties, this could reduce revenues.	<p>The Group maintains strong, long-standing relationships through consistent levels of service and retention of employees to offer continuity.</p> <p>The Group continues to diversify its revenues through the development of its strategy and demand for the Group's facilities continues to exceed supply.</p> <p>In addition, strong relationships are maintained with key industry decision-makers at Government level to continue to highlight the importance of the tax credit regime.</p>
Competition	<p>The Group competes in an international marketplace and film producers are able to choose from a number of studios worldwide.</p> <p>Were other existing studios to invest significantly or new studios to be successfully established either in the UK or elsewhere, this may have a material adverse effect on the Group's market share, reduce its bargaining power in commercial negotiations, and threaten profitability due to ongoing operational costs being largely fixed in nature.</p>	<p>The Directors believe that the Group has significant competitive advantage in its market.</p> <p>The Group continues to invest both in the UK and overseas to ensure that the expectations and demand from the industry are met. This includes investment in the PSDF and also foreign studio operations such as Pinewood Atlanta Studios via a joint venture with River's Rock LLC (see Note 9 for further details).</p>
Industrial action	Members of the various trade guilds/unions work on a high proportion of UK inward investment films. Industrial action could impact on the production of films and television programmes at the Group's studio facilities and, consequently, could have a material impact on the Group's business.	The Group maintains strong, long-standing relationships with members of guilds and unions.

1. General risks continued

Risk	Description	Mitigation
Loss of reputation	The Group provides services to the worldwide film and television industries which requires a strong reputation. Damage to that reputation could have an adverse effect on the Group.	<p>The Directors and Executive Management Team maintain strong relationships and open lines of communication with customers and international partners, and consider the risks pertaining to such partners before entering into any significant commercial arrangements.</p> <p>The Group invests in and adapts all key sites to maintain high levels of security, and continues to focus closely on safeguarding confidentiality.</p>
Exit from the European Union ("EU")	If the UK was to exit from the EU, a number of industry-specific risks could arise which could have an impact on demand for Pinewood's facilities. Such risks include the inability of the UK to influence changes to regulations governing broadcasting and communication services in the EU.	The Group's exposure to a UK exit from the EU is partly mitigated as its largest customers are US-based. The Group also has a significant presence in a number of overseas markets.
Risk of pandemics, acts of terrorism and natural disasters	Diseases, terrorist threats and natural disasters may reduce the appeal to customers of travel and may impact local operational capability.	With UK-based studios and operational partners in a number of international locations the Group consider that the availability of location options would reduce the risk in this area.

2. Financial risks

Risk	Description	Mitigation
Fiscal incentives	Changes to the UK's film, animation, video games and high-end television tax incentives or an increase of incentives in overseas jurisdictions could damage the attractiveness of the UK as a destination for film making.	Reasoned, evidence-based arguments continue to be put forward to the Government highlighting the cultural and economic contribution that screen-based industries make to the UK economy.
Exchange rates	The majority of international film and high-end television clients are in the US and an adverse movement in currency exchange rates may result in a reduction in the Group's competitive edge versus other European or international locations.	The Group assesses the need for a formal foreign exchange hedging strategy on an annual basis. The risk is mitigated in part by the Group's strategy to invest in international sites. The Group also holds funds in foreign currencies in international bank accounts which can be used for operational purposes as required.
Treasury	Risks exist in a number of areas including credit risk, liquidity risk, interest rate risk and market risk.	These are discussed in detail in Note 29 to the Annual Report.

3. Operational Risks

Risk	Description	Mitigation
Pinewood Studios Development Framework	The construction of phase one of the PSDF is dependent on the performance of third party contractors and may suffer delays, may not be completed or may fail to achieve expected results.	A leading construction company has been appointed on a fixed price contract, with the necessary scale and credentials to undertake this project. The Group has engaged experienced project managers within the business to monitor the progress of the construction.

3. Operational Risks continued

<p>Business continuity and disaster recovery</p>	<p>A major incident such as a fire or an explosion could put people and/or the sites of operation at risk, result in a loss of revenue and damage the Group's reputation.</p> <p>In addition, given the profile of the business and its operations, there is a risk that its sites of operation or information technology systems could be subject to cyber-attack or acts of terrorism. If these occur, there is no guarantee that trading will not suffer in the short or medium term.</p>	<p>A dedicated health, safety and fire team carries out regular risk evaluation. Further details can be found in the Corporate Responsibility section of the Annual Report.</p> <p>A business continuity team is also in place to ensure that the operational business continues as far as possible in the event of a major incident.</p> <p>The Group has an insurance portfolio.</p> <p>It also invests in information technology and monitors the adequacy of its applications in use on an ongoing basis.</p>
<p>Environmental</p>	<p>While the Directors believe that the Group currently complies with applicable environmental laws and regulations, any future changes or developments in environmental regulation may adversely affect its operations, results or financial condition.</p> <p>A number of buildings at Pinewood Studios and Shepperton Studios are many decades old and contain asbestos. If an accident or other unanticipated event were to result in any asbestos becoming exposed at either studio, there is a risk that filming could be interrupted or otherwise affected.</p>	<p>Details of the Group's environmental policy are included on pages 22 and 23 of this report.</p> <p>The Group has a health and safety process for dealing with any asbestos that becomes exposed and, in accordance with health and safety legislation, engages the services of a specialist asbestos remover if required.</p> <p>All productions on-site are required to have public liability insurance in place prior to accessing any facilities.</p>
<p>Ability to attract and retain key personnel</p>	<p>The Group relies on the continued services and performance of the Executive Directors.</p> <p>The Directors place considerable importance on attracting and retaining top quality personnel and acknowledge that competition for such personnel in the industry and wider market is intense.</p>	<p>The Executive Directors are subject to service agreements with notice periods commensurate to their level of seniority.</p> <p>The Group has a Remuneration Committee which reviews compensation packages against market-comparable data to ensure a competitive offering.</p>
<p>Rising energy prices</p>	<p>There is a general climate of increasing prices for all forms of energy.</p>	<p>The Group engages energy consultants who monitor, and provide advice on the energy markets. The Group has also invested in an energy-efficient replacement equipment programme and an Automated Meter Reading system to measure and monitor energy consumption.</p>

Employees

The Company actively considers the position of its employees' rights through comprehensive and regularly reviewed employment practices in the areas of recruitment, training, welfare, remuneration and employee relations. The Director of Strategy and Communications has Board responsibility for these areas and regularly updates the Board on relevant issues.

At the Executive Management Team level, the Group Human Resources Manager maintains responsibility for all operational human resources issues and provides the Board with a monthly report.

In addition to a published Grievance policy, the Company maintains a 'Whistleblower' policy providing an opportunity for employees to raise grievances with senior management initially and then ultimately with the Senior Independent Non-Executive Director, Ruth Prior.

The Company's stated policy on equal opportunities recognises the diversity of individuals and has procedures in place to ensure that recruitment and promotion recognises such diversity and is not biased by any consideration of age, gender, disability, colour, racial origin, religion or sexual orientation. The Company also seeks to provide employees with reasonable conditions of employment and career prospects.

Employees receive regular and relevant communication via the Company's intranet site Spotlight and staff briefings, regarding operational issues and trading performance and, where appropriate, the views of employees are sought in guiding business practices and strategy.

The Company has adopted a training policy whereby all members of staff are actively encouraged to contribute to their own development. The Company believes that personal development is a partnership between the individual and the Company and the attitude of the individual to their own development is a key element of this process.

Training is seen as serving three main purposes: helping to meet the Company's corporate aims and objectives; helping to improve the individual's performance in undertaking their current duties; and developing the individual's abilities and potential by extending knowledge, skills and influencing attitudes. During the period, 25% of training was health and safety-related and 75% related to skills training and career progression. As part of the Pinewood Studios Group Apprenticeship Scheme, staff members completed NVQ Apprenticeships in Customer Service and Business Administration, with a further six apprenticeships in Digital, IT, Drapes, Post Production and Maintenance and Plumbing. The Company's Studio Management Diploma has been expanded with 36 employees and 10 external students having been enrolled on the course since inception in 2013.

Executive Management Team

The Executive Management Team members are the first line of support for the Board and their combined experience and backgrounds assist in delivering the Group's strategy and maximising stakeholder value. They are a key part of the succession plan for the Group and their training and development needs are reviewed regularly to ensure that the talent pool is developed and retained.

Details of the Executive Management Team can be found on the Group's website, www.pinewoodgroup.com/about-us/management-team.

Corporate responsibility

The Company continues to support and encourage the next generation of employees in the British screen-based industries. By giving training and work experience, the Company seeks to develop the skilled production resource base in order to maintain the high degree of excellence that draws overseas productions to this country.

Support is given to the National Film and Television School by way of a scholarship for two undergraduates, the Rye Studio School with visits to the studios and the BFI Academy schemes which introduce young people across the country to film and television production.

Pinewood Studios and Shepperton Studios also work with local schools, colleges and universities, including Buckinghamshire New University, Amersham and Wycombe College, Chalfont Community College and the London Film School.

We continue to support local charities and organisations to encourage residents to embrace the studios as an advantage to their environment with the impact on providing jobs in the surrounding areas and sustainable growth within their communities for local shops and businesses.

All staff are encouraged to participate in charity fund raising either individually or as a group, thus promoting good working relationships and a sense of achievement.

Staff and tenant film screenings and other social events are also held throughout the year to maintain and develop community relationships.

Health and safety issues

The Company is committed to building a safe working environment and improving on its already high standards of health and safety, acknowledging its responsibilities under the Health and Safety at Work Act 1974 and subordinate regulations.

The Company places the safety of all persons in high regard and has a detailed policy that clearly details each employee's responsibilities.

Progress continues to be made with raising the profile of health and safety in the Company. The Group Health, Safety and Fire Team are always available to provide advice supplemented by information on the Company's intranet, Spotlight, which is accessible to all staff and clients.

There was a reduction in the number of minor staff accidents for 2014/15 and no reportable injuries under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ("RIDDOR").

Neil Lees, Non-Executive Director, had Board accountability during the year for health and safety issues, supported by Nicholas Smith, Commercial Director and the Executive Management Team. Board accountability has transferred to Dr. Catherine Raines subsequent to year end. The Board monitors relevant health and safety issues each month.

Environmental issues

The Group's environmental policy seeks to minimise any adverse impact that our business activities may have on the environment to ensure compliance with regulatory requirements, reduce CO₂ emissions and continuously improve our environmental performance.

Recycling

In line with Pinewood's ongoing commitment to provide further recycling opportunities for domestic waste, the Company is now able to recycle the majority of domestic waste generated across its UK sites. The new process has been embraced by all customers and over the past year has seen the elimination of all landfill waste, realising further cost savings and creating recyclable rebates.

Travel Plan

Travel Plan measures continue to be promoted to staff, tenants and productions to further reduce the number of vehicles arriving at the studios, to cut the subsequent CO₂ emissions and to promote sustainable travel options.

Some of these initiatives include participation in the Cycle to Work scheme, provision of cycle shelters, travel information points, travel surveys, video conferencing facilities and electric car charging points. The Guaranteed Lift Home Policy and a Season Ticket Loan Scheme are also used to encourage staff to choose more sustainable modes of transport.

The two hybrid pool cars that are available to staff when making business journeys also helps to reduce CO₂ emissions and encourages staff to share their journeys. The free studio shuttle bus services to and from local railway stations have the greatest impact on reducing the number of car movements and associated CO₂ emissions. 2014 saw nearly 94,000 passenger journeys being made, which was the highest figure since the service began in 2008.

Energy

The Company continues to participate in the Government's Carbon Reduction Commitment Energy Efficiency Scheme, which aims to cut CO₂ emissions by reducing energy consumption.

The Group's absolute (or total) CO₂ emissions for 2014/15 were 8.5% below those from the baseline year of 2010/11 but approximately 1% higher than those in 2013/14. This small annual increase is a reflection of the increased level of Group activity. However, the 'benchmark' CO₂ figure which shows a company's 'carbon intensity' by allowing a comparison to be made between the annual emissions figures and the associated levels of revenue shows a 7% reduction in 2014/15 over 2013/14 and a 23% reduction from the benchmark year of 2010/11. The significant reductions in CO₂ benchmark figures are achieved by the continuing investment and focus on the Group's energy saving measures and procedures.

Initiatives to reduce CO₂ emissions and energy consumption include:

- the conversion of Pinewood from gas oil to gas;
- replacing existing gas oil boilers with more energy-efficient gas fired models;
- measuring and monitoring of energy consumption;
- management of Building Management Systems (BMS);
- the identification of unnecessary energy consumption via the automated meter reading system;
- extending the use of the Automated Meter Reading (AMR) system; and
- the installation of energy-efficient motors, devices and systems wherever possible, including stage lighting and boiler controls.

By order of the Board,

Ivan Dunleavy
Chief Executive

29 June 2015

Corporate governance statement

The Company is not required to comply with the UK Corporate Governance Code ("the Code") as it is listed on the AIM operated by the London Stock Exchange. The Company has not elected to voluntarily adopt the Code, however it is committed to high standards of corporate governance and has adopted procedures to institute good governance where practical and appropriate for an organisation of its size and complexity. The information included in this report is designed to illustrate the Company's commitment to an appropriate governance framework and is not a statement of compliance with the Code.

Membership of the Board

As at 31 March 2015, the Board comprised the Non-Executive Chairman, Lord Grade of Yarmouth; five Executive Directors: Ivan Dunleavy (Chief Executive), Nicholas Smith, Andrew M. Smith, Christopher Naisby and Steve Christian; and four Non-Executive Directors: Ruth Prior (Senior Independent Director), Steven Underwood, Neil Lees and Thomas Allison.

Since the year end two appointments were made, adding further complementary expertise to an already skilled Board. Dr. Catherine Raines brings significant insight of the China market and Government relations. Mary Teresa ("MT") Rainey adds to the Chairman's considerable media sector experience, as well as offering perspective from the broader industry. With Ruth Prior taking on the role of Senior Independent Director, the Board is well equipped to ensure the Company is delivering its strategic objectives.

Further details of the Board members, including details of appointments and resignations that have occurred subsequent to the year end, can be found on pages 29 and 30 of the Annual Report.

Role and responsibility of the Board

The Board is responsible for determining corporate strategy, treasury policy, approval of capital expenditure projects in excess of £75,000, dividend policy, interim and annual financial statements, all regulatory communications required by the Group and appointments to the Board. The Board continues to maintain and, where it considers necessary, enhance the financial disciplines across the Group.

In advance of the monthly Board meeting, the Board members are provided with comprehensive historic and forward-looking financial and operational information to support their understanding of the business and related strategic and operational issues and to enable them to fulfil their responsibilities accordingly. Where there are specific items that require Board approval, additional reports and supporting information is circulated. Directors are provided with regular access to the Company Secretary and to the Executive Management Team to facilitate their understanding of significant operational issues and assessment of the Group's prospects, including the ongoing consideration of succession planning. This also ensures that the Directors can make further enquiries on financial, operational and strategic matters as and when required. There are also procedures in place to enable Board members to take independent professional advice as necessary.

Independence of Directors

Steven Underwood, Neil Lees and Thomas Allison are executives of the Peel group which indirectly held 58.05% of the Company's issued share capital as at 31 March 2015. Following the share placing that completed subsequent to the year end, on 17 April 2015, the Peel group's indirect shareholding reduced to 39.09%. Neil Lees and Thomas Allison resigned their directorships effective 17 April 2015.

Notwithstanding the fact that the Non-Executives in place during the year in question were not independent (with the exception of Ruth Prior), the Board is of the view that all the Non-Executive Directors contributed significantly to the Group's strategic direction over the year and that their level of experience made a significant and valuable contribution to the Board.

On 5 May 2015, Dr. Catherine Raines and MT Rainey were appointed to the Board, joining Ruth Prior as Independent Non-Executive Directors.

The terms and conditions of appointment of the Non-Executive Directors are available for inspection upon request from the Company Secretary.

Conflicts of interest

In accordance with Section 175 of the Companies Act 2006, procedures have been put into place for the disclosure by Directors of potential and/or actual conflicts of interest and these have been operated effectively. Each potential and/or actual conflict is disclosed as it arises and is considered by an appropriate quorum of Directors. Directors leave a Board meeting when matters relating to them, or which may constitute a conflict of interest, are being discussed.

The Group has in place a share dealing code for dealings in shares by Directors and senior employees which is appropriate for an AIM-listed company. The Directors comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and take all reasonable steps to ensure compliance by the Group's applicable employees.

Meetings of Directors

The following table sets out attendance of the Directors at the Board and Committee meetings during the year ended 31 March 2015:

	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings
Number of meetings	10	3	3	1
Chairman				
Lord Grade of Yarmouth	10	–	3	1
Executive Directors				
Ivan Dunleavy	10	–	–	–
Nicholas Smith	10	–	–	–
Andrew M. Smith	10	–	–	–
Christopher Naisby	10	–	–	–
Steven Christian	10	–	–	–
Non-Executive Directors				
Ruth Prior	10	3	3	1
Steven Underwood	10	3	3	1
Neil Lees	10	–	–	–
Thomas Allison	9	–	–	–

Executive Directors maintain regular and structured dialogue with major shareholders via direct scheduled meetings. In addition, the Chairman is available to meet significant shareholders, as required.

Board Committees

The Board has established three Committees: Audit, Nomination and Remuneration. The Chairman and members of these Committees are appointed by the Board following consultation with the appropriate Committee's chairperson.

The terms of reference of the Audit, Nomination and Remuneration Committees are contained in the 'Corporate Governance' sub-section of the Company's Investor Relations website at www.pinewoodgroup.com/investor-relations/board-directors/corporate-governance. Further details of the Committees are set out below.

Audit Committee

Ruth Prior, Chairperson

Steven Underwood

Dr. Catherine Raines (appointed to Committee on 29 June 2015)

The Audit Committee reports to the full Board of the Company and is responsible for:

- monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements contained therein;
- reviewing the Group's internal financial controls and the Group's internal control and risk management systems, including consideration of the need for an internal audit function;
- making recommendations to the Board for a resolution to be put to the shareholders for their approval in general meetings on the appointment of the external auditor and the approval of the remuneration and terms of engagement of the external auditor; and
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process and implementing a policy on the engagement of the external auditor to supply non-audit services as described further below.

The Group's external auditors meet directly with the Audit Committee in advance of full year and interim results and on other occasions as required.

The Audit Committee also reviews the effectiveness of the external audit process including the issue of auditor independence.

Nomination Committee

Lord Grade of Yarmouth, Chairman (stood down as Chairman on 29 June 2015)

Ruth Prior

Steven Underwood

Dr. Catherine Raines (appointed to Committee as Chairperson on 29 June 2015)

MT Rainey (appointed to Committee on 29 June 2015)

The Nomination Committee's nomination duties are to make recommendations to the Board on all proposed appointments of Directors, to review succession plans for the Group and to review Board effectiveness.

Remuneration Committee

Steven Underwood, Chairman (stood down as Chairman on 29 June 2015)

Lord Grade of Yarmouth

Ruth Prior (stood down from Committee on 29 June 2015)

MT Rainey (appointed to Committee as Chairperson on 29 June 2015)

A detailed report on the Remuneration Committee's activities is contained within the Directors' remuneration report.

Internal control

The Board acknowledges that it is responsible for the Group's system of internal control and has reviewed its effectiveness over the year. The Audit Committee has reviewed the effectiveness of the internal control systems and has found the systems to be effective. The internal control systems implemented at the Company for the year under review, and continuing, is structured in order that the Group's risks are effectively identified, evaluated and managed to provide reasonable, but not absolute, reassurance that there is no material misstatement or loss.

The main elements of the Group's internal control system, including risk identification, are as follows:

Board

The Board of Directors is ultimately responsible for internal control procedures with an organisational structure that supports clearly defined authority levels. The primary responsibility for the operation of the internal control systems lies with the Executive Directors and the Executive Management Team. Board meetings include consideration of strategic, financial, operational and compliance issues, which are endorsed through assessment by the Audit Committee of the effectiveness of the internal, financial and operating control environment.

Operating company controls

The identification and mitigation of major business risks is the responsibility of the Executive Directors and Executive Management Team who have ongoing operational responsibility. A part of this remit includes the maintenance and regular review of procedures to identify and mitigate potential areas of risk supported by the Group's in-house Legal Counsel in addition to external adviser guidance. This process and review also ensures that procedures comply with Group policies and guidelines.

Authorisation procedures

The authorisation procedures in respect of matters such as purchase commitments, capital expenditure, investment limits and treasury transactions are defined within the Group.

Insurance

The Company has granted an indemnity to all its Directors against liability brought by third parties, subject to the conditions set out in the Companies Act 2006. The continuing adequacy of insurance cover for the Group is evaluated on an annual basis and the Board have concluded that the insurance cover for the Group is currently adequate.

Financial reporting

In advance of each financial year, the Board approves a comprehensive budget incorporating a detailed appraisal of underlying assumptions and business risks. The Board is provided with financial information on a monthly basis detailing historical and forecast results against budget and prior year, incorporating monthly and year to date trading results, statement of financial position and summary notes, cash flow statement, capital expenditure, levels of indebtedness and covenant compliance. In addition, monthly Board meetings include an appraisal of current forecasts, treasury policy, financial resources, borrowing facilities and hedging strategy. The Executive Management Team is also provided with key financial data on a monthly basis to assess performance against budgets and provide explanations on the results to the Board.

Treasury management

The treasury function is managed in accordance with guidance approved by the Board and procedures are regularly reviewed to ensure that they remain suitable. Appropriate segregation of duties is in place and significant transactions are authorised by the Board. Financial reports and analysis are provided to the Board on a monthly basis as noted in 'Financial reporting' above.

Internal control continued

Shareholder communication

The Company maintains a communication strategy with its shareholders. The Company also communicates regularly with the employees of the Group. All Company announcements are posted on the investor relations website, www.pinewoodgroup.com/investor-relations, as they are released. This website also includes historic financial and share price information, as well as a link to 'About us' which provides information on the Group.

Additionally, the Annual General Meeting to be held this year on 28 September 2015 will provide shareholders with a further opportunity to meet and question the Company's Board, and to review the results and business during the year ended 31 March 2015.

By order of the Board,

Andrew M. Smith
Company Secretary

29 June 2015

Board of Directors

Non-Executive Chairman

Lord Grade of Yarmouth, CBE †‡ψ (72) began his career as a sports journalist. Previous positions include Chief Executive of Channel 4, Chairman and Chief Executive of First Leisure plc and Chairman of the Governors of the BBC and Chairman and Chief Executive of ITV plc. He is a Non-Executive Director of WRG and a Director of National Angels Ltd. Lord Grade has been Chairman of Pinewood Group plc since February 2000. He was created a Life Peer in 2011.

Executive Directors

Ivan Dunleavy, Chief Executive (55) has spent his career in media businesses initially in finance roles. Prior to his current role he was Chief Executive of VCI plc. He is also a Director of the industry trade body, UK Screen Association Limited and on the Board of Creative Skillset (the sector skills council for the UK creative industries). He is also a member of the British Film Commission's Business Group and British Screen Advisory Council.

Nicholas Smith, Commercial Director (53) joined Pinewood Group plc in May 2002 and was appointed to the Board in July 2005. In February 2012, Nicholas was appointed Non-Executive Director of Pinewood Iskandar Malaysia Studios SDN BHD. Previous positions include Head of European Sales for Nokia (Home Communications), European Sales Director for beenz.com, Broadcast Director for TSMS Ltd and Marketing Manager at London Weekend Television.

Andrew M. Smith, Director of Strategy and Communications and Company Secretary (52) joined the Company in June 2008 from a role as Managing Partner of The Policy Partnership. He was appointed to the Board in May 2012. He is a member of the Film Skills Council, the British Film Commission Advisory Board, the Buckinghamshire Thames Valley Local Enterprise Partnership and Creative Skillset Cymru. He is a Non-Executive Director of Bucks Business First Ltd.

Christopher Naisby, FCCA, Finance Director (43) joined the Company in 2001 having previously held a number of positions in the Finance teams of construction and media companies, including Reed Elsevier. Christopher was appointed to the Board of Pinewood Group plc in September 2013.

Steve Christian, ACA (51) was responsible for coordinating the investment advice to the Isle of Man Treasury and Welsh Government Film and Television Funds from his appointment as Director on 25 October 2012 until his resignation on 5 May 2015. He is a Non-Executive Director of The Manx Electricity Authority and is also a Director of CinemaNX Limited, Fordex Limited, Agrimark Limited and Gasworks Media Limited.

Non-Executive Directors

Ruth Prior *‡ψ (48) is currently Deputy Chief Financial Officer at Worldpay. Prior to her current role, she was Group Chief Operating Officer and Group Chief Financial Officer of the EMI group of companies (2010–2012) and Finance Director of Portfolio Business at Terra Firma Capital Partners Limited (2002–2010). She was appointed to the Board of Pinewood Group plc in 2012.

Steven Underwood, ACA *‡ψ (41) trained as a chartered accountant with Coopers & Lybrand. He joined the Board of the Peel group as Corporate Development Director in March 2007 and was promoted to Chief Executive in April 2012. He previously spent eight years in Investment Banking with Rothschild. He represents the Peel group on the Boards of a number of its investee companies.

Neil Lees (52) was appointed Deputy Chairman of the Peel group in March 2012 having been an Executive Director since 2007. He began his career as a Company Secretary at Ferranti International and subsequently joined the Peel group in 1994. He chairs a number of Peel group businesses and operating companies and is also Chairman of the Trustees of Peel Ports Final Salary Pension Scheme. He was appointed to the Board of Pinewood Group plc in 2011 and resigned on 17 April 2015.

Thomas Allison (67) is Chairman of Peel Ports and is the Non-Executive Chairman of Tulloch Homes Group, a Non-Executive Director of Celtic plc, a partner in Kiltane Investments and a Council Member of the CBI. He was appointed to the Board of Pinewood Group plc in April 2013 and resigned on 17 April 2015.

Subsequent to the year end, on 5 May 2015, two new Independent Non-Executive Directors were appointed.

Dr. Catherine Raines * ψ (52) is currently Minister and Director-General of UK Trade & Investment China ("UKTI China"), a role she has held since 2013. Prior to her current role, Dr Raines was Deputy CEO of Staffordshire County Council and has held a number of senior positions in global pharmaceutical companies, including ICI Pharmaceuticals and Zeneca, which later became part of AstraZeneca. She has also held non-executive roles at the Criminal Records Bureau, North Staffordshire Regeneration Partnership, HM Land Registry and The Whitehall and Industry Group. Dr. Raines is a Fellow of the Royal Society of Arts and holds a PhD from the University of London in pharmaceutical engineering.

Mary Teresa ("MT") Rainey ψ † (59) is currently Chair of leading Digital Strategy Agency Th_nk Ltd, a position she has held since 2008. She is also a Non-Executive Director of Channel 4 and Vice Chair of Creative Skillset (the sector skills council for the UK creative industries). In addition, Ms Rainey is the founder of Horsemouth.co.uk, a social enterprise for online mentoring. Prior to this portfolio of roles, Ms Rainey had a long career in advertising both in the UK and the US. In 1993, she founded the advertising agency Rainey Kelly Campbell Roalfe, which she grew to being a top 20 agency before it was sold to Y&R, a subsidiary of WPP plc, and it was then built to being one of the top 5 agencies in the UK where it now remains. Previous non-executive directorships held by Ms Rainey include WH Smith plc and STV Group plc.

* Member of the Audit Committee

† Member of the Remuneration Committee

ψ Member of the Nomination Committee

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 March 2015.

An indication of likely future developments in the business of the Company is included within the Strategic report.

Information about the use of financial instruments by the Company is given in Note 29 to the financial statements.

Result and dividends

Profit for the year ended 31 March 2015 was £8.1m (year ended 31 March 2014: £5.4m).

The Directors recommend a final dividend of 2.8p per ordinary share in respect of the year ended 31 March 2015 (year ended 31 March 2014: 1.9p) for approval at the Annual General Meeting which together with the interim dividend of 0.7p (year ended 31 March 2014: 0.6p) makes a total dividend for the year of 3.5p (year ended 31 March 2014: 2.5p).

Directors and their interests

The Directors who served throughout the year, except as noted, and their interests in the share capital of the Company as at 31 March 2014, 31 March 2015 and 26 June 2015 were as follows:

	Number of ordinary shares at 31 March 2015 and 2014	Number of ordinary shares at 26 June 2015
Lord Grade of Yarmouth, CBE	17,500	17,500
Ivan Dunleavy	–	127,884
Nicholas Smith	–	89,131
Andrew M. Smith	–	19,376
Christopher Naisby	–	19,376
Steven Christian (resigned 5 May 2015)	10,000	29,376
Ruth Prior	–	–
Steven Underwood	–	–
Neil Lees (resigned 17 April 2015)	–	–
Thomas Allison (resigned 17 April 2015)	8,000	8,000
Dr. Catherine Raines (appointed 5 May 2015)	–	–
MT Rainey (appointed 5 May 2015)	–	–

At the forthcoming Annual General Meeting to be held on 28 September 2015, Andrew M. Smith and Nicholas Smith will retire by rotation and, being eligible, will offer themselves for re-election. In accordance with the Company's Articles of Association, Dr. Catherine Raines and MT Rainey will offer themselves for election as they have been appointed to the Board since the Company's last Annual General Meeting.

Substantial shareholdings

Beneficial interests amounting to 3% or more of the issued share capital of the Company, as notified to the Company, as at 31 March 2015 and at 26 June 2015 are as follows:

	31 March 2015		26 June 2015	
	Number of ordinary 10p shares	Percentage of issued ordinary share capital	Number of ordinary 10p shares	Percentage of issued ordinary share capital
Goodweather Investment Management Limited	28,683,236	58.05%	22,443,396	39.09%
Warren James Holdings Limited ("Warren James")	13,186,148	26.69%	14,983,990	26.10%
Treasury, a Department of the Isle of Man Government	4,891,582	9.9%	2,864,755	4.99%
N+1 Singer	103,858	0.21%	2,195,688	3.82%
Aviva Investors	-	-	6,666,666	11.61%
Crystal Amber Advisers	-	-	2,320,000	4.04%

No holder of shares in the Company has any special rights with regard to control of the Company and all issued shares are fully paid.

Save as set out below, there are no agreements known to the Company between holders of shares in the Company which may result in restrictions on the transfer of shares or on voting rights in relation to the Company.

The undertakings given by Peel Holdings Land and Property Group Limited on behalf of Goodweather Investment Management Limited and Warren James to the Company and N+1 Singer in connection with the cancellation of the listing of the Company's shares on the Official List and the removal of such shares from trading on the main market of the London Stock Exchange and the admission of the shares to trading on AIM on 23 July 2012 were terminated on Admission of the new ordinary shares on 17 April 2015.

The Company, N+1 Singer, Peel Holdings (IOM) Limited ("Peel Holdings (IOM)") and Peel Holdings Land and Property Group Limited (both of which companies are members of the Peel group) entered into a new agreement, the Peel Relationship Agreement and the Company, N+1 Singer and Warren James entered into the Warren James Relationship Agreement, upon Admission of the new ordinary shares.

Peel Relationship Agreement

The Peel Relationship Agreement regulates certain aspects of the continuing relationship between the Group and the Peel group to ensure that the Group is capable at all times of carrying on its business independently of the Peel group and that any future transactions between the Group and the Peel group are on an arm's length basis. The Peel Relationship Agreement also provides that there should always be a majority of directors on the Board, and on any committee of the Board, who are independent of the Company's shareholders.

The Peel Relationship Agreement provides that the Peel group will not acquire ordinary shares for one year from Admission (i.e. from 17 April 2015), irrespective of whether the Peel Relationship Agreement terminates prior to that date. This restriction is subject to certain exceptions, including for acquisitions made pursuant to a general offer or scheme of arrangement or to maintain an aggregate holding of approximately 39.1% of the Company's issued share capital or at any time with N+1 Singer's consent.

The Company has undertaken to the Peel group that (i) it will not without the consent of Peel Holdings (IOM) create a new class of security, alter the rights attaching to the Company's ordinary shares, grant any options to subscribe for new ordinary shares or allot or issue any shares for non-cash consideration; and (ii) it will enforce the terms of the Warren James Relationship Agreement.

The Peel Relationship Agreement terminates on the date upon which the ordinary shares are no longer admitted to trading on AIM, the Main Market or any other recognised investment exchange or any other regulated or prescribed market or, if earlier, the later of the date upon which (i) the Peel group ceases to hold 25% or more of the ordinary shares and (ii) the Peel group ceases to have a representative director on the Board.

Warren James Relationship Agreement

The Warren James Relationship Agreement regulates certain aspects of the continuing relationship between the Group and the Warren James group to ensure that the Group is capable at all times of carrying on its business independently of Warren James and that any future transactions between the Group and the Warren James group are on an arm's length basis. The Warren James Relationship Agreement also provides that there should always be a majority of directors on the Board, and on any committee of the Board, who are independent of the Company's shareholders.

The Warren James Relationship Agreement provides that the Warren James group will not acquire shares in the Company for one year from Admission (i.e. from 17 April 2015), irrespective of whether the Warren James Relationship Agreement terminates prior to that date. This restriction is subject to certain exceptions, including for acquisitions made pursuant to a general offer or scheme of arrangement or to maintain an aggregate holding of no less than 25.1% of the Company's issued share capital or at any time with N+1 Singer's consent.

The Company has undertaken to the Warren James group that (i) it will not without Warren James' consent, as the case may be, create a new class of security, alter the rights attaching to the ordinary shares, grant any options to subscribe for new ordinary shares or allot or issue any shares for non-cash consideration; and (ii) it will enforce the terms of the Peel Relationship Agreement.

The Warren James Relationship Agreement terminates on the date upon which the Company's ordinary shares are no longer admitted to trading either on AIM, the Main Market or any other recognised investment exchange or any other regulated or prescribed market or, if earlier, the date upon which the Warren James group ceases to hold 25% or more of the ordinary shares.

Lock-in agreements

The Company and N+1 Singer have entered into Lock-in Agreements with each of Peel Holdings (IOM) and Warren James pursuant to which Peel Holdings (IOM) and Warren James have undertaken, subject to certain limited exceptions, including a sale in the event of an offer for all the Ordinary Shares in the Company, not to dispose of any of the Ordinary Shares which they hold, or another group company holds, immediately following the Placing for a period of 12 months from Admission (i.e. from 17 April 2015).

Going concern

As outlined within the Strategic Report on page 15 the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements, as there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on pages 29 and 30.

Having made enquiries of fellow Directors and of the Group's auditors, each of these Directors confirms that at the date of approval of this Annual Report:

- (1) so far as they are aware, there is no relevant information of which the Group's auditors are unaware; and
- (2) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board,

Andrew M. Smith
Company Secretary

29 June 2015

Directors' remuneration report

Remuneration Committee

The Board has established a Remuneration Committee ("the Committee") to advise it on appropriate policies and procedures in determining suitable remuneration packages for Executive Directors and senior management.

The Committee's responsibilities include the monitoring, review and recommendation to the Board on the Group's broad policy for the remuneration of all Executive Directors and to determine, and thereafter review at least annually, the remuneration packages of all Executive Directors including basic salary, pension arrangements and annual and long-term incentives and as appropriate, make recommendations in respect of other senior management. In addition, the Committee reviews the corporate targets and objectives relating to the Executive Directors' compensation including an evaluation of their performance.

General policy

The Group's remuneration policy is to provide remuneration packages to Executive Directors and senior management which align their interests to those of shareholders whilst retaining appropriate flexibility to cater for potential future changes in remuneration policy best practice and the environment in which the Group operates. Group policy aims to provide competitive rewards based on the achievement of recognised short-term and long-term performance based targets, recognising that the value of awards to Executive Directors and employees should be commensurate with individual responsibilities within the Group.

The Committee has concluded that the remuneration policy remains valid for 2015.

Components of the Executive Directors' remuneration

The key components of the Executive Directors' remuneration are:

Basic salary and benefits in kind

The basic salary for each Executive Director reflects the Committee's assessment of performance, responsibilities and market value for comparable positions.

Benefits in kind include provision of a car allowance, pension, medical and life insurance and private health insurance.

Annual bonus

The Executive Directors participate in an annual bonus scheme, which is linked to the achievement of annual financial targets set by the Committee, based on the Group's budget approved prior to the commencement of the financial year.

Long-Term Incentive Plan ("LTIP")

The Executive Directors, and certain members of the Executive Management Team, participate in an LTIP scheme where contributions will be made by the Company to the scheme over a five-year period, commencing 1 April 2012, providing the target EBITDA (earnings before interest, tax, depreciation and amortisation) is achieved in each of the relevant years.

The first payment from the LTIP to Executive Directors was made on 31 March 2015 and comprised the cumulative award of the first three years of the scheme which exceeded the scheme EBITDA milestone.

In the event that each of the EBITDA milestones is achieved the value of the LTIP scheme at the end of the fifth year would be £5m. However, the scheme contains provisions should the milestone be exceeded to increase the value up to a maximum of £6m.

Components of the Executive Directors' remuneration continued

Pension arrangements

For Executive Directors only basic salary is pensionable. All Executive Directors are eligible to become members of the personal pension plan arranged by the Group which is a defined contribution scheme.

Executive Directors' service agreements

The Executive Directors have rolling Service Agreements that are subject to 12 months' notice which the Committee regards as appropriate in the event of termination of an Executive Director's service agreement. The Service Agreements of the Executive Directors (other than for Nicholas Smith) specify the compensation which must be paid to the Executive Director where the Company terminates the agreement either without notice or without cause, which is limited to salary and benefits payable during the Executive Director's notice period (salary only in the case of Andrew M. Smith and Christopher Naisby). The service agreement of Nicholas Smith provides that the Company may opt to terminate the agreement with notice or a payment in lieu of notice, and provides for inherent mitigation.

Chairman and Non-Executive Directors' remuneration

The Chairman is appointed for an initial term of one year and thereafter on a rolling basis with notice to terminate of six months (or immediately by the Company in certain circumstances such as breach of terms).

Independent Non-Executive Directors are appointed for an initial term of three years unless terminated earlier by, and at the discretion of, either party upon one month's written notice subject to retirement by rotation with immediate right of termination by the Company in specific circumstances including breach of terms.

Non-Executive Directors appointed under the agreement with Peel Acquisitions (as outlined below) are appointed for a rolling term of 12 months subject to normal provisions of appointment at the Company's first Annual General Meeting following their appointment and retirement by rotation with immediate right of termination by the Company in specific circumstances including breach of terms.

Retirements by rotation are noted in the Directors' report. The appointment and reappointment of the Chairman and Non-Executive Directors are matters reserved for the full Board.

The fees of the Chairman and Independent Non-Executive Directors are determined by the Remuneration Committee reflecting market practice, levels of service, together with their contribution of time and expertise in support of the Group and are reviewed annually. The Chairman and Independent Non-Executive Directors are not eligible for pension scheme membership (other than under statutory obligations) and do not participate in any of the Group's bonus or LTIP.

Non-Executive Directors appointed under the agreement with Peel Acquisitions are not entitled to receive any fees.

Agreement with Peel Acquisitions

The Company entered into an agreement with Peel Acquisitions pursuant to which Peel Acquisitions has agreed to supply the Company with Non-Executive Directors. As consideration for the supply of the Non-Executive Directors, the Company has agreed to pay a fee of £40,000 per annum for each Non-Executive Director that is supplied (exclusive of VAT where applicable). Either party may terminate the agreement by giving three months' prior written notice. For the year ended 31 March 2015, Peel Acquisitions provided three Non-Executive Directors, namely Steven Underwood, Thomas Allison and Neil Lees. Thomas Allison and Neil Lees have since resigned on 17 April 2015.

Directors' remuneration for the year ended 31 March 2015 (unaudited)

	Year ended 31 March 2015						Year ended 31 March 2014
	Basic salary and fees £	Benefits in kind £	Annual Bonus £	LTIP £	Pension contributions £	Total remuneration £	Total remuneration £
Chairman							
Lord Grade of Yarmouth	105,000	n/a	n/a	n/a	n/a	105,000	105,000
Executive Directors							
Ivan Dunleavy	360,500	20,329	128,832	904,841	45,062	1,459,564	655,666
Nicholas Smith	240,000	14,241	84,661	630,647	36,000	1,005,549	409,346
Andrew M. Smith	150,000	9,639	103,852	137,097	72,063	472,651	203,186
Christopher Naisby	150,000	4,092	44,171	137,097	15,750	351,110	169,580
Steve Christian*	40,000	nil	nil	137,097	nil	177,097	40,000
Non-Executive Directors							
Steven Underwood**	nil	nil	nil	nil	nil	nil	nil
Neil Lees**	nil	nil	nil	nil	nil	nil	nil
Ruth Prior	42,000	588	nil	nil	2,100	44,688	43,015
Thomas Allison**	nil	nil	nil	nil	nil	nil	nil

* The Group had a consultancy agreement with Gasworks Media Limited, a company incorporated in the Isle of Man, whose sole shareholder, Steve Christian, was also an Executive Director of the Group during the year. The total value of the transactions, including reimbursement of expenses, during the year was £384,000. See Note 28 for further details.

** Non-Executive Directors provided under the agreement with Peel Acquisitions do not receive remuneration.

On behalf of the Board,

Steven Underwood

Chairman of the Remuneration Committee

29 June 2015

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent Company financial statements, the Directors are required to:

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

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company 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.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board,

Andrew M. Smith
Company Secretary

29 June 2015

Independent auditor's report to the members of Pinewood Group Plc

We have audited the financial statements of Pinewood Group plc for the year ended 31 March 2015 which comprise the Group income statement, the Group and parent Company balance sheets, the Group cash flow statement, the Group reconciliation of movement in net debt, the Group statement of changes in equity and the related Notes 1 to 30 for the Group and 1 to 16 for the parent Company. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Christopher Robertson (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

29 June 2015

Group income statement for the year ended 31 March 2015 and 31 March 2014

	Notes	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Revenue – continuing operations	3	75,002	64,058
Cost of sales		(58,027)	(48,129)
Gross profit		16,975	15,929
Selling and distribution expenses		(2,036)	(1,791)
Administrative expenses:			
Recurring activities in the ordinary course of business		(9,222)	(8,630)
Exceptional expenses	7	–	(548)
Total administrative expenses		(9,222)	(9,178)
Profit/(loss) on disposal of property, plant and equipment		41	(76)
Operating profit	4	5,758	4,884
Comprising:			
– Operating profit from Media Services activities, before exceptional items		11,043	9,220
– Operating loss from Media Investment in respect of Film Production Companies		(4,328)	(3,463)
– Operating loss from Media Investment activities, excluding Film Production Companies		(957)	(325)
– Exceptional expenses	7	–	(548)
		5,758	4,884
Exceptional income	8	1,952	–
Share of results of joint ventures	9	1,149	1,144
Finance costs	10	(3,890)	(2,436)
Profit before tax		4,969	3,592
Current corporation tax expense		(1,814)	(1,292)
UK Film Tax Relief from Film Production Companies		4,062	3,085
Deferred tax credit/(charge)		879	(33)
Total tax credit	11	3,127	1,760
Profit for the year		8,096	5,352
Attributable to:			
Equity holders of the parent		8,096	5,352
Earnings per share:			
Basic and diluted for result for the year	12	16.4p	10.8p

The notes on pages 48 to 89 are an integral part of these consolidated financial statements.

Group statement of other comprehensive income for the year ended 31 March 2015 and 31 March 2014

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Profit for the year	8,096	5,352
Transfer of cash flow hedge interest to income statement	–	328
Other comprehensive income for the year, net of tax	–	328
Total comprehensive income for the year, net of tax	8,096	5,680
Attributable to:		
Equity holders of the parent	8,096	5,680

The notes on pages 48 to 89 are an integral part of these consolidated financial statements.

Group statement of financial position at 31 March 2015 and 31 March 2014

	Notes	31 March 2015 £000	31 March 2014 £000
Assets			
<i>Non-current assets</i>			
Property, plant and equipment	13	165,398	118,227
Investment property	14	5,796	5,929
Intangible assets	15	5,604	5,604
Long-term assets	16	510	871
Investment in joint ventures	9	4,026	7,394
Deferred tax asset	11	119	-
		181,453	138,025
<i>Current assets</i>			
Inventories	17	50	312
Trade receivables	18	5,690	11,794
Prepayments and other receivables	19	6,912	4,660
Cash and cash equivalents	20	6,357	775
		19,009	17,541
Total assets		200,462	155,566
Equity and liabilities			
<i>Equity attributable to equity holders of parent</i>			
Share capital	21	4,941	4,941
Share premium		48,718	48,718
Capital redemption reserve	21	135	135
Merger reserve	21	348	348
Retained earnings		37,381	30,570
Total equity		91,523	84,712
<i>Non-current liabilities</i>			
Interest-bearing loans and borrowings	22	78,275	40,939
Derivative financial instruments	23	310	175
Deferred tax liabilities	11	-	760
		78,585	41,874
<i>Current liabilities</i>			
Derivative financial instruments	23	13	15
Trade and other payables	24	30,341	28,466
Provisions	25	-	499
		30,354	28,980
Total liabilities		108,939	70,854
Total equity and liabilities		200,462	155,566

The financial statements of Pinewood Group plc, Company number: 03889552, were approved and authorised for issue by the Board of Directors on 29 June 2015. They were signed on its behalf by:

Christopher Naisby, FCCA
Finance Director

The notes on pages 48 to 89 are an integral part of these consolidated financial statements.

Group statement of cash flows for the year ended 31 March 2015 and 31 March 2014

	Notes	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Cash flow from operating activities:			
Profit before tax		4,969	3,592
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and amortization	4	6,455	4,458
(Gain)/loss on disposal of property, plant and equipment	4	(41)	76
Exceptional income		(2,318)	-
Share of results of joint ventures	9	(1,149)	(1,144)
Finance costs	10	3,890	2,436
Cash flow from operating activities before changes in working capital		11,806	9,418
Decrease/(increase) in trade and other receivables	18,19	5,909	(6,843)
Decrease in inventories	17	262	147
Increase in trade and other payables		899	12,353
Decrease in provisions	25	(499)	(1,039)
Cash generated from operations		18,377	14,036
Finance costs paid		(2,463)	(2,102)
Corporation tax received in respect of FPC activity		1,402	2,584
Corporation tax paid		(1,211)	(2,787)
Net cash flow from operating activities		16,105	11,731
Cash flow from/(used in) investing activities:			
Proceeds from disposal of property, plant and equipment		56	-
Purchase of property, plant and equipment		(7,074)	(18,389)
Investment acquisitions		(36,800)	-
Additions to long-term assets	16	-	(591)
Investment in joint ventures	9	(2,588)	(1,038)
Distributions from joint ventures	9	820	1,931
Net cash flow used in investing activities		(45,586)	(18,087)
Cash flow (used in)/from financing activities:			
Dividends paid	12	(1,285)	(1,037)
Repayment of asset financing obligations		(1,542)	(1,160)
Proceeds from asset financing		1,152	2,233
Repayment of bank borrowings	22	(4,500)	(5,000)
Proceeds from bank borrowings	22	41,500	13,000
Payment of loan issue fees		(262)	-
Net cash flow from financing activities		35,063	8,036
Net increase in cash and cash equivalents		5,582	1,680
Cash and cash equivalents/(overdraft) at the start of the year		775	(905)
Cash and cash equivalents at the end of the year	20	6,357	775

Included within the cash and cash equivalents balance is a total of £550,000 (year ended 31 March 2014: £1,426,000) which is unavailable for general use. Please see Note 20.

The notes on pages 48 to 89 are an integral part of these consolidated financial statements.

Group reconciliation of movement in net debt for the year ended 31 March 2015 and 31 March 2014

	Notes	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Reconciliation of net cash flow to movement in net debt:			
Increase in cash and cash equivalents		5,582	1,680
Repayments of bank borrowings		4,500	5,000
Proceeds from bank borrowings		(41,500)	(13,000)
Repayments of asset financing obligations		1,542	1,160
Proceeds from asset financing		(1,152)	(2,233)
Loan issue costs		262	-
Amortisation of loan issue costs		(988)	(286)
Movement in fair value of cash flow hedge		-	631
Movement in net debt		(31,754)	(7,048)
Net debt at the start of the year		(40,164)	(33,116)
Net debt at the end of the year		(71,918)	(40,164)
Attributable to:			
Cash and cash equivalents	20	6,357	775
Non-current liabilities			
Term and revolving credit facilities	22	(75,000)	(38,000)
Asset financing	22	(3,275)	(3,665)
Unamortised loan issue costs	22	-	726
Interest-bearing loans and borrowings		(78,275)	(40,939)
Net debt at end of year		(71,918)	(40,164)
Net debt at end of year excluding restricted cash		(72,468)	(41,590)

The notes on pages 48 to 89 are an integral part of these consolidated financial statements.

Group statement of changes in equity

From 1 April 2014 to 31 March 2015

	Share capital £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Fair value of cash flow hedge reserve £000	Retained earnings £000	Total equity £000
At 1 April 2014	4,941	48,718	135	348	–	30,570	84,712
Profit for the year	–	–	–	–	–	8,096	8,096
Other comprehensive income, net of tax	–	–	–	–	–	–	–
Total comprehensive income, net of tax	–	–	–	–	–	8,096	8,096
Equity dividends (Note 12)	–	–	–	–	–	(1,285)	(1,285)
At 31 March 2015	4,941	48,718	135	348	–	37,381	91,523

From 1 April 2013 to 31 March 2014

	Share capital £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Fair value of cash flow hedge reserve £000	Retained earnings £000	Total equity £000
At 1 April 2013	4,941	48,718	135	348	(328)	26,255	80,069
Profit for the year	–	–	–	–	–	5,352	5,352
Other comprehensive income, net of tax	–	–	–	–	328	–	328
Total comprehensive income, net of tax	–	–	–	–	328	5,352	5,680
Equity dividends (Note 12)	–	–	–	–	–	(1,037)	(1,037)
At 31 March 2014	4,941	48,718	135	348	–	30,570	84,712

The notes on pages 48 to 89 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements at 31 March 2015

1. Authorisation of financial statements and statement of compliance with IFRS

The Group financial statements of Pinewood Group plc (formerly "Pinewood Shepperton plc") for the year ended 31 March 2015 were authorised for issue by the Board of the Directors on 29 June 2015 and the statement of financial position was signed on the Board's behalf by the Finance Director. Pinewood Group plc is a public limited company incorporated and domiciled in England and Wales. The registered office is located at Pinewood Studios, Pinewood Road, Iver Heath, Buckinghamshire, SL0 0NH, United Kingdom. The Company's ordinary shares are traded on the AIM market of the London Stock Exchange.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") as they apply to the financial statements of the Group for year ended 31 March 2015. The Group's financial statements are also consistent with IFRSs as issued by the International Accounting Standards Board ("IASB"). The principal accounting policies adopted by the Group are set out in Note 2.

2. Accounting policies

Basis of preparation and statement of compliance

The consolidated financial statements of Pinewood Group plc and all of its subsidiaries have been prepared in accordance with IFRS as adopted by the EU as they apply to the financial statements of the Group for the year ended 31 March 2015 and applied in accordance with the Companies Act 2006.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the years ended 31 March 2015 and 31 March 2014. The Group financial statements are presented in UK sterling and all values are rounded to the nearest thousand pounds (£000), except when otherwise indicated. The Group financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) to fair value.

Going concern

In assessing the going concern basis, the Directors considered the Group's business activities, the financial position of the Group and the Group's financial risk management objectives and policies. The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance and economic uncertainty, show that the Group should be able to operate within the level of its current facilities. Although the Group is in a net current liability position of £11.3m, the Group has £71.4m of undrawn committed loan facilities in place following the refinancing in April 2015. The Group also has £8.7m of asset financing available to be drawn upon including £1.6m of a pre-approved facility. The Directors are confident these undrawn debt facilities provide sufficient headroom to support continued trading.

The Directors have specifically considered the level of capital commitment at 31 March 2015 (see Note 27) and the projected spend on the PSDF compared with the existing financing and the additional financing completed in April 2015 (see Note 22).

Information on the Group's risks, management and exposure are set out in the "Principal Risks and Uncertainties" section of the Annual Report and Note 29 "Financial risk management, objectives and policies" of these Accounts. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in the operational business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

The Group's assessment of going concern is explained further in the Strategic report on page 15 of the Annual Report and further information on the Group's borrowings is given in Note 22.

2. Accounting policies continued

Basis of consolidation

The Group consolidated financial statements comprise the financial statements of Pinewood Group plc and its subsidiaries as at 31 March 2015 and 31 March 2014. All intercompany transactions, balances, income and expenses are eliminated in full on consolidation. All subsidiaries are consolidated for the financial year ending 31 March 2015 regardless of the individual entities statutory reporting date.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which Pinewood Group plc has control.

During the year the Company's interest in Shepperton Studios Property Partnership increased from 50% to 100% on 3 December 2014. Prior to this date, the investment was accounted for using the equity method, with the Company recognising its ownership interest within 'Investments in joint ventures' on the statement of financial position and its interest in the profits of the joint venture as 'Share of results of joint ventures' on the income statement. Following the acquisition, the investment is fully consolidated as a wholly owned subsidiary.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year, with the exception of newly applicable standards, amendments or interpretations issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for annual periods beginning on or after 1 April 2014.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

IFRIC 21	Levies
IAS 32 (amendments)	Offsetting financial assets and financial liabilities
IAS 36 (amendments)	Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 (amendments)	Novation of Derivatives and Continuation of Hedge Accounting

Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 (amendments)	Agriculture: Bearer Plants
IAS 19 (amendments)	Defined Benefit Plans: Employee Contributions
IAS 27 (amendments)	Equity Method in Separate Financial Statements
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. Accounting policies continued

Standards in issue but not yet effective continued

Annual Improvements to IFRSs:

2010–2012 cycle (amendments)	IFRS 2 <i>Share-based Payments</i> , IFRS 3 <i>Business Combinations</i> , IFRS 8 <i>Operating Segments</i> , IFRS 13 <i>Fair Value Measurement</i> , IAS 16 <i>Property, Plant and Equipment</i> , IAS 24 <i>Related Party Disclosures</i> and IAS 38 <i>Intangible Assets</i>
2011–2013 cycle (amendments)	IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> , IFRS 3 <i>Business Combinations</i> , IFRS 13 <i>Fair Value Measurement</i> and IAS 40 <i>Investment Property</i>
2012–2014 cycle (amendments)	IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> , IFRS 7 <i>Financial Instruments: Disclosures</i> , IAS 19 <i>Employee Benefits</i> and IAS 34 <i>Interim Financial Reporting</i>

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

Summary of significant accounting policies

Interests in joint ventures

The Group has interests in joint ventures which are joint arrangements. A joint venture is a joint arrangement whereby two or more parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group accounts for joint ventures under the equity method. Under the equity method, a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of the joint venture exceeds the Group's interest in that joint venture, the Group discontinues recognising its share of further losses. Additional losses are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Foreign currency translation

The functional and presentation currency of Pinewood Group plc and its subsidiaries is UK sterling (UK £). Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of transactions. Exchange differences resulting from the settlement of such transactions and from the translation at exchange rates ruling at the statement of financial position date of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in the consolidated income statement.

2. Accounting policies continued

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration receivable, net of discounts, rebates, VAT and other sales taxes or duty. The Group has assessed its revenue arrangements and has concluded that it is acting as a principal in all of its revenue arrangements. Where a contract spans an accounting cut-off date, the value of the revenue recognised is the time proportion of the total value of the contract completed by the cut-off date. The following specific recognition criteria apply:

Media services:

- Film customers utilise services for a period of time. Film revenues are also derived from international agreements to provide sales and marketing services. Revenue is recognised as the Group earns the right to consideration for the service provided and this is time apportioned and earned as time elapses.
- Television revenue is derived from the provision of services and is recognised on a time apportioned basis in relation to the television production process.
- Media Hub revenue, which includes revenue from investment property, is derived from customers contracting to use the Group's facilities for a period of time. Revenue is recognised on a straight-line basis over the term of the agreement.

Media investment:

- External investment advisory revenue is derived from the provision of services on a per film investment basis, with revenue from an annual management fee recognised on a straight-line basis over the course of the year.
- Film Production Companies revenue relates to the funding provided from the various financiers (excluding loans against tax credit, which are recognised as a liability on the balance sheet). Revenue recognised is the proportion of completion of the relevant project.

Film investments

Film investments are classified as investments at fair value with any impairment in the investment expensed in the income statement. The Company reviews the fair value at least annually. Any net changes in fair value are recognised in the income statement.

Operating profit

Operating profit is stated after charging exceptional items but before the share of results of associates and finance costs.

Tax

Deferred tax

Deferred corporation tax is provided, using the liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred corporation tax liabilities are recognised for all taxable temporary differences:

- except where the deferred corporation tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Accounting policies continued

Deferred tax continued

Deferred corporation tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- where the deferred corporation tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred corporation tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred corporation tax asset to be utilised.

Deferred corporation tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Corporation tax

Corporation tax relating to items recognised directly in equity is recognised in other comprehensive income and the statement of changes in equity and not in the income statement.

Film tax credits

Film tax credits are recognised in line with the cost incurred over the period of a film project. Where the rate of expenditure incurred is not proportionate to the rate of qualifying expenditure, the difference in film tax credits is accrued or deferred on the balance sheet.

Value added tax

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of value added tax included.

Pensions and other post-employment benefits

The Group operates a defined contribution scheme. Contributions are charged to the income statement as they become payable in accordance with the rules of the schemes.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand. For the purpose of the Group statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

2. Accounting policies continued

Interest-bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair values of consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method, allocating the interest income or interest expense over the relevant period. The loan issue costs are amortised in the income statement over the remaining maturity of the loans at a constant carrying amount and are reviewed for changes in circumstances that may indicate that the loans will not be held to maturity.

Derivative financial instruments

The Group has interest rate swaps to hedge against risks associated with interest rate fluctuations. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The Group reports the movement in fair value through profit or loss as permitted by International Accounting Standard 39 Financial Instruments: Recognition and Measurement ("IAS 39").

The fair values of the interest rate swap contracts are determined by reference to market values for similar instruments.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received under it.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangements at the inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased item, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability, using the effective interest rate method. Finance charges are recognised in the income statement on a straight-line basis.

2. Accounting policies continued

Leases continued

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Operating lease income is recognised as Media Hub revenue in the income statement on a straight-line basis over the lease term.

Property, plant and equipment

Property, plant and equipment are stated at cost to the Group less accumulated depreciation and any impairment loss. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Depreciation is calculated on all property, plant and equipment, other than land, from the time they are available for use on a straight-line basis over the estimated useful life as follows:

Freehold buildings	– 50 years
Freehold improvements	– 25 years
Fixtures, fittings and equipment	– 3 to 10 years
Leasehold improvements	– shorter of 25 years or the term of the lease

Land and assets under construction are not depreciated.

The carrying value of freehold land and buildings within 'Property, plant and equipment' in the statement of financial position is based on external valuations undertaken by an independent firm of Chartered Surveyors in February 2000 (as amended in January 2001) and November 2000, on each occasion to establish the fair values of the Pinewood Studios and Shepperton Studios businesses acquired. Subsequent to these valuations, which established the cost to the Group of freehold land and buildings, additions, disposals and depreciation have been recorded in line with Group accounting policies.

The carrying value of property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and is written down immediately to the recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required, these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising in de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or development of certain investment capital expenditure projects that necessarily take a substantial period of time to get ready for their intended use, or sale, are capitalised as part of the cost of the respective assets. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Group has capitalised borrowing costs for all eligible assets where development or construction was commenced on or after 1 January 2007. No charges have been made for borrowing costs incurred prior to this date that have been expensed.

2. Accounting policies continued

Investment property

As defined by IAS 40 *Investment property* ("IAS 40"), investment property is property held to earn rental income and/or for capital appreciation. Assets classified as investment property are carried at cost (including transaction costs) less accumulated depreciation and any recognised impairment in value, and exclude the costs of the day-to-day servicing of an investment property. The depreciation policies for investment property are in accordance with the Group depreciation policy, as defined within the 'Property, plant and equipment' accounting policy. In accordance with IAS 40, the Group has determined the fair value of assets classified as investment. The key assumptions used in arriving at the fair value and the fair value are contained in Note 14, 'Investment property'.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for the publicly traded Pinewood Group plc or other fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates assets or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement. After such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over the remaining useful life.

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating unit monitored by management. Where the recoverable amount of the cash-generating unit is less than the carrying amount, including goodwill, an impairment loss is recognised in the income statement.

Intangible assets

Intangible assets, when identified, are capitalised at cost and subsequently amortised over their useful economic life.

2. Accounting policies continued

Available-for-sale financial assets

Available-for-sale financial investments include equity securities. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

Certain loans and receivables are also designated as available-for-sale, in particular those for which the holder may not recover substantially all of its initial investment. IAS 39 permits entities to designate, at the time of acquisition, any loan or receivable as available-for-sale, in which case it is measured at fair value with changes in fair value recognised in equity.

The Group evaluates its available-for-sale financial assets and whether the ability to sell them is still appropriate.

The Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

Long-term assets

Costs incurred in the establishment of long-term agreements are capitalised on the statement of financial position and categorised as long-term assets.

These costs are reviewed at least annually for any impairment in their carrying value and once the long-term agreement becomes operational the costs are amortised over the term of the agreement.

Impairment costs and amortisation are expensed to the consolidated income statement.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on the estimated selling price less any estimated further costs expected to be incurred to completion and disposal.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoice value and recoverable amount.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified and are determined using business knowledge and individual circumstances specific to each customer.

Exceptional items

The Group discloses as exceptional items on the face of the income statement those material items of income or expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate disclosure to allow users of the financial statements to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Dividends

The equity transaction is recognised when the shareholders' right to receive payment is established.

2. Accounting policies continued

Share issue costs

Costs directly attributable to the raising of equity are charged to the share premium account.

Significant accounting judgements, estimates and assumptions

Estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect reported amounts at the end of the year.

Judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date are discussed below.

Impairment of goodwill

The carrying amount of goodwill at 31 March 2015 was £5,604,000 (31 March 2014: £5,604,000) and wholly relates to the Media Services cash generating unit. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the Media Services cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The cash flows are derived from the Board approved budget for the next year and the Board approved long range plan for the Media Services segment only, and do not include non-cash generating assets, any activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the Media Services cash-generating unit. This assessment is sensitive to the discount rate used for the calculation of present values of cash flows.

The key assumptions used to determine the value in use are further explained in Note 15.

The Pinewood Studios Development Framework ("PSDF")

At 31 March 2015, £6.1m of capital expenditure had been incurred in respect of the PSDF, excluding land. Whilst the PSDF itself will not be treated as a separate business unit going forward, and will be part of the Media Services segment, the Directors have conducted a separate impairment review on the PSDF asset at the year end and are comfortable there are no indicators of impairment.

Going concern

Information on the Group's risks, management and exposure are set out in the 'Principal risks and uncertainties' section of the Annual Report and Note 29 'Financial risk management, objectives and policies' of these Accounts. The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in the operational business for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

3. Segment information and revenue analysis

The Group identifies its operating segments based on a combination of factors, including the nature and type of service provided and differences in regulatory environment. Operating segments are aggregated where there is a high degree of consistency across these factors, and the segments have similar economic characteristics. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Group has determined it has two reportable segments, Media Services, which provides studio and related services to the film, television and wider creative industries, and Media Investment, which provides content investment and production services, principally to the film industry.

The accounting policies of all operating segments are the same as those described in Note 2, 'Accounting policies'.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market price.

Segment data for the year ended 31 March 2015 and 2014 is presented below:

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Revenue:		
Media Services:		
External Film	43,946	37,390
Intersegment Film	1,256	1,215
External Television	5,826	6,184
External Media Hub	6,199	5,575
	57,227	50,364
Media Investment:		
Film Production Companies	17,752	14,037
External investment advisory	804	402
Investment recoupment	475	270
Other income and commissions	-	200
	19,031	14,909
Total segmental revenue	76,258	65,273
Elimination of intersegment revenue	(1,256)	(1,215)
Group revenue	75,002	64,058

3. Segment information and revenue analysis continued

	Year ended 31 March 2015			Year ended 31 March 2014		
	Media Services £000	Media Investment £000	Total £000	Media Services £000	Media Investment £000	Total £000
Income statement:						
Segment revenue – total	57,227	19,031	76,258	50,364	14,909	65,273
Cost of sales	(35,933)	(22,094)	(58,027)	(31,393)	(16,736)	(48,129)
Elimination of intersegment revenue	(1,256)	–	(1,256)	(1,215)	–	(1,215)
Gross profit/(loss)	20,038	(3,063)	16,975	17,756	(1,827)	15,929
Selling and distribution expenses	(2,036)	–	(2,036)	(1,791)	–	(1,791)
Administrative expenses:						
Recurring in the ordinary course of business	(7,000)	(2,222)	(9,222)	(6,669)	(1,961)	(8,630)
Exceptional expenses	–	–	–	(548)	–	(548)
Total administrative expenses	(7,000)	(2,222)	(9,222)	(7,217)	(1,961)	(9,178)
Profit/(loss) on disposal of property, plant and equipment	41	–	41	(76)	–	(76)
Operating profit/(loss)	11,043	(5,285)	5,758	8,672	(3,788)	4,884
Operating profit/(loss) before exceptional expenses	11,043	(5,285)	5,758	9,220	(3,788)	5,432
Exceptional income	1,952	–	1,952	–	–	–
Share of results of joint ventures	1,149	–	1,149	1,144	–	1,144
Finance costs	(3,890)	–	(3,890)	(2,203)	(233)	(2,436)
Profit/(loss) before tax	10,254	(5,285)	4,969	7,613	(4,021)	3,592
Corporation tax (expense)/credit	(2,199)	385	(1,814)	(2,212)	920	(1,292)
UK film tax relief	–	4,062	4,062	–	3,085	3,085
Deferred tax credit/(charge)	155	724	879	189	(222)	(33)
Total corporation tax (expense)/credit	(2,044)	5,171	3,127	(2,023)	3,783	1,760
Profit/(loss) after tax	8,210	(114)	8,096	5,590	(238)	5,352

During the year, the Group provided film finance totalling £969,000 to its wholly owned subsidiary film production companies for the production of *Take Down* and *Genius* (year ended 31 March 2014: £1,885,000 *Robot Overlords*, *The Riot Club*, *Pressure*, *Kill Your Friends* and *Spooks: The Greater Good*).

Geographical information

Although revenues continue to arise predominantly in the United Kingdom, being the Group's country of domicile, the Group's international activity continues to increase. For the year ended 31 March 2015, £3.1m of revenue was generated from the Group's overseas activities, representing 4% of total revenue (year ended 31 March 2014: £1.1m, 2%).

Information about major customers

Revenue from one Media Services customer, operating through several separate subsidiaries, of £22.6m (year ended 31 March 2014: one customer £17.5m) was recognised in the year. No other single customer contributed 10% or more of the Group's revenue in either 2014 or 2015.

4. Operating profit

This is stated after charging/(crediting):

	Notes	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Cost of inventories recognised as an expense		1,342	2,016
Staff costs	6	14,777	12,447
Depreciation of property, plant and equipment	13	5,961	4,236
Depreciation of investment property	14	133	133
(Gain)/loss on disposal of property, plant and equipment		(41)	76
Operating lease payments		1,319	1,996
Impairment of long-term assets	16	156	65
Amortisation of long-term assets	16	205	24

Operating lease payments relating to the cost to the Group of the operating lease of the Shepperton Studios premises were £833,000 (year ended 31 March 2014: £1,334,000) and relating to the Teddington Studios premises were £486,000 (year ended 31 March 2014: £662,000).

5. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Fees payable to Company's auditor for the audit of parent Company and Group financial statements	40	39
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	92	59
Total audit fees	132	98
Fees payable to the Company's auditor and its associates for other services:		
Audit-related assurance services	28	28
Other assurance services	12	8
Taxation compliance services	15	42
Taxation advisory services	69	94
Corporate finance services	102	44
Total fees for other services	226	216
Total fees	358	314

6. Staff costs and Directors' emoluments

(a) Staff costs including Directors

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Wages and salaries	10,774	9,581
Social security costs	1,073	1,043
Pension costs	836	578
Long-term incentive plan	1,871	958
Other employee benefits	223	287
	14,777	12,447

(b) Average monthly number of employees, including Executive Directors:

	Year ended 31 March 2015 No.	Year ended 31 March 2014 No.
Management	17	18
Administration	102	80
Operating and technical	120	115
	239	213

(c) Directors' remuneration:

	Year ended 31 March 2015						Year ended 31 March 2014 Total remuneration £
	Basic salary and fees £	Benefits in kind £	Annual Bonus £	LTIP £	Pension contributions £	Total remuneration £	
Chairman							
Lord Grade of Yarmouth	105,000	n/a	n/a	n/a	n/a	105,000	105,000
Executive Directors							
Ivan Dunleavy	360,500	20,329	128,832	904,841	45,062	1,459,564	655,666
Nicholas Smith	240,000	14,241	84,661	630,647	36,000	1,005,549	409,346
Andrew M. Smith	150,000	9,639	103,852	137,097	72,063	472,651	203,186
Christopher Naisby	150,000	4,092	44,171	137,097	15,750	351,110	169,580
Steve Christian*	40,000	nil	nil	137,097	nil	177,097	40,000
Non-Executive Directors							
Steven Underwood**	nil	nil	nil	nil	nil	nil	nil
Neil Lees**	nil	nil	nil	nil	nil	nil	nil
Ruth Prior	42,000	588	nil	nil	2,100	44,688	43,015
Thomas Allison**	nil	nil	nil	nil	nil	nil	nil

* The Group had a consultancy with Gasworks Media Limited, a company incorporated in the Isle of Man, whose sole shareholder, Steve Christian, was also an Executive Director of the Group during the years ended 31 March 2015 and 2014. The total value of the transactions, including reimbursement of expenses, during the year was £384,000. See Note 28 for further details.

** Non-Executive Directors provided under the agreement with Peel Acquisitions do not receive remuneration. See Directors Remuneration report on page 36 for further details.

7. Exceptional administrative expenses

The Group did not incur any exceptional administrative expenses during the year ended 31 March 2015.

Exceptional administrative expenses relating to the year ended 31 March 2014 totalled £548,000 and consisted of:

Group reorganisation

The Group incurred exceptional reorganisation costs of £190,000 in year ended 31 March 2014 in relation to the restructuring of certain business areas.

Teddington exit

During the year ending 31 March 2014, an additional provision of £172,000 was recognised in relation to the cessation of activities at the Teddington Studios site.

Transaction costs

The Group incurred exceptional transaction costs of £170,000 in the year ended 31 March 2014 in relation to a potential joint venture which has not progressed.

AIM listing

In the year ended 31 March 2014 the Group incurred an additional £16,000 of costs related to the Company's ordinary shares admission to AIM in the previous year.

8. Exceptional income

Up until 3 December 2014, the Group held a 50% share in Shepperton Studios Property Partnership ("SSPP") which was treated as a joint venture under IFRS 11 Joint Arrangements. On 3 December 2014, the Group acquired the 50% previously owned by clients of Aviva Investors, with the resultant 100% ownership leading to SSPP becoming a subsidiary undertaking of the Company. In accordance with IFRS 3 *Business Combinations*, the previous investment in the venture was derecognised resulting in a net gain of £1,952,000 (after accounting for transaction costs of £974,000 and loan break costs in SSPP of £366,000).

There were no such amounts recognised in the prior year.

9. Interests in joint ventures

As at 31 March 2015, the Group had interests in the following joint ventures:

Joint venture name	Principal place of business	% ownership interest	% voting rights
Pinewood Atlanta LLC	USA	40	50
PAS Holdings Fayette LLC	USA	40	50

As at 31 March 2014, the Group had the following interests in joint ventures:

Joint venture name	Principal place of business	% ownership interest	% voting rights
Shepperton Studios (General Partner) Limited	United Kingdom	50	50
Shepperton Studios Property Partnership	United Kingdom	50	50
Pinewood Studio Berlin Film Services GmbH	Germany	50	50
Pinewood Atlanta LLC	USA	40	50
PAS Holdings Fayette LLC	USA	40	50

9. Interests in joint ventures continued

Shepperton Studios Property Partnership

Up until 3 December 2014, the Group had a 50% interest in SSPP, an entity controlled jointly with a third party, Aviva Investors. SSPP is strategic to the Group's business, as it holds a 995 year lease on the Shepperton Studios property. On 3 December 2014, the Group acquired the 50% interest in SSPP previously held by clients of Aviva Investors for a total cash consideration of £36.8m, including the full termination of a £24m loan facility provided by Aviva. As a result of the transaction, the Group now owns 100% of SSPP and has given the Group full control over the Shepperton site and future investment in the facilities there, which was the primary reason for the transaction. The acquisition price relative to the value of the assets acquired did not generate any goodwill.

Up to date of this transaction, the Group received distributions from SSPP totalling £820,000 from SSPP (year ended 31 March 2014: £1,931,000).

Details of assets acquired and liabilities assumed:

	£000
Recognised amounts of identifiable assets acquired:	
Financial assets	945
Property, plant and equipment	46,030
Financial liabilities	(996)
Total identifiable net assets	45,979

Financial assets acquired includes £777,000 of receivables at fair value, which is equivalent to the gross contractual amounts receivable and the best estimate on the acquisition date of the contractual cash flow expected to be collected.

Since the date of the transaction to 31 March 2015, revenue of £450,000 and operating profit of £16,000 has been recognised in the Group's consolidated income statement.

Had SSPP been 100% consolidated from 1 April 2014, the consolidated income statement would have included approximate revenue of £1,740,000 and profit before tax of £400,000 including the impact of net rental savings to the Group.

Shepperton Studios (General Partner) Limited

The Group also had a 50% interest in Shepperton Studios (General Partner) Limited until 3 December 2014. On that date, the Group acquired the other 50% interest as part of the SSPP transaction outlined above. There are no material amounts consolidated for this joint venture in either period.

Pinewood Studio Berlin Film Services GmbH

Pinewood Germany Limited previously held a 50% interest in Pinewood Studio Berlin Film Services GmbH, a joint venture with Studio Hamburg GmbH to market their studio facilities in Germany. On 10 September 2014, the Group purchased Studio Hamburg GmbH's 50% shareholding for a total cash consideration of EUR50,000. The acquisition price represents market value and accordingly no goodwill has been recognised. The name of the entity was subsequently amended to Pinewood Film Services GmbH. The Company is not actively trading and there are no material amounts consolidated for this entity in either period.

9. Interests in joint ventures continued

Pinewood Atlanta LLC / PAS Holdings Fayette LLC (collectively 'Pinewood Atlanta Studios')

During the year ended 31 March 2014, Pinewood USA Inc. entered into a 40:60 joint venture with River's Rock LLC to develop land south of Atlanta, Georgia, USA into world class studio facilities, known as Pinewood Atlanta Studios. The Group also provides sales and marketing services. Pinewood Atlanta Studios are strategic to the Group's business given the similarity in nature to the Group's core Media Services operations.

Pinewood Atlanta Studios was the Group's only remaining joint venture as at 31 March 2015. The summarised financial information below represents amounts in Pinewood Atlanta Studios statement of financial position at that date, prepared in accordance with IFRSs, adjusted by the Group for equity accounting purposes.

	Pinewood Atlanta Studios	
	31 March 2015 £000	31 March 2014 £000
Non-current assets	49,744	26,898
Current assets	983	1,304
Non-current liabilities	(30,343)	(14,947)
Current liabilities	(3,238)	(4,874)
Equity attributable to owners	17,146	8,381

The summarised financial information below represents amounts in SSPP's income statement until 3 December 2014, being the date of disposal of the Group's joint venture interest, and in Pinewood Atlanta Studios' income statement for the year to 31 March 2015.

	SSPP		Pinewood Atlanta Studios		Total material joint ventures	
	Year ended 31 March 2015* £000	Year ended 31 March 2014 £000	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Revenue	645	1,708	5,814	187	6,459	1,895
Profit/(loss) and total comprehensive income/(loss)	1,498	2,288	1,255	(392)	2,753	1,896
Group's share of results of joint ventures	749	1,144	400	–	1,149	1,144
Distributions received from joint venture during the year	820	1,931	–	–	820	1,931

* For the period to 3 December 2014 only.

9. Interests in joint ventures continued

Reconciliation of the above summarised financial information to the carrying amount of the interest in SSPP and Pinewood Atlanta Studios recognised in the consolidated financial statements:

	SSPP		Pinewood Atlanta Studios		Total material joint ventures	
	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
Net assets of joint venture	–	13,579	17,146	8,381	17,146	21,960
Proportion of Group's ownership interest in the joint ventures	–	(6,790)	(10,288)	(5,029)	(10,288)	(11,819)
Other adjustments:						
Intercompany eliminations	–	(433)	–	–	–	(433)
Equity contribution from partner	–	–	(2,832)	(2,314)	(2,832)	(2,314)
Carrying amount of the Group's interest in the joint venture	–	6,356	4,026	1,038	4,026	7,394

Reconciliation of movement in investment in joint ventures:

	31 March 2015 £000	31 March 2014 £000
Investment in joint ventures at 1 April	7,394	7,143
Additional investment in joint ventures	2,588	1,038
Share of results of joint ventures	1,149	1,144
Less disposal of joint ventures	(6,285)	–
Less distributions received from joint ventures	(820)	(1,931)
Investment in joint ventures at 31 March	4,026	7,394

10. Finance costs

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Bank loans and overdrafts	2,376	1,618
Interest rate hedging	233	263
Finance fee amortisation	989	285
Finance charges payable under asset financing	145	167
Other finance charges	18	215
Fair value movements of derivative financial instruments	129	(112)
	3,890	2,436

11. Taxation

(a) The major components of corporation tax expense are:

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Consolidated income statement:		
<i>Current corporation tax:</i>		
UK corporation tax charge	1,646	1,180
Foreign Tax suffered	49	259
UK Film Tax Relief	(4,062)	(3,085)
Tax adjustments in respect of disposals	413	-
Amounts over provided in previous years	(294)	(147)
Total current corporation tax credit	(2,248)	(1,793)
<i>Deferred tax:</i>		
Relating to origination and reversal of temporary differences	(313)	48
Amounts over provided in previous years	(566)	(15)
Total deferred tax (credit)/charge	(879)	33
Tax credit in the income statement	(3,127)	(1,760)
The tax credit in the income statement comprises:		
Tax on profit before exceptional items	1,417	1,612
UK Film Tax Relief	(4,062)	(3,085)
Tax over provided in previous years	(860)	(162)
Tax provision adjustments relating to exceptional items and swap termination costs	378	(125)
Tax credit in the income statement	(3,127)	(1,760)

The Group statement of changes in equity is set out on page 47.

Amounts over provided in previous years includes £428,000 relating to an increase in the deferred tax asset which has been recognised on the construction of Q Stage at Pinewood Studios.

11. Taxation continued

(b) Reconciliation of the total tax credit

A reconciliation between the tax credit and the product of accounting profit multiplied by the standard rate of corporation tax in the UK for the year ended 31 March 2015 and 2014 is as follows:

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Accounting profit before corporation tax	4,969	3,592
Profit on ordinary activities multiplied by UK rate of 21% (2014: 23%)	1,043	826
<i>Adjustments in respect of:</i>		
UK Film Tax Relief	(4,062)	(3,085)
Corporation tax over provided in previous years	(294)	(147)
Deferred tax over provided in previous years	(138)	(15)
Prior period deferred tax adjustment in respect of Q Stage	(428)	-
Non-allowable depreciation on buildings	230	169
Non-taxable income	-	(30)
Income from joint venture	(84)	-
Other non-allowable expenses	129	279
Overseas tax at higher rate	49	261
Utilisation of previously unrecognised tax losses	(223)	19
Effect of taxation rate change on provision for deferred taxation	15	(182)
Fair value adjustment in respect of SSPP acquisition	223	-
Gain on disposal of sub-licence	413	-
Derivative financial instruments	-	145
Corporation tax credit reported in the Group income statement	(3,127)	(1,760)

(c) Deferred tax

Deferred tax relates to the following:

Consolidated income statement:

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Deferred tax credit arising on accelerated capital allowances	(474)	(154)
Short-term temporary differences	30	(176)
Tax losses	(825)	218
Fair value adjustment in respect of SSPP acquisition	390	145
Net deferred tax (credit)/charge	(879)	33

11. Taxation continued

(c) *Deferred tax continued*

Consolidated statement of financial position:

	31 March 2014 £000	Charged to income statement £000	31 March 2015 £000
Accelerated capital allowances	1,162	(474)	688
Short-term temporary differences	(292)	30	(262)
Tax losses	(110)	(825)	(935)
Fair value of SSPP acquisition	-	390	390
Net deferred tax liability/(asset)	760	(879)	(119)

The deferred tax assets are shown net against the non-current deferred tax liability in the statement of financial position.

The main rate of UK corporation tax reduced to 20% from 1 April 2015. No further rate changes have been announced. Deferred tax balances have been calculated at 20%.

(d) *Potential unrecognised deferred tax assets*

A potential deferred tax asset of £7,000 (31 March 2014: £106,000) in respect of £9,000 (31 March 2014: £9,000) non-trading losses in Sauls Farm Limited and £27,000 (31 March 2014: £27,000) trading losses in Teddington Studios Limited has not been recognised as it is not anticipated that suitable gains will arise to enable them to be offset against taxable profits. £501,000 of capital losses in Pinewood-Shepperton Studios Limited have been utilised in the year where the deferred tax asset was previously unrecognised (31 March 2014: £501,000). No further deferred tax assets relating to these capital losses remains.

12. Earnings per ordinary share and dividend

Earnings per ordinary share

Basic earnings per ordinary share are calculated by dividing profit for the period attributable to the holders of ordinary equity of the parent by the weighted average number of ordinary shares outstanding during the period.

There are no potential ordinary shares outstanding from employee share schemes and therefore basic earnings per share are equivalent to diluted earnings per share.

The Group presents as exceptional items on the face of the income statement those items where the cost is of such size or incidence that the additional disclosure is required for the reader to understand the financial statements.

Basic and diluted earnings per share are also presented adjusting for the combined effect of any such exceptional items.

12. Earnings per ordinary share and dividend continued

Earnings per ordinary share continued

The following reflects the profit and number of shares used in the basic and diluted earnings per ordinary share computations:

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Profit attributable to equity holders of the parent	8,096	5,352
<i>Adjustments to profit for calculation of adjusted earnings per share:</i>		
Exceptional administrative expenses	–	548
Exceptional income	(1,952)	–
Fair value movements of derivative financial instruments	129	(112)
Taxation adjustments on non-recurring items and fair value movements	378	(98)
Adjusted profit for adjusted earnings per share	6,651	5,690

	Thousands	Thousands
Basic and diluted weighted average number of ordinary shares	49,410	49,410

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Earnings per share:		
Basic and diluted for result for the year	16.4p	10.8p
Basic and diluted for result for the year adjusted for exceptional items	13.5p	11.5p

Dividend paid

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Final dividend for year ending 31 March 2013 paid at 1.5p per share	–	741
Interim dividend for year ending 31 March 2014 paid at 0.6p per share	–	296
Final dividend for year ending 31 March 2014 paid at 1.9p per share	939	–
Interim dividend for year ending 31 March 2015 paid at 0.7p per share	346	–
	1,285	1,037

The Board is recommending a final dividend of 2.8p per share for approval at the Annual General Meeting to be paid on 5 October 2015 to shareholders on the register on 4 September 2015 (ex-dividend date of 3 September 2015). Based on the shares in issue at the date the Board approved the Group financial statements, this would amount to a final dividend payment of £1,607,000 (year ended 31 March 2014: £939,000).

13. Property, plant and equipment

	Freehold land £000	Freehold buildings and improvements £000	Leasehold improvements £000	Fixtures, fittings and equipment £000	Assets under construction £000	Total £000
<i>Cost:</i>						
At 1 April 2013 (restated)	56,471	55,614	3,372	34,323	1,784	151,564
Additions	213	11,499	7	2,894	1,683	16,296
Disposals	-	(200)	-	(1,298)	-	(1,498)
At 31 March 2014	56,684	66,913	3,379	35,919	3,467	166,362
Acquisition of JV interest	-	46,030	-	-	-	46,030
Additions	31	2,431	406	1,578	2,671	7,117
Disposals	-	-	(226)	(1,651)	-	(1,877)
At 31 March 2015	56,715	115,374	3,559	35,846	6,138	217,632
<i>Depreciation:</i>						
At 1 April 2013 (restated)	7,690	12,880	1,745	22,886	-	45,201
Provided during the year	-	1,912	246	2,078	-	4,236
Depreciation on disposals	-	(35)	-	(1,267)	-	(1,302)
At 31 March 2014	7,690	14,757	1,991	23,697	-	48,135
Provided during the year	-	3,175	201	2,585	-	5,961
Depreciation on disposals	-	-	(226)	(1,636)	-	(1,862)
At 31 March 2015	7,690	17,932	1,966	24,646	-	52,234
<i>Net book value:</i>						
At 31 March 2015	49,025	97,442	1,593	11,200	6,138	165,398
At 31 March 2014	48,994	52,156	1,388	12,222	3,467	118,227

Assets under construction at 31 March 2015 and 2014 relate to costs capitalised under the Pinewood Studio Development Framework. These are not depreciated. Land at 31 March 2015 and 2014 includes £5.3m of land for use in the PSDF. Construction of Phase One of the development commenced during the year ended 31 March 2015 following receipt of detailed planning consent by South Bucks District Council on 23 December 2014.

The Group capitalised borrowing costs totalling £115,000 in the year ended 31 March 2014 on qualifying assets. No such costs were capitalised in the current year.

The Group's long-term loan is secured by a floating charge over the Group's assets.

Fixtures, fittings and equipment include the following amounts where the Group is a lessee under non-cancellable finance lease agreements:

	31 March 2015 £000	31 March 2014 £000
Cost – capitalised finance leases	5,227	4,076
Accumulated depreciation	(873)	(363)
Net book value	4,354	3,713

The lease terms are five years, and ownership of the assets lies within the Group. Lease rentals amounting to £1,384,000 (year ended 31 March 2014 restated: £1,213,000) relating to the lease of this equipment are included in the income statement.

14. Investment property

	£000
<i>Cost:</i>	
At 31 March 2015, 31 March 2014 and 31 March 2013	6,615
<i>Depreciation:</i>	
At 31 March 2013	553
Provided during the year	133
At 31 March 2014	686
Provided during the year	133
At 31 March 2015	819
<i>Net book value:</i>	
At 31 March 2015	5,796
At 31 March 2014	5,929

The Group's investment property relates to a long-term covenant-rich single building tenancy at Pinewood Studios.

No independent valuation has been undertaken at the year end. A Directors' valuation was carried out in accordance with the 'Red Book' to determine the fair value of the investment property. A yield based valuation has been used which provided a fair value of £8,182,000 at 31 March 2015 using a 7.00% yield on annual rental income of £606,000 and allowing for purchasers costs of 5.76%. The previous Directors' valuation was performed at 31 March 2014 and also used the yield-based valuation method which provided a fair value of £7,900,000, assuming a 7.25% yield and allowing for purchaser's costs of 5.76%.

15. Intangible assets

	Goodwill £000
At 31 March 2015 and 31 March 2014	5,604

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

The recoverable amount of the cash-generating unit is based on a value in use calculation and is tested at least annually for impairment. Other than goodwill there are no intangible assets with indefinite lives.

Outcome of impairment review

The recoverable amount of the Group's Media Services cash-generating unit exceeds its carrying value and no impairment charge has been recognised (year ended 31 March 2014: no impairment charge recognised).

Key assumptions

The value in use calculations use five-year cash flow projections derived from the Board approved budget for the next year and the Board approved long-range plan and do not include non-cash generating assets, any activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit. The key assumptions used in the value in use calculations are:

Discount rate

The discount rate reflects the current market assessment of the risks specific to the cash-generating unit. The discount rate was calculated using the Group's cost of debt together with an estimate based on the average cost of equity, adjusted to reflect the market assessment of any risk specific to the cash-generating unit for which future estimates of cash flows have not been adjusted. The pre-tax discount rate used for the year ended 31 March 2015 is 8.7% (year ended 31 March 2014: 7.8%).

15. Intangible assets continued

Perpetuity growth rate

The cash flows subsequent to the Board approved period are based on the long-term growth rate prospects of the industry in which the Group operates. The perpetuity growth rate used is 2.5% (year ended 31 March 2014: 2.5%).

Cash flow from operations

Cash flow projections have been estimated using a combination of assumptions including, but not limited to, facility utilisation, income growth and Media Hub void ratios and rent increases. Considering previously achieved trading levels and the anticipated future operating environment for the business and taking into account any cost efficiencies which may be achieved, the Company has retained the assumptions used in its Board approved budget and its long-range plan.

Sensitivities

The Group's impairment review is sensitive to a change in the key assumptions used, notably the discount rate. The discount rate would need to move to 13.4% to result in a breakeven position and, should the discount rate remain at 8.7%, the perpetuity growth rate would need to be a negative 4.0% to reach a breakeven point. Based on the Group's sensitivity analysis, a reasonably possible change in a single factor would not cause an impairment charge.

16. Long-term assets

	Toronto long-term agreement £000	Malaysia long-term agreement £000	Dominican Republic long-term agreement £000	Atlanta long-term agreement £000	China long-term agreement £000	Total £000
<i>Cost:</i>						
At 31 March 2013	94	198	65	24	39	420
Additions	-	-	-	474	117	591
At 31 March 2014	94	198	65	498	156	1,011
Additions	-	-	-	-	-	-
At 31 March 2015	94	198	65	498	156	1,011
<i>Amortisation:</i>						
At 31 March 2013	51	-	-	-	-	51
Impairment during the year	-	-	65	-	-	65
Provided during the year	24	-	-	-	-	24
At 31 March 2014	75	-	65	-	-	140
Impairment during the year	-	-	-	-	156	156
Provided during the year	19	20	-	166	-	205
At 31 March 2015	94	20	65	166	156	501
<i>Carrying value:</i>						
At 31 March 2015	-	178	-	332	-	510
At 31 March 2014	19	198	-	498	156	871

The Group signed a five-year sales and marketing agreement with Pinewood Toronto Studios on 26 May 2009. Transaction costs in relation to this agreement were recognised as a long-term asset and have been amortised over the term of the original agreement, ending in May 2014. The agreement was renewed during the year for a further five years to 26 May 2019.

16. Long-term assets continued

Pinewood Malaysia Limited signed a long-term agreement on 16 December 2009 until the ten-year anniversary of the opening of Pinewood Iskandar Malaysia Studios to provide marketing, operations and management support. Transaction costs of £198,000 in relation to this agreement were recognised as a long-term asset. The costs are being amortised over the period of the agreement from when the Studio opened for business in April 2014.

Pinewood Dominican Republic Limited signed an agreement on 20 May 2010 with a term of 15 years to provide sales, marketing and operations support to Pinewood Dominican Republic Studios. Transaction costs of £65,000 in relation to this agreement were previously recognised as a long-term asset and were fully impaired in the year ended 31 March 2014.

Transaction costs of £498,000 in relation to the Pinewood Atlanta Studios joint venture were previously recognised as a long-term asset and are being amortised over the first three years of the Studio's operations, commencing April 2014. The Group's investment in the joint venture is included in Note 9.

Transaction costs of £156,000 incurred in relation to the Song Lin joint operation with Seven Stars Media Limited were previously recognised as a long-term asset and have subsequently fully impaired in the year ended 31 March 2015.

17. Inventories

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Finished goods	50	312

18. Trade receivables

	31 March 2015 £000	31 March 2014 £000
Trade receivables – Media Services	4,942	4,792
Trade receivables – Film Production Companies	748	7,002
	5,690	11,794

As at 31 March 2015 and 2014, the ageing analysis of trade receivables is as follows:

	Total £000	Neither past due nor impaired £000	Past due but not impaired			
			<30 days £000	30–60 days £000	60–90 days £000	90+ days £000
2015	5,690	5,399	162	45	10	74
2014	11,794	11,040	232	99	43	380

At 31 March 2015, trade receivables of £365,000 (31 March 2014: £70,000) were impaired and fully provided for (see Note 29 for further details).

18. Trade receivables continued

The movement in impairment loss recognised is recorded within 'Selling and distribution expenses' in the Group income statement and is as follows:

	£000
At 1 April 2014	70
Provision for the year	365
Utilised during the year	(70)
At 31 March 2015	365

19. Prepayments and other receivables

	31 March 2015 £000	31 March 2014 £000
Prepayments and other receivables	3,303	3,108
Corporation tax recoverable	3,609	1,552
	6,912	4,660

20. Cash and cash equivalents

Included within the cash and cash equivalents/(overdraft) balance per the statement of financial position at the year end are amounts unavailable for general use. These amounts relate to funds reserved solely for use in the production of specific Media Investment FPC operations.

The reconciliation below shows the breakdown of total cash per the statement of financial position at the year end:

	31 March 2015 £000	31 March 2014 £000
Net cash/(overdraft) available for general use	5,807	(651)
Restricted cash and cash equivalents	550	1,426
Total cash and cash equivalents	6,357	775

21. Share capital and reserves

Authorised

	£000
As at 31 March 2015 and 31 March 2014: Ordinary shares of 10p each	7,000

Issued, called up and fully paid

	31 March 2015		31 March 2014	
	No.	£000	No.	£000
Ordinary shares of 10p each	49,409,926	4,941	49,409,926	4,941
Shares in issue:				
As at 31 March 2015 and 31 March 2014	49,409,926	4,941	49,409,926	4,941

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

21. Share capital and reserves continued

Event after the reporting period

On 17 April 2015, 8,000,000 new ordinary shares of par value 10p were issued for cash and admitted to trading on AIM, giving rise to gross proceeds of £30.0m. The proceeds of this share issue were used to reduce drawn bank debt.

Nature and purpose of other reserves

Capital redemption reserve

The capital redemption reserve, totalling £135,000, arose as a result of the repurchase of shares in 2001.

Merger reserve

On acquiring Shepperton Studios Limited, the Company issued ordinary shares as part of the consideration. Merger relief was taken in accordance with Section 131 of the Companies Act 1985 (since succeeded by Section 612 of the Companies Act 2006), and hence £348,000 was credited to the merger reserve.

22. Interest-bearing loans and borrowings

	Effective interest rate %	Maturity	31 March 2015 £000	31 March 2014 £000
Current borrowings				
Bank overdraft	Base rate + 2.5% margin	Annual renewal	-	-
Non-current borrowings				
Revolving credit facility	LIBOR + variable margin	28 November 2016	75,000	38,000
Asset financing	1.63%	31 March 2018	3,275	3,665
Non-current drawn loan facilities			78,275	41,665
Secured bank loan arrangement costs			-	(726)
			78,275	40,939
Total current and non-current interest-bearing loans and borrowings			78,275	40,939

Banking facilities

On 6 March 2015, the Company conditionally agreed proposed new banking facilities of up to £135m with Lloyds Bank plc, The Royal Bank of Scotland plc, HSBC Bank plc and Barclays Bank Plc, comprising:

- a £100m term loan facility committed to 29 May 2019, £45m of which will be utilised to refinance the Company's existing committed debt facilities and the remaining £55m (the "Development Tranche") will be available to draw down prior to 30 September 2016 to fund phase 1 of the PSDF, with repayments commencing in June 2017; and
- a £35m multi-currency revolving credit facility, which will be available to draw down until 30 April 2019.

The Group has also retained its £5m overdraft facility which is subject to annual review.

On 17 April 2015, the Group fully repaid and terminated its existing banking facility and drew under the new agreement for the first time.

These new facilities are secured on certain of the principal assets of the Group.

22. Interest-bearing loans and borrowings continued

The term facility contains scheduled repayments of £2.5m on 30 June 2017 and 31 December 2017, increasing to £5.0m on each of 30 June 2018 and 31 December 2018. The revolving credit facility has no scheduled repayments.

The facility has a range of covenants and events of default together with variable margins between 175 and 375 basis points over LIBOR.

Covenants

The banking agreements contain a range of covenants. The Group was covenant compliant at 31 March 2015.

Asset financing facility

The asset financing facility comprises of both a sterling chattel mortgage facility and a finance lease facility which are over a fixed term with fixed monthly payments and are secured over identifiable assets of an equal value. These assets are classified as 'Fixtures, fittings and equipment' within 'Property, plant and equipment' in the statement of financial position.

Borrowing facilities

The available but undrawn committed facilities are as follows:

31 March 2015:

	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	4-5 years £000	More than 5 years £000	Total £000
Facilities:							
Bank overdraft	5,000	-	-	-	-	-	5,000
Term and revolving credit facility	-	50,000	-	-	-	-	50,000
Acquisition facility	-	35,000	-	-	-	-	35,000
Asset financing facility	1,024	747	780	559	165	-	3,275
Total facilities	6,024	85,747	780	559	165	-	93,275
Drawn loans:							
Bank overdraft	-	-	-	-	-	-	-
Term and revolving credit facility	-	(40,000)	-	-	-	-	(40,000)
Acquisition facility	-	(35,000)	-	-	-	-	(35,000)
Asset financing facility	(1,024)	(747)	(780)	(559)	(165)	-	(3,275)
Total drawn loans	(1,024)	(75,747)	(780)	(559)	(165)	-	(78,275)
Undrawn facilities:							
Bank overdraft	5,000	-	-	-	-	-	5,000
Term and revolving credit facility	-	10,000	-	-	-	-	10,000
Acquisition facility	-	-	-	-	-	-	-
Asset financing facility	-	-	-	-	-	-	-
Undrawn committed facilities	5,000	10,000	-	-	-	-	15,000

22. Interest-bearing loans and borrowings continued

Borrowing facilities continued

31 March 2014:

	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	4-5 years £000	More than 5 years £000	Total £000
Facilities:							
Bank overdraft	5,000	-	-	-	-	-	5,000
Term and revolving credit facility	-	-	50,000	-	-	-	50,000
Asset financing facility	1,471	807	522	570	295	-	3,665
Total facilities	6,471	807	50,522	570	295	-	58,665
Drawn loans:							
Bank overdraft	-	-	-	-	-	-	-
Term and revolving credit facility	-	-	(38,000)	-	-	-	(38,000)
Asset financing facility	(1,471)	(807)	(522)	(570)	(295)	-	(3,665)
Total drawn loans	(1,471)	(807)	(38,522)	(570)	(295)	-	(41,665)
Undrawn facilities:							
Bank overdraft	5,000	-	-	-	-	-	5,000
Term and revolving credit facility	-	-	12,000	-	-	-	12,000
Asset financing facility	-	-	-	-	-	-	-
Undrawn committed facilities	5,000	-	12,000	-	-	-	17,000

23. Derivative financial instruments

The Group's cash flow hedges are recognised as derivative financial instruments. Fair value movements are recognised in the income statement within finance costs. Further details can be found in Note 29.

	31 March 2015 £000	31 March 2014 £000
Financial liabilities carried at fair value through profit or loss:		
Non-current derivative financial instrument liabilities	310	175
Current derivative financial instrument liabilities	13	15
	323	190

24. Trade and other payables

	31 March 2015 £000	31 March 2014 £000
Trade payables – Media Services	6,104	3,469
Trade payables – FPCs	4,334	3,383
Value added tax	549	15
Other payables	1,445	2,707
Accruals	6,619	4,914
Capital expenditure related payables	1,347	837
Deferred income – Media Services	9,139	7,074
Deferred income – FPCs	804	6,067
	30,341	28,466

Terms and conditions of the above financial liabilities:

- Group trade creditors are non-interest bearing and at 31 March 2015 were equivalent to 56 days (31 March 2014: 43 days) of purchases, excluding film production companies.
- Other payables are non-interest bearing and are settled as they become due.
- Accruals are non-interest bearing and are settled as they become due.
- Deferred income is recognised as it is earned.

25. Provisions

Teddington Studios Limited previously exercised an option to terminate its leasehold interest in Teddington Studios on 24 December 2014. During the year ended 31 March 2013, the Group determined the lease on the Studio to be an onerous contract. The provision for onerous lease contracts represents the present value of the future lease payments and unavoidable costs that the Group is presently obliged to make under the non-cancellable onerous operating lease contract for Teddington Studios, less net revenue expected to be earned on the lease from tenants and productions. The estimate may vary as a result of changes in the utilisation of the leased premises. The provision was fully utilised during the year ended 31 March 2015.

	Onerous Lease Provision £000
Balance at 1 April 2013	1,538
Utilisation of provision	(1,211)
Additional provision recognised	172
Balance at 31 March 2014	499
Utilisation of provision	(499)
Balance at 31 March 2015	–

26. Obligations under leases

Operating lease commitments – Company as a lessee

Future minimum rentals payable on the Group's non-cancellable operating leases as at 31 March 2015 and 31 March 2014 are as follows:

	31 March 2015 £000	31 March 2014 £000
Within one year	60	484
After one year but not more than five years	1,676	–
After five years but not more than 20 years	5,469	
	7,205	484

Operating lease commitments – Group as a lessor

The Group granted a 15-year Full Repairing and Insuring lease to Technicolor Limited, the occupier of the property classified as investment property, with the tenant's first option to break on 11 June 2016 with a penalty clause; principal rent is subject to upwards-only annual reviews in line with RPI capped at 4%.

Future minimum rentals receivable under non-cancellable operating leases as at 31 March 2015 and 31 March 2014 are as follows:

	31 March 2015 £000	31 March 2014 £000
Within one year	606	594
After one year but not more than five years	1,789	2,376
	2,395	2,970

27. Commitments and contingencies

Capital commitments

At 31 March 2015, the Group had total capital commitments contracted for, but not provided in the accounts, of £2,454,000 (31 March 2014: £nil) in respect of pre-development expenses arising from the PSDF.

Guarantees

At 31 March 2015, the Group had guarantees in place, in the form of documentary credits, that were not provided for in the accounts totalling £155,000 (31 March 2014: £155,000) in relation to certain Section 278 highways-related infrastructure.

28. Related party disclosures

The Group consists of a parent company, Pinewood Group plc, incorporated in the UK and a number of subsidiaries and joint ventures held directly and indirectly by Pinewood Group plc. Listed below are details of the material interests in subsidiaries, including the country of incorporation which is also equivalent to each entity's operating territory. Details of joint ventures are included in Note 9.

28. Related party disclosures continued

Subsidiaries

Company name	Country of incorporation	% equity interest	
		31 March 2015	31 March 2014
Pinewood Studios Limited	United Kingdom	100	100
Shepperton Studios Limited	United Kingdom	100	100
Pinewood-Shepperton Studios Limited	United Kingdom	100	100
Teddington Studios Limited	United Kingdom	100	100
Pinewood PSB Limited	United Kingdom	100	100
Pinewood Film Advisors Limited	United Kingdom	100	100
Pinewood Film Advisors (W) Limited	United Kingdom	100	100
Saul's Farm Limited	United Kingdom	100	100
Baltray No.1 Limited	United Kingdom	100	100
Baltray No.2 Limited	United Kingdom	100	100
Shepperton Management Limited	United Kingdom	100	100
Pinewood Shepperton Facilities Limited	United Kingdom	100	100
PSL Consulting Limited	United Kingdom	100	100
Pinewood Studio Wales Limited	United Kingdom	100	100
Pinewood Germany Limited	United Kingdom	100	100
Pinewood Film Services GmbH	Germany	100	50
Pinewood Dominican Republic Limited	United Kingdom	100	100
Pinewood Malaysia Limited	United Kingdom	100	100
Pinewood China Limited	United Kingdom	100	100
Pinewood Atlanta Limited	United Kingdom	100	100
Pinewood USA Inc.	USA	100	100
Pinewood Film Production Studios Canada Inc.	Canada	100	100
Pinewood Production Services Canada Inc.	Canada	100	-
Pinewood Films Limited	United Kingdom	100	100
Pinewood Last Passenger Limited	United Kingdom	100	100
Pinewood Belle Limited	United Kingdom	100	100
Pinewood Camera Trap Limited (previously Pinewood Films No.4 Limited)	United Kingdom	100	100
Pinewood Christmas Candle Limited (previously Pinewood Films No.5 Limited)	United Kingdom	100	100
Pinewood Robot Overlords Limited (previously Pinewood Films No.6 Limited)	United Kingdom	100	100
Pinewood Riot Club Limited (previously Pinewood Films No.7 Limited)	United Kingdom	100	100
Pinewood Pressure Limited (previously Pinewood Films No.8 Limited)	United Kingdom	100	100
Pinewood KYF Limited (previously Pinewood Films No.9 Limited)	United Kingdom	100	100

28. Related party disclosures continued

Subsidiaries continued

Company name	Country of incorporation	% equity interest	
		31 March 2015	31 March 2014
Pinewood Films No.10 Limited	United Kingdom	100	100
Pinewood Films No.11 Limited	United Kingdom	100	100
Pinewood Films No.12 Limited	United Kingdom	100	-
Pinewood Films No.13 Limited	United Kingdom	100	-
Pinewood Films No.14 Limited	United Kingdom	100	-
Pinewood Films No.15 Limited	United Kingdom	100	-
Pinewood Films No.16 Limited	United Kingdom	100	-
Shepperton Studios Property Partnership	United Kingdom	100	50
Shepperton Studios (General Partner) Limited	United Kingdom	100	50
The Studios Unit Trust	Jersey	100	-
Pinewood Shepperton Limited	United Kingdom	100	-

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities, with the exception of the cash restrictions relating to several film production company subsidiaries ("Pinewood Films No.X Limited") as detailed in Note 20.

Pinewood Group plc has committed to provide financial support to several of its wholly owned subsidiaries in a net current liability position to an amount as may be required to enable each subsidiary to fulfil its operational commitments to meet liabilities as and when they fall due and carry on their business as a going concern. Pinewood Group plc intends to extend such support for a further 12 months from the date the current commitments expire as shown below.

Company name	Expiration date of financial support
Pinewood Studios Limited	31 July 2015
Pinewood-Shepperton Studios Limited	31 July 2015
Baltray No.1 Limited	10 September 2015
Pinewood PSB Limited	10 September 2015
Pinewood Germany Limited	10 September 2015

Shepperton Studios Limited has a commercial property lease on the Shepperton Studios property. The net cost to the Group of principal lease rentals for the period up to 3 December 2015 was £834,000 (year ended 31 March 2014: £1,208,000). In addition, the Group paid a top-up rent to the partnership based on certain of its trading activities at the Shepperton Studios site. The net cost to the Group of the top-up rent for the period to 3 December 2014 was £55,000 (year ended 31 March 2014: £91,000). Subsequent to 3 December 2014, the partnership was a wholly-owned partnership and the rent became wholly inter-group.

Shepperton Management Limited manages the assets of the partnership and until 3 December 2014 charged an asset management fee based on independent valuations of the Shepperton Studios site. Asset management fees charged during the period to 3 December 2014 were £279,000 (year ended 31 March 2014: £128,000).

28. Related party disclosures continued

Subsidiaries continued

Peel Management fee

On 16 August 2012, the Group agreed an Advisory and Non-Executive Directors Services fee of £40,000 per Director per annum with Peel Acquisitions (Pegasus) Limited. Fees charged in relation to these services during the year were £120,000 (year ended 31 March 2014: £120,000) of which £nil remains outstanding for payment by the Group at 31 March 2015 (31 March 2014: £nil).

Transaction with Director

The Group has a consultancy agreement with Gasworks Media Limited, a company incorporated in the Isle of Man, whose sole shareholder, Steve Christian, was also an Executive Director of the Group during the year ended 31 March 2015. The total value of the transactions during the year was £384,000 (year ended 31 March 2014: £336,000), of which £nil remains outstanding for payment by the Group at 31 March 2015 (31 March 2014: £111,000). The balance owing is unsecured, interest free and payable in cash upon invoicing. Subsequent to the year end, on 5 May 2015, Steve Christian resigned as an Executive Director of the Group.

Audit exemption

Pinewood Group plc has given statutory guarantees against all the outstanding liabilities of the below listed wholly-owned subsidiaries at 31 March 2015 under Section 479A of the Companies Act 2006, thereby allowing these subsidiaries to be exempt from the annual audit requirement for the year ended 31 March 2015.

Although the Company does not anticipate the guarantees to be called upon, the book values of the guaranteed liabilities, excluding intercompany balances, for each relevant subsidiary at 31 March 2015 are set out below.

Company name	Company Registration Number	Book value of liabilities 31 March 2015 £000
Baltray No.1 Limited	05776674	97
Baltray No.2 Limited	05778635	-
Pinewood Atlanta Limited	08355034	-
Pinewood China Limited	08355173	-
Pinewood Dominican Republic Limited	07096246	472
Pinewood Film Advisors (W) Limited	08864165	73
Pinewood Films Limited	07660856	-
Pinewood Germany Limited	07079399	-
Pinewood Malaysia Limited	07074446	71
Pinewood PSB Limited	06300755	1,085
Pinewood Shepperton Facilities Limited	07527390	-
Pinewood Shepperton Limited	09083961	-
Pinewood Studio Wales Limited	08863162	256
PSL Consulting Limited	08655214	1,528
Saul's Farm Limited	06233879	-
Shepperton Management Limited	05907027	-
Shepperton Studios (General Partner) Limited	05913009	11
Teddington Studios Limited	05365850	22

29. Financial risk management, objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, chattel mortgages, finance leases and trade and other payables. The main purpose of these financial liabilities is to provide finance for the Group's operations. The Group has financial assets such as trade and other receivables and cash that arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors oversee the management of these risks and are supported by the appropriate members of the Executive Management Team together with specialist advisers as required. All derivative activities for risk management purposes are carried out with specialists involved who have the appropriate skills and experience. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. The Group's financial instruments affected by market risk include loans and borrowings and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future values of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. In order to manage its interest rate risk the Group's policy is to have at least 50% (31 March 2014: 50%) of its borrowings at fixed rates of interest. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specific intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

At 31 March 2015, the Group had the following interest rate swaps in place to minimise the volatility in cash flows from a change in LIBOR:

	Effective interest rate %	Maturity	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Cash flow hedge	2.27% + variable margin	1 July 2014	–	7,500
Cash flow hedge	1.33% + variable margin	1 July 2016	7,500	–
Cash flow hedge	1.66% + variable margin	28 November 2016	15,000	15,000
Cash flow hedge	0.69% + variable margin	4 January 2016	17,500	–
			40,000	22,500

The interest swap finance costs are charged to the Group income statement when they are payable. These are payable on a quarterly basis in March, June, September and December. The change in the fair value is recognised in the income statement.

At 31 March 2015, £75,000,000 of the Group's term and revolving facility (31 March 2014: £38,000,000) had been drawn (Note 22). £35,000,000 (31 March 2014: £15,500,000) of drawn facility is at a floating interest rate of LIBOR plus a margin, or UK Bank base rate plus a margin, and is therefore subject to market risk through interest rate fluctuations. The remaining drawn loan of £40,000,000 (31 March 2014: £22,500,000) has been converted to a fixed rate with interest rate swaps.

29. Financial risk management, objectives and policies continued

Interest rate risk continued

The Group has entered asset financing facilities over a fixed term with fixed monthly payments and which are secured over identifiable assets of an equal value. These assets are classified as 'Fixtures, fittings and equipment' within 'Property, plant and equipment' on the statement of financial position. At 31 March 2015, the balance payable was £3,275,000 (31 March 2014: £3,665,000).

Taking into consideration the fixed rate instruments in place, a one percentage point increase in LIBOR would increase the interest charge, and reduce the Group profit before taxation, by £350,000 (31 March 2014: £155,000).

At 31 March 2015, after taking into account the effect of interest rate swaps and the asset finance facility, approximately 55% (31 March 2014: 63%) of the Group's borrowings are at a fixed rate of interest.

A summary of fixed and floating rate debt at 31 March 2015 is as follows:

31 March 2015:

	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	4-5 years £000	More than 5 years £000	Total £000
Secured bank loan at floating rate	-	(75,000)	-	-	-	-	(75,000)
<i>Portion of secured loan effectively converted to fixed rate with an interest rate swap</i>	-	(40,000)	-	-	-	-	(40,000)
<i>Effective floating portion of secured loan at floating rate</i>	-	(35,000)	-	-	-	-	(35,000)
Fixed rate asset financing	(1,024)	(747)	(780)	(559)	(165)	-	(3,275)
Fixed rate drawn loan	-	(40,000)	-	-	-	-	(40,000)
Floating rate drawn loans	-	(35,000)	-	-	-	-	(35,000)
Total drawn loans	(1,024)	(75,747)	(780)	(559)	(165)	-	(78,275)

29. Financial risk management, objectives and policies continued

Interest rate risk continued

31 March 2014:

	Within 1 year £000	1-2 years £000	2-3 years £000	3-4 years £000	4-5 years £000	More than 5 years £000	Total £000
Secured bank loan at floating rate	-	-	(38,000)	-	-	-	(38,000)
Portion of secured loan effectively converted to fixed rate with an interest rate swap	-	-	(22,500)	-	-	-	(22,500)
Effective floating portion of secured loan at floating rate	-	-	(15,500)	-	-	-	(15,500)
Fixed rate asset financing	(1,471)	(807)	(522)	(570)	(295)	-	(3,665)
Fixed rate drawn loan	-	-	(22,500)	-	-	-	(22,500)
Floating rate drawn loans	-	-	(15,500)	-	-	-	(15,500)
Total drawn loans	(1,471)	(807)	(38,522)	(570)	(295)	-	(41,665)

Foreign currency risk

The Group does not hedge against foreign currency exposure due to its minimal exposure to foreign currency movements as its business is conducted primarily in UK sterling. The Board continues to review this area to identify any potential exposure with the increase in international arrangements.

Equity price risk

The Group does not hedge against equity price risk as it does not have exposure in this area.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables, and financial instruments.

Credit risks related to receivables

Customer credit risk is managed across the Group in accordance with policy, procedures and controls relating to customer credit risk management. The Group trades with recognised, creditworthy third parties and it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to manage the Group's exposure to bad debts. The requirement for impairment is reviewed each month on an individual customer basis and not on a collective basis. The review to assess the need for impairment is not dependent on the age of the receivable and is determined using business knowledge and individual circumstances specific to each customer. There were no changes to the Group policy during the year. As at 31 March 2015, the Group's maximum exposure to credit risk was £6,055,000 (31 March 2014: £11,864,000), of which £365,000 (31 March 2014: £70,000) is considered to be potentially impaired and £291,000 (31 March 2014: £754,000) has exceeded credit terms but has not been impaired. Note 18 provides further details of the ageing profile of receivables.

29. Financial risk management, objectives and policies continued

Credit risk continued

Credit risks related to financial instruments

With respect to credit risk relating to cash, cash equivalents and other financial instruments the Group's exposure to credit arises from default of the counterparty, with the maximum exposure equal to the carrying amount of these instruments. At 31 March 2015, the Group has a positive cash balance (31 March 2014: positive cash balance) and has a total of £40,000,000 interest rate swaps (31 March 2014: £22,500,000) and a £3,275,000 (31 March 2014: £3,665,000) asset financing facility agreement.

Liquidity risk

The Group's objective is to maintain a balance between the continuity of operating and development funding and flexibility through the use of an overdraft facility and a term and revolving credit facility. Short-term flexibility is achieved by the overdraft facility of £5,000,000 (31 March 2014: £5,000,000) which, as at 31 March 2015, was available to the Group for drawdown until 28 November 2016 (subject to an annual review).

As at 31 March 2015, the term and revolving credit facility, which supports the operating activities of the Group, was available for drawdown until 28 November 2016.

As part of the new banking facilities agreed on 6 March 2015 (see Note 22) which became active on 17 April 2015, the Group has term and revolving credit facilities available to 30 April 2019. The overdraft facility remains subject to annual review.

The Board has reviewed the Group's banking facilities and current levels of headroom on those facilities and considers that there is sufficient capacity going forward.

The table below summarises the maturity profile of the Group's main financial liabilities based on contractual undiscounted payments at 31 March 2015 and 31 March 2014:

At 31 March 2015:

	On demand £000	Less than 3 months £000	3-12 months £000	1-5 years £000	> 5 years £000	Total £000
Drawn facility loans	-	2,853	4,058	73,774	-	80,685
Derivative financial instruments	-	-	13	310	-	323
Asset financing	-	341	798	2,390	-	3,529
Trade and other payables	20,398	-	-	-	-	20,398
	20,398	3,194	4,869	76,474	-	104,935

At 31 March 2014:

	On demand £000	Less than 3 months £000	3-12 months £000	1 to 5 years £000	> 5 years £000	Total £000
Drawn facility loans	-	387	1,161	47,890	-	49,438
Cash flow hedge	-	59	131	-	-	190
Asset financing	-	548	1,041	2,360	-	3,949
Trade and other payables	15,377	-	-	-	-	15,377
	15,377	994	2,333	50,250	-	68,954

29. Financial risk management, objectives and policies continued

Fair values of financial assets and liabilities

Set out below is a comparison by category of book values and fair values of all the Group's financial assets and liabilities as at 31 March 2015 and 31 March 2014:

	Book value		Fair value	
	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
<i>Financial assets</i>				
Cash and cash equivalents	6,357	775	6,357	775
Trade receivables	5,690	11,794	5,690	11,794
Financial assets	12,047	12,569	12,047	12,569
<i>Financial liabilities</i>				
Interest-bearing loans and borrowings:				
– Floating rate borrowings	35,000	15,500	35,000	15,500
– Floating rate borrowings converted to fixed rate	40,000	22,500	40,000	22,500
– Asset financing	3,275	3,665	3,529	3,949
Total interest-bearing loans and borrowings	78,275	41,665	78,529	41,949
Trade and other payables	30,341	28,466	30,341	28,466
Financial liabilities	108,616	70,131	108,870	70,415
<i>Derivative financial instruments held to manage the interest rate profile:</i>				
Cash flow hedge (£7.5m at 2.27% + variable margin)	–	6	–	6
Cash flow hedge (£7.5m at 1.33% + variable margin)	62	–	62	–
Cash flow hedge (£15.0m at 1.66% + variable margin)	248	184	248	184
Cash flow hedge (£17.5m at 0.69% + variable margin)	13	–	13	–
Interest rate swaps – fair value of liability	323	190	323	190

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

As at 31 March 2015, there were no significant differences between the book value and fair value (as determined by market value) of the Group's financial assets and liabilities. The fair value of floating and fixed rate borrowings approximate to the carrying value because interest rates are reset to market rates at intervals of less than one year.

29. Financial risk management, objectives and policies continued

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 31 March 2015, the Group held interest rate swap contracts and had an asset financing liability. The fair value of these derivative financial instruments is estimated by discounting the future contracted cash flow using readily available market data and represents a Level 2 measurement in the fair value hierarchy under IFRS 7 *Financial Instruments: Disclosures*.

During the year ended 31 March 2015, the Group received a 15% investment in PMBS Holding Limited in relation to the contribution of a licence to use the Pinewood trademarks. The investment has a nominal value of £1,375,000. The investment represents a Level 3 measurement in the fair value hierarchy under IFRS 7 *Financial Instruments: Disclosures*. Management consider the fair value of the investment asset at 31 March 2015 to be £nil.

During the year ended 31 March 2015, there were no transfers between the different fair value measurement levels.

As at 31 March 2015, the total interest rate instruments outstanding were for principal amounts totalling £40,000,000. The contracts mature in over the period to November 2016 and therefore the cash flows and resulting effect on profit and loss are expected to occur over that period. The fair values of the interest rate instruments are disclosed as derivative financial instruments totalling £323,000 in the statement of financial position. Any movements in the fair values of the contracts are recognised in the income statement.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business as a going concern and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the strategy, objectives, policies or processes during the years ended 31 March 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Included within net debt are interest-bearing loans and borrowings (excluding the derivatives, fair value of the cash flow hedge and loan costs) and cash. Equity includes all capital and reserves of the Group. The gearing ratio is reviewed regularly by management with the appropriate measures being considered to maintain a capital structure to support the business.

29. Financial risk management, objectives and policies continued

Capital management continued

	31 March 2015 £000	31 March 2014 £000
<i>Non-current liabilities</i>		
Non-current drawn loan facilities	78,275	41,665
Secured bank loan arrangement costs	–	(726)
Derivative financial instruments	310	175
Interest-bearing loans and borrowings	78,585	41,114
<i>Current liabilities</i>		
Derivative financial instruments	13	15
<i>Current assets</i>		
Cash	(6,357)	(775)
Net debt	72,241	40,354
Total equity	91,523	84,712
Gearing ratio	78.9%	47.6%
Net debt excluding derivatives, fair value and loan costs	71,918	40,890
Gearing ratio	78.6%	48.3%

Significant accounting policies

Details of the significant accounting policies and methods adopted for each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

30. Subsequent events

Bank refinancing

On 6 March 2015, the Company conditionally agreed proposed new banking facilities of up to £135m with Lloyds Bank plc, The Royal Bank of Scotland plc, HSBC Bank plc and Barclays Bank Plc. Refer to Note 22 for further details.

Equity raise

On 17 April 2015, 8,000,000 new ordinary shares of par value 10p were issued for cash and admitted to trading on AIM, giving rise to gross proceeds of £30.0m. The proceeds of this share issue were used to reduce drawn bank debt.

Parent Company balance sheet at 31 March 2015

	Notes	31 March 2015 £000	31 March 2014 £000
Fixed assets			
Investments	6	32,705	32,705
Long-term assets	8	332	673
Total fixed assets		33,037	33,378
Current assets			
Cash		–	64
Debtors:			
Amounts falling due after one year	9	204,449	137,157
Amounts falling due within one year	9	1,188	406
Total current assets		205,637	137,627
Creditors: amounts falling due within one year	10	(81,046)	(76,216)
Net current assets		124,591	61,411
Total assets less current liabilities		157,628	94,789
Creditors: amounts falling due after more than one year	11	(77,561)	(39,643)
Total assets less total liabilities		80,067	55,146
Capital and reserves			
Called up share capital	12	4,941	4,941
Share premium account	13	48,718	48,718
Capital redemption reserve	13	135	135
Merger reserve	13	348	348
Retained earnings	13	25,925	1,004
Equity shareholders' funds	13	80,067	55,146

The financial statements of Pinewood Group plc, Company number: 03889552, were approved and authorised for issue by the Board of Directors on 29 June 2015. They were signed on its behalf by:

Christopher Naisby, FCCA
Finance Director

Notes to the financial statements at 31 March 2015

1. Authorisation of financial statements

The Company's ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange. The financial statements of Pinewood Group plc for the year ended 31 March 2015 were authorised for issue by the Board of the Directors on 29 June 2015 and the statement of financial position was signed on the Board's behalf by the Finance Director. Pinewood Group plc is a public limited company incorporated and domiciled in England and Wales. The registered office is located at Pinewood Studios, Pinewood Road, Iver Heath, Buckinghamshire, SL0 0NH, United Kingdom.

2. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with UK GAAP.

Basis of preparation

The Company has taken advantage of the exemption available under Section 408 of the Companies Act 2006 not to present its own profit and loss account. The profit after tax of the Company for the year was £26,206,000 (year ended 31 March 2014: £1,340,000). The Company accounts have been prepared in accordance with UK Generally Accepted Accounting Policies as they apply to the financial statements of the Company for the year ended 31 March 2015 and applied in accordance with the Companies Act 2006.

The Company has taken advantage of the exemption in paragraph 2D of FRS 29 *Financial Instruments: Disclosures* and has not disclosed information required by that standard, as the Group's consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under IFRS 7 *Financial Instruments: Disclosures*.

Going concern

The Group's assessment of going concern is explained in the Directors' report on page 33 of the Annual Report.

Fixed asset investments

Investments in subsidiaries are stated initially at cost. The carrying values are reviewed for impairment if events or changes in circumstances indicate the carrying values may not be recoverable.

Loan issue costs

Loans are initially recorded at their net proceeds. The loan issue costs are amortised in the profit and loss account over the remaining maturity of the loans at a constant carrying amount and are reviewed for changes in circumstances that may indicate that the loans will not be held to maturity.

Share issue costs

Costs directly attributable to the raising of equity are offset against share premium arising on share issuance.

Financial assets

Financial assets in the scope of FRS 26 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or as available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value. All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the Company commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the marketplace. The subsequent measurement of financial assets depends on their classification, as follows:

2. Accounting policies continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in profit when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Derivative financial instruments

The Company has interest rate swaps to hedge against risks associated with interest rate fluctuations. These derivative financial instruments are stated at fair value.

The fair values of the interest rate swap contracts are determined by reference to market values for similar instruments. The interest rate swaps are cash flow hedges which hedge exposure to variability in cash flows that are attributable to the interest rate risk on the Company's external borrowings.

Pensions

The Company operates defined contribution schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Corporation taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position dates.

3. Auditor's remuneration

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Audit of the financial statements	6	5
Other fees to auditors:		
– taxation services	6	5
	12	10

4. Directors' remuneration

	Year ended 31 March 2015						Year ended 31 March 2014
	Basic salary and fees £	Benefits in kind £	Annual Bonus £	LTIP £	Pension contributions £	Total remuneration £	Total remuneration £
Chairman							
Lord Grade of Yarmouth	105,000	n/a	n/a	n/a	n/a	105,000	105,000
Executive Directors							
Ivan Dunleavy	360,500	20,329	128,832	904,841	45,062	1,459,564	655,666
Nicholas Smith	240,000	14,241	84,661	630,647	36,000	1,005,549	409,346
Andrew Smith	150,000	9,639	103,852	137,097	72,063	472,651	203,186
Christopher Naisby	150,000	4,092	44,171	137,097	15,750	351,110	169,580
Steve Christian*	40,000	nil	nil	137,097	nil	177,097	40,000
Non-Executive Directors							
Steven Underwood**	nil	nil	nil	nil	nil	nil	nil
Neil Lees**	nil	nil	nil	nil	nil	nil	nil
Ruth Prior	42,000	588	nil	nil	2,100	44,688	43,015
Thomas Allison**	nil	nil	nil	nil	nil	nil	nil

* The Group had a consultancy agreement with Gasworks Media Limited, a company incorporated in the Isle of Man, whose sole shareholder, Steve Christian, was also an Executive Director of the Group during the years ended 31 March 2015 and 2014. The total value of the transactions, including reimbursement of expenses, during the year was £384,000. See Note 28 of the consolidated Group financial statements for further details.

** Non-Executive Directors provided under the agreement with Peel Acquisitions do not receive remuneration. See Directors' remuneration report on page 36 of the Annual Report for further details.

None of the above Directors received reimbursement for expenses during the year requiring separate disclosure as required by The Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

The Company had no employees other than the Directors above in either the current or previous year.

5. Taxation

(a) Analysis of charge/(credit) for the year:

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Current tax:		
UK corporation tax	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	51	(177)
Total deferred tax	51	(177)
Total tax charge/(credit)	51	(177)

(b) Factors affecting tax charge/(credit) for the year:

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Accounting profit before corporation tax	26,257	1,163
Profit on ordinary activities multiplied by UK rate of 21% (2013: 23%)	5,514	267
Non-deductible expenses	36	(59)
Other short-term timing differences	169	(220)
Group relief claimed	632	(165)
Group income	(6,300)	-
Corporation tax expense/(credit) reported in the income statement	51	(177)

6. Investments

	£000
Cost:	
At 31 March 2015 and 31 March 2014	32,705

Details of the investments in which the Group and the Company (unless indicated) holds 20% or more of the nominal value of any class of share capital or Joint Venture interests are as follows:

Company name	Country of incorporation	% equity interest	
		31 March 2015	31 March 2014
Pinewood Studios Limited*	United Kingdom	100	100
Shepperton Studios Limited*	United Kingdom	100	100
Pinewood-Shepperton Studios Limited	United Kingdom	100	100
Teddington Studios Limited	United Kingdom	100	100
Pinewood PSB Limited	United Kingdom	100	100
Pinewood Film Advisors Limited	United Kingdom	100	100
Pinewood Film Advisors (W) Limited	United Kingdom	100	100
Saul's Farm Limited*	United Kingdom	100	100
Baltray No.1 Limited*	United Kingdom	100	100
Baltray No.2 Limited*	United Kingdom	100	100
Shepperton Management Limited*	United Kingdom	100	100
Pinewood Shepperton Facilities Limited*	United Kingdom	100	100

6. Investments continued

Company name	Country of incorporation	% equity interest	
		31 March 2015	31 March 2014
PSL Consulting Limited	United Kingdom	100	100
Pinewood Studio Wales Limited*	United Kingdom	100	100
Pinewood Germany Limited*	United Kingdom	100	100
Pinewood Film Services GmbH	Germany	100	50
Pinewood Dominican Republic Limited*	United Kingdom	100	100
Pinewood Malaysia Limited*	United Kingdom	100	100
Pinewood China Limited*	United Kingdom	100	100
Pinewood Atlanta Limited*	United Kingdom	100	100
Pinewood USA Inc.*	USA	100	100
Pinewood Film Production Studios Canada Inc.*	Canada	100	100
Pinewood Production Services Canada Inc.*	Canada	100	-
Pinewood Films Limited*	United Kingdom	100	100
Pinewood Last Passenger Limited	United Kingdom	100	100
Pinewood Belle Limited	United Kingdom	100	100
Pinewood Camera Trap Limited (previously Pinewood Films No.4 Limited)	United Kingdom	100	100
Pinewood Christmas Candle Limited (previously Pinewood Films No.5 Limited)	United Kingdom	100	100
Pinewood Robot Overlords Limited (previously Pinewood Films No.6 Limited)	United Kingdom	100	100
Pinewood Riot Club Limited (previously Pinewood Films No.7 Limited)	United Kingdom	100	100
Pinewood Pressure Limited (previously Pinewood Films No.8 Limited)	United Kingdom	100	100
Pinewood KYF Limited (previously Pinewood Films No.9 Limited)	United Kingdom	100	100
Pinewood Films No.10 Limited	United Kingdom	100	100
Pinewood Films No.11 Limited	United Kingdom	100	100
Pinewood Films No.12 Limited	United Kingdom	100	-
Pinewood Films No.13 Limited	United Kingdom	100	-
Pinewood Films No.14 Limited	United Kingdom	100	-
Pinewood Films No.15 Limited	United Kingdom	100	-
Pinewood Films No.16 Limited	United Kingdom	100	-
Shepperton Studios Property Partnership	United Kingdom	100	50
Pinewood Studios Berlin Film Services GmbH**	Germany	100	50
Shepperton Studios (General Partner) Limited*	United Kingdom	100	50
The Studios Unit Trust	United Kingdom	100	-
Pinewood Shepperton Limited	United Kingdom	100	-

* Held by Pinewood-Shepperton Studios Limited

** Held by Pinewood Germany Limited

6. Investments continued

The Company also holds investments in several joint ventures:

Company Name	Country of incorporation	% equity interest	
		31 March 2015	31 March 2014
Pinewood Atlanta LLC***	USA	40	40
PAS Holdings Fayette LLC***	USA	40	40

*** Held by Pinewood USA Inc.

The accounting reference date for Pinewood Atlanta LLC and PAS Holdings Fayette LLC is 31 December.

Following the acquisition of the remaining 50% stakes in Shepperton Studios Property Partnership and Shepperton Studios (General Partner) Limited on 3 December 2014, the accounting reference dates have been extended to 31 March to align with the Company. Further details of this transaction are included within Note 9 to the consolidated Group financial statements.

The Company accounts for its investments in subsidiaries using the cost model.

Audit exemption

Pinewood Group plc has given statutory guarantees against all the outstanding liabilities of the below listed wholly-owned subsidiaries at 31 March 2015 under Section 479A of the Companies Act 2006, thereby allowing these subsidiaries to be exempt from the annual audit requirement for the year ended 31 March 2015.

Although the Company does not anticipate the guarantees to be called upon, the book values of the guaranteed liabilities, excluding intercompany balances, for each relevant subsidiary at 31 March 2015 are set out below.

Company name	Company Registration Number	Book value of liabilities 31 March 2015 £000
Baltray No.1 Limited	05776674	97
Baltray No.2 Limited	05778635	–
Pinewood Atlanta Limited	08355034	–
Pinewood China Limited	08355173	–
Pinewood Dominican Republic Limited	07096246	472
Pinewood Film Advisors (W) Limited	08864165	73
Pinewood Films Limited	07660856	–
Pinewood Germany Limited	07079399	–
Pinewood Malaysia Limited	07074446	71
Pinewood PSB Limited	06300755	1,085
Pinewood Shepperton Facilities Limited	07527390	–
Pinewood Shepperton Limited	09083961	–
Pinewood Studio Wales Limited	08863162	256
PSL Consulting Limited	08655214	1,528
Saul's Farm Limited	06233879	–
Shepperton Management Limited	05907027	–
Shepperton Studios (General Partner) Limited	05913009	11
Teddington Studios Limited	05365850	22

7. Dividends paid

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Final dividend for year ending 31 March 2013 paid at 1.5p per share	–	741
Interim dividend for year ending 31 March 2014 paid at 0.6p per share	–	296
Final dividend for year ending 31 March 2014 paid at 1.9p per share	939	–
Interim dividend for year ending 31 March 2015 paid at 0.7p per share	346	–
	1,285	1,037

The Board is committed to pay dividends in line with its dividend policy of not less than three times cover.

8. Long-term assets

	Toronto long-term agreement £000	Atlanta long-term agreement £000	China long-term agreement £000	Total £000
Cost:				
At 31 March 2013	94	24	39	157
Additions	–	474	117	591
At 31 March 2014	94	498	156	748
Additions	–	–	–	–
At 31 March 2015	94	498	156	748
Amortisation:				
At 31 March 2013	51	–	–	51
Provided during the year	24	–	–	24
At 31 March 2014	75	–	–	75
Provided during the year	19	166	–	185
Impairment in the year	–	–	156	156
At 31 March 2015	94	166	156	416
Carrying value:				
At 31 March 2015	–	332	–	332
At 31 March 2014	19	498	156	673

The Group signed a five-year sales and marketing agreement with Pinewood Toronto Studios on 26 May 2009. Transaction costs in relation to this agreement were recognised as a long-term asset and have been amortised over the term of the original agreement, ending in May 2014. The agreement was renewed for a further five years to 26 May 2019.

Transaction costs of £498,000 in relation to the Pinewood Atlanta Studios joint venture were previously recognised as a long-term asset and are being amortised over the first three years of the Studio's operations, commencing April 2014. The Group's investment in the joint venture is included in Note 9 of the consolidated Group financial statements.

Transaction costs of £156,000 incurred in relation to the Song Lin joint operation with Seven Stars Media Limited were previously recognised as a long-term asset and have subsequently fully impaired in the year ended 31 March 2015.

9. Debtors

	31 March 2015 £000	31 March 2014 £000
Due from subsidiary undertakings	204,449	137,157
Prepayments and accrued income	1,188	406
	205,637	137,563
Amounts falling due after more than one year included above are:		
Due from subsidiary undertakings	204,449	137,157

10. Creditors: amounts falling due within one year

	31 March 2015 £000	31 March 2014 £000
Bank overdraft	793	–
Amounts due to subsidiary undertakings	73,660	70,931
Other creditors	5,556	3,799
Asset financing	1,024	1,471
Derivative financial instruments	13	15
	81,046	76,216

11. Creditors: amounts falling due after more than one year

	31 March 2015 £000	31 March 2014 £000
Revolving credit facility	75,000	38,000
Secured bank loan arrangement costs	–	(726)
Asset financing	2,251	2,194
Derivative financial instruments	310	175
	77,561	39,643
Amounts falling due:		
– in more than one year but not more than two years	76,057	1,157
– in more than two years but not more than five years	1,504	38,486
	77,561	39,643

On 6 March 2015, the Company conditionally agreed proposed new banking facilities of up to £135m with Lloyds Bank plc, The Royal Bank of Scotland plc, HSBC Bank plc and Barclays Bank Plc, comprising:

- a £100m term loan facility committed to 29 May 2019, £45m of which will be utilised to refinance the Company's existing committed debt facilities and the remaining £55m (the "Development Tranche") will be available to draw down prior to 30 September 2016 to fund phase 1 of the PSDF, with repayments commencing in June 2017; and
- a £35m multicurrency revolving credit facility, which will be available to draw down until 30 April 2019.

11. Creditors: amounts falling due after more than one year continued

The Group has also retained its £5m overdraft facility which is subject to annual review.

On 17 April 2015, the Group fully repaid and terminated its existing banking facility and drew under the new agreement for the first time.

These new facilities are secured on certain of the principal assets of the Group.

The term facility contains scheduled repayments of £2.5m on 30 June 2017 and 31 December 2017, increasing to £5.0m on each of 30 June 2018 and 31 December 2018. The revolving credit facility has no scheduled repayments.

The facility has a range of covenants and events of default together with variable margins ranging between 175 and 375 basis points over LIBOR.

Covenants

The banking agreements contain a range of covenants appropriate for the facilities in place. The Group was covenant compliant at 31 March 2015.

Cash flow hedge

At 31 March 2015, the Group held interest rate swaps designated as hedges against drawn debt obligations amounting to £40,000,000 (31 March 2014: £22,500,000). Further information can be found in Note 29 of the consolidated Group financial statements.

Asset financing facility

The asset financing facility is a sterling chattel mortgage facility over a fixed term with fixed monthly payments and is secured over identifiable assets of an equal value. These assets are classified as 'Fixtures, fittings and equipment' within 'Property, plant and equipment' in the statement of financial position.

At 31 March 2015, the Group had the following interest rate swaps in place to minimise the volatility in cash flows from a change in LIBOR:

	Effective interest rate %	Maturity	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Cash flow hedge	2.27% + variable margin	1 July 2014	–	7,500
Cash flow hedge	1.33% + variable margin	1 July 2016	7,500	–
Cash flow hedge	1.66% + variable margin	28 November 2016	15,000	15,000
Cash flow hedge	0.69% + variable margin	4 January 2016	17,500	–
			40,000	22,500

The Company's cash flow hedges are treated as derivative financial instruments and fair value movements are recognised in the income statement.

The interest swap finance costs are charged to the income statement when they are payable. These are payable on a quarterly basis in March, June, September and December.

12. Share capital

Authorised

	£000
As at 31 March 2015 and 31 March 2014: Ordinary shares of 10p each	7,000

Issued, called up and fully paid

	31 March 2015		31 March 2014	
	No.	£000	No.	£000
Ordinary shares of 10p each	49,409,926	4,941	49,409,926	4,941
Shares in issue:				
As at 31 March 2015 and 31 March 2014	49,409,926	4,941	49,409,926	4,941

13. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Fair value of cash flow hedge reserve £000	Retained earnings £000	Total equity £000
At 1 April 2013	4,941	48,718	135	348	(328)	701	54,515
Profit for the year	-	-	-	-	-	1,340	1,340
Dividend paid (Note 7)	-	-	-	-	-	(1,037)	(1,037)
Fair value of cash flow hedges	-	-	-	-	328	-	328
At 31 March 2014	4,941	48,718	135	348	-	1,004	55,146
Profit for the year	-	-	-	-	-	26,206	26,206
Dividend paid (Note 7)	-	-	-	-	-	(1,285)	(1,285)
At 31 March 2015	4,941	48,718	135	348	-	25,925	80,067

14. Related party disclosures

The Company has taken the exemption available to it under FRS 8 *Related party disclosures* not to disclose its transactions with related parties as the disclosures are included in the financial statements of the consolidated Group.

15. Ultimate parent undertaking

The ultimate holding company in the year to 31 March 2015 was Tokenhouse Limited, a company incorporated in the Isle of Man.

Tokenhouse Limited is controlled by the 1997 Billown settlement trust.

The largest group of companies, of which the company is a member that produces consolidated accounts is Peel Holdings Group Limited, a company incorporated in the Isle of Man.

The smallest group of companies, of which the company is a member that produces consolidated accounts is Goodweather Holdings Limited, a company incorporated in the Isle of Man.

16. Post balance sheet events

On 6 March 2015, the Company agreed new banking facilities of up to £135 million with Lloyds Bank plc, The Royal Bank of Scotland plc, HSBC Bank plc and Barclays Bank Plc. See Note 11 for further details.

On 17 April 2015, 8,000,000 new ordinary shares of par value 10p were issued for cash and admitted to trading on AIM, giving rise to gross proceeds of £30.0m. The proceeds of this share issue were used to partially repay drawn bank debt outstanding at the year end.

Following completion of this share issue, the information disclosed in Note 15 is no longer applicable by virtue of Goodweather Investment Management Limited's shareholding reducing below 50% to 39.09%. No shareholder has a greater than 50% holding in the Company as a result.

Forward-looking statements

This announcement includes forward-looking statements that are based on current expectations and assumptions. They involve risks and uncertainties and may differ, possibly materially, from actual results, performance and achievement. Neither the Company, nor any of its Directors, undertakes any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

Company information

Company Secretary

A M Smith

Head Office, Registered office and Directors' address

Pinewood Group plc
Pinewood Road
Iver Heath
Buckinghamshire SL0 0NH

Company registration number

03889552

Investor relations website

available at www.pinewoodgroup.com

Financial Adviser

N M Rothschild and Sons
1 Park Row
Leeds LS1 5NR

Proposed Nominated Adviser and Broker

N+1 Singer
One Bartholomew Lane
London EC2N 2AX

Legal Advisers to the Company

Travers Smith LLP
10 Snow Hill
London EC1A 2AL

Auditors

Deloitte LLP
2 Hardman Street
Manchester M3 3HF

Registrars and Receiving Agents

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA

Principal Bankers

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR

Lloyds Bank plc
25 Gresham Street
London EC2V 7HN

HSBC Bank plc
8 Canada Square
London E14 5HQ

Barclays Bank plc
1 Churchill Place
London E14 5HP

Annual General Meeting

The notice convening the Annual General Meeting of the Company, to be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AC at 10.30 am on 28 September 2015, together with an explanation of the resolutions to be proposed at the meeting, will be contained in a circular to shareholders enclosed with the Annual Report.



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Pinewood Group plc

Pinewood Road
Iver Heath
Buckinghamshire
SL0 0NH
United Kingdom

Registered number: 03889552

tel: +44 (0) 1753 651700
fax: +44 (0) 1753 656936

www.pinewoodgroup.com