Company Registration No. 06021170 (England and Wales)

OPIA LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

OPIA LIMITED

COMPANY INFORMATION

Directors
C M Aubrey
S J Gales
P F Garner
A W Marwick
A W Bennallack (appointed 30 November 2021)
S T Phillipson (resigned 30 November 2021)

Company number
06021170

Secretary
S Hulls

Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Registered office
Priory House
Pilgrims Court
Sydenham Road
Guildford
Surrey
GU1 3RX

OPIA LIMITED

CONTENTS

The directors present the strategic report and audited financial statements for Opia Limited (the "Company") for the year ended 30 June 2022.

Principal activity and review of the business
The Company's principal activities are sales optimisation through sales promotion and pricing mechanics and the financial risk management of redemption based, sales promotional activity. There have been no significant changes to the Company's business model during the year under review.

Revenue in the year ended 30 June 2022 was £28,759,191 (2021: £20,739,528). The Company generated a net profit after tax for the year of £4,202,053 (2021: £1,527,631). The Company's net assets increased from £3,605,554 to £5,507,607 as at 30 June 2022 resulting from the Company's after tax profit, offset by the dividends paid during the year of £2,300,000.

The year ended 30 June 2022 was a very successful one for the Company building on the significant investments made in the business over recent years in both resource and product delivery. The Odeon B2B cinema agency business delivered a better result with the reduced impact of COVID.

During the year the business continued to develop new client relationships across all regions as well as successfully expanding on the breadth of its existing client relationships across new business units and into new regions. The strategy of combining internal client referrals with local sales expertise has proved successful in winning new business. In addition, the business continues to explore new sectors which can be serviced by the unique full service offering that the business provides.

The growth of the business continues to be founded on a mixture of sustained organic growth, new client acquisition and successful expansion into new territories and sectors, reflecting its industry-wide reputation for reliability and quality of delivery. Opia's high-performance, data-driven sales campaigns are used by most of the best-known global consumer electronics brands, including Samsung, LG, Lenovo and Google, as well as retailers such as Euronics, Media Markt and LL Flooring.

Operational highlights for the year include:

- Continued expansion of the sales teams with a focus on new business development
- Building out of the Commercial team to support the Sales efforts
- Focus on automation and operational efficiency
- Marketing initiatives and appointments
- Investment in developing the business' product set

The Company believes that it is well positioned with its unique product and service offerings to continue winning more work supporting its clients in the current challenging macro-economic environment. Post sales promotions are an efficient means of delivering greater value to consumers with stretched budgets and they allow manufacturers and retailers to achieve higher average sales prices.

The Company acknowledges the wage and input cost pressures arising from the current inflationary environment and is addressing this through operational efficiency measures such as automation, system improvements, building scale. Where possible the Company is repricing its products and services to reflect net changes to the input costs.

Principal risks and uncertainties

The Company's activities are subject to a number of risks and uncertainties, the principal risks being currency, insurance risk, credit, liquidity and pricing risks.

Currency risk
Management regularly monitors the Company's currency position and exchange rate movements and makes currency decisions as appropriate.

The Company generates material revenues in Euro and US Dollars and where possible invoices in the same currency as the costs that are incurred for the project which acts as a natural hedge reducing the forex exposure to the net margin. This net margin is also used to fund the overhead costs of the business outside of the UK.

The Company holds bank accounts in these key trading currencies to manage the timing of the cashflows and in order to reduce the need to transact in and out of different currencies. A multi-currency overdraft facility is available to support this as well.

Insurance risk
The Company enters into contracts with customers to manage and minimise their risk of claims on their promotions. Insurance risk is where the volume and size of claims on promotions varies from that expected, leading to an unexpected impact on financial returns. The Company uses its experience and data on past promotional activities to mitigate insurance risk. The Company may also enter into redemption insurance to further mitigate insurance risk on specific promotions.

Credit risk
The Company mainly trades with long standing customers, the nature of these relationships assist management in controlling credit risk. All the Company's revenue is made under contract and it is the Company's policy that customers are subject to suitable credit verification procedures as part of the onboarding process. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Liquidity risk
Management control and monitor the Company's cash flow on a regular basis, including forecasting future cash flows. The Company ensures that cashflow is a primary consideration when entering into new contracts and where possible matches the cashflows of receipts and payments to improve liquidity.

The Company closely monitors its aged debtor reports on a regular basis and has established targets for debtor days and overdue percentages.

Price risk
The Company transacts in foreign currency as it delivers its services across a number of regions. As such the Company is subject to variations in foreign currency but the Company considers that it has sufficient mitigation in place to reduce the overall exposure.

The Company holds foreign currency assets which are impacted by revaluation at the balance date. These currency fluctuations result in unrealised gains and losses in the income statement which are realised at the appropriate time.

The Company has no significant exposure to interest rate fluctuations as it has no debt nor does it have exposure to equity prices.

Fair value interest rate risk
The Company does not have any long term bank borrowings.

Employees
The Company recognises that its success is dependent on the contribution and achievements of its employees. The Company has a comprehensive set of employment practices designed to achieve the best possible environment for its employees to perform. The Company's equal opportunity policy is designed to create an environment in which all employees are encouraged to develop their individual potential, irrespective of their age, sex, race, religion or disability.

Appropriate training and career development is available to all employees, including those with disabilities. Where possible, the Company will continue the employment of, and arrange appropriate training for, employees who have become disabled during the period of their employment.

Key performance indicators
The Company's key performance indicators include Gross Profit (up 49%) and Operating Profit (up 134%) both against the prior year displaying strong growth. The Gross Profit margin was 47% which was higher than the previous year result of 43% primarily due to the positive impact arising from the settlement of an insurance claim.

Administration expenses were 24% higher than the prior year as new staff resources were added to help grow the Company. The efficiency of the Company was improved with a Profit Before Tax margin of 17% which was higher than the prior year result of 10%.

The Company also focuses on non-financial key performance indicators including claim volumes which were up 30% year on year, client retention, client acquisition and number of promotions (up 5%).

Customers
The Company aims to develop partnerships with its customers that delivers long-term benefits to both parties. Frequent meetings take place at many levels within the sales team and senior management. The Company works with its customers to understand their business and seeking insight from their markets and customers' behaviour to create innovative promotional ideals.

Section 172 statement
Section 172 of the Companies Act 2006 requires directors of a company to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, and in going so have regard to, amongst other matters, the following factors:

- Likely consequences of any decisions in the long-term;
- Interests of the Company's employees;
- Need to foster the Company's business relationships with customers and others;
- Impacts of the Company's operations on the community and environment;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- Need to act fairly between members of the Company.

The directors have considered the factors set out above when making strategic decisions that affect the long-term success of the Company. In addition, the interests and views of the Company's ultimate parent and controlling party, VRG Holdco Pty. Ltd. have been considered. The directors aim to ensure that decisions support the ultimate parent's purpose together with its strategic priorities.

On behalf of the board

P F Garner
Director
28 June 2023

OPIA LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report and audited financial statements for the year ended 30 June 2022.

Dividends
During the year dividends of £2,300,000 were paid (2021: £1,000,000).

Directors
The directors who served the Company during the year and up to the date of approval of the financial statements were as follows:

S J Gales
A W Marwick
C M Aubrey
P F Garner
A W Bennallack (appointed 30 November 2021)
S T Phillipson (resigned 30 November 2021)

Future developments
The business continues to develop out its product offering, automation and efficiency and expects future growth to arise primarily from markets such as North America and Mainland Europe with many untapped opportunities.

The key growth drivers for the business are expected to come from expanding the active client base through extending the geographical reach of these blue-chip multinational clients as well of the addition of clients from new sectors. Additional opportunities are expected to arise from a clear product offering and a best in market IT architecture with integrated fulfilment partners.

In addition, the business will focus on building consistent business in market sectors outside of the core consumer electronics sectors including, the mobile phone market and other slow moving consumer goods markets. The business has already experienced success in both the USA and Europe with new clients in replicating its UK based activities.

As part of its continuing commitment to quality, development and expansion, the Company continues to invest in quality standards, talent and the addition of new areas of expertise. Data security and fraud protection remain a key focus and the Company's long-standing ability to deliver results, means it is well equipped to bring sales-enhancing expertise and innovation into these new markets.

Going concern
The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of approval of these financial statements. The Company has net assets of £5,507,607 (2021: £3,605,554) and net current assets £4,351,182 (2021: £2,293,216).

In February 2022, the geopolitical situation in Eastern Europe intensified with Russia's invasion of Ukraine. There was no direct impact to the Company as a result of this conflict between these two countries.

The Company's results and financial forecasts up to 30 June 2024, taking into consideration the current environment, show that the Company is expected to remain profitable and generate positive cash flows giving the Company the ability to continue to meet its liabilities as they fall due during the going concern assessment period. The Company continues to have available an uncommitted short-term facility of £0.5 million which is undrawn, and the Company is not expecting to require support from group undertakings.

However, subsequent to 30 June 2022, the Company's UK ultimate parent, Edge UK Holdings Limited is looking to sell its investment in Countrywide Property Investments (UK) Limited and its subsidiaries, which includes the Company. At the date of the approval of these financial statements, the sale process is ongoing and a buyer has yet to be confirmed. As such, the intentions of any future possible owner of the Company are unknown with regards to the continuation of trade within this legal entity, and as a sale could take place within the going concern period this has been considered as part of the going concern assessment.

In view of the circumstances and cash flow assessment referred to above, the directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements. However, these circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Disclosure of information to auditor
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Qualifying third party indemnity provisions
The VRG Holdco Pty. Ltd. Group has entered into deeds of indemnity, access and insurance with each Director. Under these deeds, the Group has agreed to indemnify, to the extent permitted by law, each director in respect of certain liabilities which the director may incur as a result of or by reason of (whether solely of in part), being or acting as an officer of the Group.

Political donations
There were no political donations made during the year (2021: £nil).

Research and development
There was no research and development costs incurred during the year (2021: £nil).

Events subsequent to the balance sheet date
Except for the potential sale referred to in the going concern paragraph, no matter or circumstance has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

P. F. Garner

P F Garner
Director
28 June 2023

Priory House, Pilgrims Court
Sydenham Road
Guildford
Surrey
England, GU1 3RX

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPIA LIMITED

Opinion

We have audited the financial statements of OPIA Limited ("the Company") for the year ended 30 June 2022 which comprise the Statement of comprehensive income, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that the company's intermediate parent, Edge UK Holdings Limited, is looking to sell its investment in subsidiaries which includes the Company and as such, the intention of any future possible owner is unknown with regards to the company. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular :

- the risk that management may be in a position to make inappropriate accounting entries
- the risk that revenue is overstated/understated through recording revenues in the wrong period.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPIA LIMITED (continued)

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted with unusual pairings to revenue and cash, to seldom used accounts and entries without descriptions or specific key words
- Selecting a sample revenue transactions pre and post year end and testing whether the timing of the revenue recognition is correct. We also tested a sample of credit notes posted after the year end to identify any items that may cast a doubt on the appropriateness of revenue recognised pre year end.

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

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

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

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

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Omar Ali (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

29 June 2023

OPIA LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Revenue	3	28,759,191	20,739,528
Cost of sales		(15,373,285)	(11,783,332)
Gross profit		13,385,906	8,956,196
Administrative expenses		(8,578,458)	(6,897,439)
Operating profit	4	4,807,448	2,058,757
Interest payable and similar charges	5	(9,426)	(8,952)
Profit before taxation		4,798,022	2,049,805
Taxation	7	(595,969)	(522,174)
Profit after taxation		4,202,053	1,527,631
Other comprehensive income		-	-
Total comprehensive income for the year		4,202,053	1,527,631

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The accompanying on pages 13 to 26 notes form part of these financial statements.

OPIA LIMITED

BALANCE SHEET
AS AT 30 JUNE 2022

	Notes	30 June 2022 £	30 June 2021 £
Non-current assets			
Intangible assets	8	564,462	515,137
Tangible fixed assets	9	206,497	218,244
Fixed asset investments	10	17,120	17,120
Trade and other receivables	11	435,790	407,685
Deferred tax asset	12	26,378	263,124
		1,250,247	1,421,310
Current assets			
Trade and other receivables	11	10,188,485	8,042,798
Cash and cash equivalents	13	2,871,045	2,456,836
		13,059,530	10,499,634
Current liabilities			
Trade and other payables	14	(8,708,348)	(8,206,418)
Net current assets		4,351,182	2,293,216
Total assets less current liabilities		5,601,429	3,714,526
Provision for liability	15	-	(48,562)
Deferred tax liability	12	(34,536)	-
Lease liabilities	19	(59,286)	(60,410)
Net assets		5,507,607	3,605,554
Capital and reserves			
Called up share capital	16	80	80
Other reserves		20	20
Retained earnings		5,507,507	3,605,454
Shareholders' funds		5,507,607	3,605,554

The accompanying notes on pages 13 to 26 form part of these financial statements.

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

P. F. Garner

P F Garner
Director
28 June 2023

Company Registration No. 06021170

OPIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Share capital £	Other reserves £	Retained earnings £	Total £
At 1 July 2020	80	20	3,077,823	3,077,923
Profit for the year	-	-	1,527,631	1,527,631
Dividend paid	-	-	(1,000,000)	(1,000,000)
At 30 June 2021	80	20	3,605,454	3,605,554
Profit for the year	-	-	4,202,053	4,202,053
Dividend paid	-	-	(2,300,000)	(2,300,000)
At 30 June 2022	80	20	5,507,507	5,507,607

The accompanying notes on pages 13 to 26 form part of these financial statements.

1. Principal accounting policies

Basis of preparation

The financial statements for Opia Limited (the "Company") for the year ended 30 June 2022 were authorised for issue by the board of directors on 28 June 2023 and the balance sheet was signed on the board's behalf by P F Garner. Opia Limited is incorporated and domiciled in England and Wales. The Company registration number is 06021170 and the registered address is Priory House, Pilgrims Court, Sydenham Road, Guildford, Surrey, England, GU1 3RX. The Company is a private limited company, limited by shares.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound. The presentation and classification of comparative items in the financial statements have been adjusted where appropriate to ensure that the disclosures are consistent with the current period.

These financial statements were prepared in accordance with Financial Reporting Standard 101, *Reduced Disclosure Framework* ("FRS101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking of the largest and smallest group of undertakings for which consolidated financial statements are drawn up that includes the Company, is the Village Roadshow Pty. Ltd. group ("VRL group" or "group"). The consolidated financial statements of the VRL group are prepared in accordance with IFRS and are available to the public (refer to note 17). Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

In these financial statements, the Company has applied the exemptions available under FRS101 in respect of the following disclosures:

- The requirement in paragraph 38 of IAS1, *Presentation of Financial Statements,* to present comparative information in respect of:
  (a) Paragraph 79(a)(iv) of IAS1;
  (b) Paragraph 73(e) of IAS16, *Property, Plant and Equipment;*
  (c) Paragraph 118(e) of IAS38, *Intangible Assets;*
- The requirements of paragraphs 10(d), 10(f) and 134-136 of IAS1;
- The requirements of IAS7, *Statement of Cash Flows;*
- The requirements of paragraphs 30 and 31 of IAS8, *Accounting Policies, Changes in Accounting Estimates and Errors;*
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS15, *Revenue from Contracts with Customers;*
- The requirements of paragraph 17 of IAS24, *Related Party Disclosures* (key management compensation);
- The requirements in IAS24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 *Leases.*

As the consolidated financial statements of the VRL group include the equivalent disclosures, the Company has also taken the exemptions under FRS101 available in respect of the following disclosures:

- Certain disclosures required by paragraphs 91-99 of IFRS13, *Fair Value Measurement;*
- The disclosure requirements required by IFRS7, *Financial Instruments: Disclosures;* and
- The requirements of paragraphs 130(f)(ii) and 130(f)(iii) of IAS36, *Impairment of Assets.*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

Measurement convention

The financial statements are prepared on the historical cost basis.

1. Principal accounting policies (continued)

Change in accounting policies

During the year, the Company has assessed the application of IFRS4, *Insurance Contracts*, on its recognition and measurement, and disclosures of revenues. The Company acknowledges that its promotional contracts would meet the definition of an insurance contract, and IFRS4 would apply. The Company has considered the application of IFRS4, and has concluded it will continue to apply its previous policy on recognition and measurement, and its existing disclosures under IFRS15, *Revenue from Contracts with Customers*. This is on the basis that under IFRS4, the standard allows the Company to continue to use its existing accounting practices for insurance contracts. The standard exempts the Company from applying certain portions of the hierarchy for selecting accounting policies to insurance contracts, and the Company has not breached any requirements to apply this exemption. IFRS4 will be replaced by IFRS17, *Insurance Contracts*, and the application date for the Company is 1 July 2023. The impact of adoption of this standard on the Company's financial results has not yet been assessed.

Going concern

The financial statements have been prepared on a going concern basis as the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date of approval of these financial statements. The Company has net assets of £5,507,607 (2021: £3,605,554) and net current assets £4,351,182 (2021: £2,293,216).

In February 2022, the geopolitical situation in Eastern Europe intensified with Russia's invasion of Ukraine. There was no direct impact to the Company as a result of this conflict between these two countries.

The Company's results and financial forecasts up to 30 June 2024, taking into consideration the current environment, show that the Company is expected to remain profitable and generate positive cash flows giving the Company the ability to continue to meet its liabilities as they fall due during the going concern assessment period. The Company continues to have available an uncommitted short-term facility of £0.5 million which is undrawn, and the Company is not expecting to require support from group undertakings.

However, subsequent to 30 June 2022, the Company's UK ultimate parent, Edge UK Holdings Limited is looking to sell its investment in Countrywide Property Investments (UK) Limited and its subsidiaries, which includes the Company. At the date of the approval of these financial statements, the sale process is ongoing and a buyer has yet to be confirmed. As such, the intentions of any future possible owner of the Company are unknown with regards to the continuation of trade within this legal entity, and as a sale could take place within the going concern period this has been considered as part of the going concern assessment.

In view of the circumstances and cash flow assessment referred to above, the directors of the Company believe that it is appropriate to adopt the going concern basis in preparing the financial statements. However, these circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Promotional revenue

Revenue earned from promotional activities is recognised as the Company satisfies its performance obligations under promotional contracts over time. The basis for measuring progress towards complete satisfaction of a performance obligation for a promotion can be measured by the amount of cost put into the various steps of the promotion. Where promotional contracts span more than one reporting period, the progress of work is based on the assessment of the value of work performed at that date and a contract asset is recognised. The Company acts as either principal or agent depending on the terms of each contract.

Contract assets

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This occurs when the Company issues an invoice to the customer.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment in value.

1. Principal accounting policies (continued)

Tangible fixed assets (continued)

Depreciation is recognised in the statement of comprehensive income and is provided to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Leasehold improvements	Straight line over life of the lease
Plant and machinery	33% straight line
Fixtures, fittings & equipment	33% straight line

Impairment

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

The carrying values of tangible fixed assets are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of tangible fixed assets is the higher of fair value less costs to sell and value in use. In assessing fair value less costs of disposal, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the estimated price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. 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.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

De-recognition and disposal

An item of tangible fixed assets is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is de-recognised.

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income 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 credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting 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 income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income 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 reporting date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss account net of any reimbursement.

1. Principal accounting policies (continued)

Provisions (continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Interest

Interest costs are accounted for on an accruals basis in the profit and loss account using the effective interest method.

Interest income is recognised as it accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. Cash and cash equivalents include restricted client cash accounts which are used for payment of promotional rebates.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for expected credit losses.

For trade receivables, the Company applies the simplified approach permitted under IFRS 9, *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of receivables. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

Trade receivables are derecognised when (i) the rights to receive cash flows from the asset have expired or (ii) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Trade and other payables

Creditors are recognised at amounts to be paid in the future for goods and services already received, whether or not billed to the Company. They are non-interest bearing and are normally settled on 30-90 day terms.

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial period that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Promotional accruals

At the time the Company recognises its revenues for promotional activities all costs from claim through to fulfilment of rewards are calculated and accrued. These promotional accruals include amounts relating to validation and fulfilment costs as well as an estimate of likely redemption rates and the associated reward costs where the Company is responsible for such costs.

Deferred revenues

Where services have been invoiced in advance of the performance of the obligations the value of the unrecognised part is held as a liability until such time as the performance obligations are completed. This includes advance fees and minimum unit fees.

Fixed asset investments

Fixed asset investments are stated at cost less any provision required for impairment in their value. An impairment loss is recognised, in the profit and loss account, if the carrying amount of an investment exceeds its estimated recoverable amount. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell.

Pensions

The Company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period they are payable.

1. Principal accounting policies (continued)

Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Company's intangible assets is as follows:

Software

- Useful lives: Finite
- Amortisation method used: Amortised over estimated useful lives or 3 years
- Internally generated or acquired: Acquired
- Impairment testing: When an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

Leases

Lease liabilities

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating a lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. Where the interest rate implicit in the lease cannot be readily determined, the lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before commencement date, less any lease incentives received;
- Any initial direct costs; and
- An estimate of restoration or make good costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis.

OPIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

1. Principal accounting policies (continued)

Leases (continued)

Right-of-use assets (continued)

The Company applies the short-term lease recognition exemption to leases with terms of twelve months or less and the low value asset recognition exemption to leases of assets that are considered low value. Payments associated with short-term leases and leases of low value assets are expensed on a straight-line basis in the profit or loss.

2. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumption that has a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period is:

Impairment of intangible and tangible fixed assets

The Company determines whether intangible and tangible fixed assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the intangible and tangible fixed assets compared to their carrying value. The value in use calculations requires the Directors to estimate the future cash flows expected to arise from the assets and a suitable discount rate in order to calculate present value.

Incremental borrowing rate

If and when the Company cannot readily determine the interest rate implicit in the lease, it uses the lessee's incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs, such as market interest rates when available.

3. Revenue

Revenue comprised sales of consumer promotions and loyalty programs, excluding VAT, in the following geographical markets.

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
United Kingdom	11,149,722	10,352,589
Europe	7,456,483	3,852,488
North America	10,161,859	6,240,545
Other	(8,873)	293,906
	28,759,191	20,739,528

The Company has recognised the following assets related to contracts with customers.

	30 June 2022 £	30 June 2021 £
Current:		
Trade debtors, which are included in trade and other receivables	7,023,993	5,330,028
Contract assets, which are included in accrued income	2,471,903	1,913,405
	9,495,896	7,243,433

At 30 June 2022, the Company had £Nil of unearned revenue liability (2021: £549,306).

4. Operating profit

Operating profit is stated after charging:	**Year ended 30 June 2022 £**	Year ended 30 June 2021 £
Amortisation of intangible assets	282,473	203,645
Depreciation of tangible assets	45,692	32,682
Depreciation of right-of-use assets	56,157	80,458
Operating lease expenses – short term leases	156,054	386,979
Auditor's remuneration – audit services	60,356	101,256
Loss on foreign exchange transactions	-	331,271
and after crediting:		
Gain on foreign exchange transactions	(603,414)	-

Refer to Note 6 for staff costs for the years ended 30 June 2022 and 30 June 2021.

5. Interest payable and similar charges

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Interest on lease liabilities	5,584	8,952
Other interest payable	3,842	-
	9,426	8,952

6. Directors and employees

Number of employees
The average monthly number of employees (including directors) during the year was:

	Year ended 30 June 2022 Number	Year ended 30 June 2021 Number
Sales	6	8
Administration	117	106
Management	10	10
Directors	2	2
	135	126

Employment costs

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Wages and salaries	6,531,128	4,029,610
Social security costs	665,269	485,907
Other pension costs	174,706	149,452
	7,371,103	4,664,969

The directors have changed classification of certain employment costs in the current year to better represent their nature.

6. Directors and employees (continued)

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Directors' remuneration		
Remuneration for qualifying services	663,596	371,460
Company pension contributions to defined contribution schemes	36,738	36,195
	700,334	407,655
In respect of the highest paid director		
Remuneration for qualifying services	333,806	187,266
Company pension contributions to defined contribution schemes	18,369	18,098
	352,175	205,364

7. Taxation

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
UK corporation tax		
Current year	784,443	437,443
Prior period	(459,757)	-
Total current tax charge	324,686	437,443
Deferred tax		
Current year	124,095	(41,365)
Prior period	147,188	126,096
Total deferred tax charge	271,283	84,731
Total tax charge	595,969	522,174

Factors affecting the tax charge for the year

The tax for the year differs from profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%). A reconciliation of the current tax for the year to the tax on the profit at the standard rate is set out below:

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Profit before taxation	4,798,022	2,049,805
Profit before taxation multiplied by standard rate of UK corporation tax of 19% (2021: 19%)	911,624	389,463
Effects of:		
Adjustment in respect of previous years	(312,569)	126,096
Non-assessable income	(30,007)	-
Expenses not deductible	26,921	6,615
	(315,655)	132,711
Total tax charge for the year	595,969	522,174

7. Taxation (continued)

Factors that may affect future tax charges

A UK corporation tax rate of 25% (effective from 1 April 2023) was enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

8. Intangible assets

	Software
	£
Cost	
At 1 July 2021	1,371,322
Fully depreciated assets written off	(284,449)
Additions	331,798
At 30 June 2022	1,418,671
Amortisation	
At 1 July 2021	856,185
Fully depreciated assets written off	(284,449)
Charge for the year	282,473
At 30 June 2022	854,209
Net book value	
At 30 June 2022	564,462
At 30 June 2021	515,137

9. Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Right-of-use assets	Total
	£	£	£	£	£
Cost					
At 1 July 2021	16,081	212,588	147,065	318,797	694,531
Additions	-	85,936	341	3,825	90,102
Fully depreciated assets written off	(9,536)	(97,223)	(124,079)	-	(230,838)
At 30 June 2022	6,545	201,301	23,327	322,622	553,795
Depreciation					
At 1 July 2021	14,241	160,554	135,096	166,396	476,287
Fully depreciated assets written off	(9,536)	(97,223)	(124,079)	-	(230,838)
Charge for the year	960	40,520	4,212	56,157	101,849
At 30 June 2022	5,665	103,851	15,229	222,553	347,298
Net book value					
At 30 June 2022	880	97,450	8,098	100,069	206,497
At 30 June 2021	1,840	52,034	11,969	152,401	218,244

Right-of-use assets recognised relates to leased office properties. Refer to Note 19 for further information on the Company's leases.

10. Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 2021	17,220
At 30 June 2022	17,220
Provisions for diminution in value	
At 1 July 2021 and at 30 June 2022	100
Net book value	
At 30 June 2022	17,120
At 30 June 2021	17,120

Holdings of more than 20%
The Company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Principal activity	Share held	
Subsidiary undertakings			**Class**	**%**
Summit Digital Limited	England & Wales	Dormant	Ordinary	100
Halo Promo Risk Limited	England & Wales	Sales & marketing	Ordinary	100
Opia Switzerland SAGL	Switzerland	Sales & marketing	Ordinary	100
Halo Promo Risk SA (Pty) Limited	South Africa	Sales & marketing	Ordinary	100
Opia US Inc.	United States	Sales & marketing	Ordinary	100

The address and registered office of Summit Digital Limited and Halo Promo Risk Limited is Priory House, Pilgrims Court, Sydenham Road, Guildford, Surry, GU1 3RX, UK. The registered office of Halo Promo Risk SA (Pty) Limited is 43 Magalies, Montpark Drive, Montgomery Park, Johannesburg, SA. The registered office of Opia US Inc. is 332 S Michigan Ave, Chicago, USA. The registered office of Opia Switzerland SAGL is Corso Elvezia, 23 – 6900 Lugano, Switzerland.

11. Trade and other receivables

	30 June 2022 £	30 June 2021 £
Current:		
Trade debtors	7,023,993	5,409,498
Other debtors and accrued income	2,585,393	2,113,912
Prepayments	579,099	519,388
	10,188,485	8,042,798
Non-current:		
Amounts owed by related undertakings	435,790	407,685
	435,790	407,685

Amounts owed by related undertakings are unsecured, interest free and have no fixed terms of repayment. These amounts are not being called for the 12 month period from the date of approval of these financial statements

12. Deferred tax asset and liability

Deferred tax assets	£
Balance at 1 July 2021	263,124
Utilised during the year	(236,746)
Balance at 30 June 2022	26,378

The deferred tax asset is made up as follows:	**30 June 2022**	30 June 2021
	£	£
Temporary differences:		
Provisions	8,925	263,547
Property, plant & equipment and intangibles	-	(10,851)
Leases	17,453	10,428
	26,378	263,124

Deferred tax liabilities	£
Balance at 1 July 2021	-
Charged to the profit and loss during the year	34,536
Balance at 30 June 2022	34,536

The deferred tax liability is made up as follows:	**30 June 2022**	30 June 2021
	£	£
Temporary differences:		
Property, plant & equipment and intangibles	34,536	-
	34,536	-

13. Cash and cash equivalents

	30 June 2022	30 June 2021
	£	£
Cash at bank	1,736,460	2,080,291
Cash balance held on behalf of customers	1,134,585	376,545
	2,871,045	2,456,836

The cash balance held on behalf of customers is restricted and held in separate bank accounts and used for payment of promotional rebates. This balance cannot be called upon should the Company become insolvent.

14. Trade and other payables

	30 June 2022	30 June 2021
	£	£
Trade and other creditors	954,162	939,633
Lease liabilities	58,409	146,873
Amounts owed to related undertakings	988,238	1,635,595
Other taxes and social security costs	476,993	587,453
Corporation tax payable	532,238	551,163
Promotional accruals	4,250,470	3,059,698
Accruals and unearned revenue	1,447,838	1,286,003
	8,708,348	8,206,418

Amounts owed to related undertakings are unsecured, interest free and have no fixed terms of repayment.

Refer to Note 19 for further information on the Company's leases.

15. Provision for liability

	Onerous lease and other charges
	£
At 1 July 2021	48,562
Utilised during the year	(48,562)
At 30 June 2022	-

16. Authorised, issued and called up share capital

Authorised, called up and fully paid	**30 June 2022**	30 June 2021
	£	£
80 (2021: 80) Ordinary shares of £1 each	80	80

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 meetings of the Company.

17. Ultimate parent undertaking and controlling entity

The immediate parent entity is Countrywide Property Investments (UK) Limited, a Company registered in England and Wales. The directors consider the ultimate parent company and controlling party to be VRG Holdco Pty. Ltd. which is incorporated in Australia.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is Village Roadshow Pty. Ltd., a company incorporated in Australia. Copies of the group financial statements can be obtained from the Secretary, Village Roadshow Pty. Ltd., Level 4, 650 Chapel Street, South Yarra, Victoria, 3141, Australia.

18. Related party transactions

The Company has taken advantage of the exemption available under the requirements of IAS 24, *Related Party Disclosures*, not to disclose transactions with its wholly owned subsidiaries.

The total outstanding balance payable to Countrywide Property Investments (UK) Limited at 30 June 2022 was £273,806 (2021: £273,806).

During the year ended 30 June 2022, the Company had entered into a group tax relief arrangement, with Edge UK Holdings Limited, a wholly owned subsidiary of the VRL group for a total value of £53,610 (2021: £47,903). The total outstanding balance payable to Edge UK Holdings Limited at 30 June 2022 was £Nil (2021: £79,565).

19. Leases

The balance sheet shows the following related to leases:

	30 June 2022	30 June 2021
	£	£
Right-of-use assets:		
Properties	100,069	152,401
	100,069	152,401
Lease liabilities:		
Current	58,409	146,873
Non-current	59,286	60,410
	117,695	207,283

The statement of comprehensive income contains the following amounts relating to leases:

	30 June 2022	30 June 2021
	£	£
Depreciation charge on right-of-use asset – office properties	56,157	80,458
Expenses relating to short-term leases office property	156,054	386,979
Rental income from sub-leasing right-of-use assets	48,625	89,146

The total cash outflow on leases, net of sub-lease rental income during the year ended 30 June 2022 was £77,858 (2021: £57,727). The following sets out a maturity analysis of contractual undiscounted cash flows at 30 June 2022:

	2022
	£
Less than one year	60,979
One to two years	60,979
Total undiscounted lease payments to be paid	121,958

The total commitment for short-term leases at 30 June 2022 was £129,631 (2021: £167,108).

Operating lease as lessor
At 30 June 2022, the lease liability related to one (2021: two) leased office property. One office property was leased out, and on 31 October 2021, the Company early exited this leased out office property. The Company had classified this as an operating lease because it did not transfer substantially all the risks and rewards of incidental to the ownership of this leased asset.

20. Contingent asset

In July 2020, the Company filed an error correction notification ("ECN") with HMRC for net overpaid VAT amounts equal to £875,294 which related to VAT periods of January 2019 through to March 2020. The error arose due to the incorrect application of VAT to voucher sales and purchases by the Company after changes to the voucher scheme rules that came into effect on 1 January 2019.

The entire VAT receivable amount was written off in December 2021 following rejection of the ECN by HMRC on review. An appeal against this decision was filed with the Tribunal in December 2021.

In January 2023, the Company was advised that HMRC had agreed in principle to pay the ECN claim. No gain has been recognised during the financial year, as payment of the ECN claim is not virtually certain and is dependent on the Company satisfying HMRC that corrected invoices and credit notes have been issued and that the same has been reviewed by HMRC.

21. Events subsequent to the balance sheet date

Except for the potential sale referred to in the going concern paragraph in Note 1, no matter or circumstance has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

VILLAGE ROADSHOW PTY. LTD.

ABN 43 010 672 054

FINANCIAL REPORT

30 JUNE 2022

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2022.

CORPORATE INFORMATION
Village Roadshow Pty. Ltd. ("the Company" or "VRL") is a company limited by shares that is incorporated and domiciled in Australia. The registered office and principal administrative office of the Company is located at Level 1, 500 Chapel Street, South Yarra, Victoria 3141.

DIRECTORS AND SECRETARIES
The names of the Directors and Secretaries of the Company in office during the financial year and until the date of this report are:

Julie E. Raffe (resigned 30 November 2021)
Clark J. Kirby
Simon T. Phillipson (resigned 30 November 2021)
Alistair W. Bennallack (appointed 22 November 2021)

Company Secretaries
Julie E. Raffe (resigned 30 November 2021)
Simon T. Phillipson (resigned 30 November 2021)
Simon R. Hulls (appointed 22 November 2021)

OPERATING AND FINANCIAL REVIEW
Principal Activities
The principal activities of the Company and its controlled entities ("the Group", "VRL group" or "consolidated entity") during the financial year were:
- Theme park and water park operations ("Theme Parks");
- Cinema exhibition operations ("Cinema Exhibition");
- Film distribution operations ("Film Distribution"); and
- Sales promotion and loyalty program operations ("Marketing Solutions").

Other activities, including corporate overheads, financing activities, digital and information technology development, and other investments, are included under "Other".

Overview of Results
The VRL group reported an attributable net loss of $29.3 million for the year ended 30 June 2022 ("FY2022"), compared to an attributable net loss of $72.4 million for the year ended 30 June 2021 ("FY2021"), which included an attributable net profit from material items of $1.0 million in FY2022, and an attributable net loss from material items of $27.6 million in FY2021. The attributable net profit from material items after tax of $1.0 million in FY2022 is mainly made up of restructuring costs relating to redundancies, impairment of assets, offset by a gain on disposal of $3.4 million from the sale of the Wet'n'Wild waterpark in Las Vegas.

The attributable net loss before material items and discontinued operations ("NPAT") for FY2022 was $30.3 million, compared to the prior year attributable net loss of $44.7 million. Earnings before interest, tax, depreciation and amortisation, including fixed lease costs[1], excluding profit on lease modifications[1] and material items and discontinued operations ("EBITDA") for FY2022 was $63.5 million, compared to the prior year result of $40.2 million.

Further financial summary information is set out in the Reconciliation of Results, which forms part of this Directors' Report, on pages 3 and 4.

Significant Changes in State of Affairs
Total assets of the Group decreased by $45.8 million to $1,506.5 million compared to 30 June 2021, and total liabilities of the Group decreased by $24.6 million to $1,284.4 million compared to 30 June 2021. Total equity decreased by $21.2 million compared to 30 June 2021, which was mainly due to a decrease in retained earnings of $30.3 million due to the attributable loss during the year, offset by an increase in other reserves of $7.2 million.

Net cash flows from operating activities totalled $55.1 million in FY2022, compared to $62.2 million in the prior year. Net cash flows used in investing and financing activities totalled $121.7 million in FY2022, compared to $39.7 million generated in the prior year. Repayment of borrowings in FY2022 was $42.3 million, compared to net proceeds from borrowings of $44.3 million in FY2021. FY2021 included proceeds from equity raising of $50.0 million related the acquisition of VRL by an entity controlled by funds managed by BGH Capital Pty. Ltd ("BGH"), and consideration received of $18.0 million for the repayment of outstanding loans related to the Group's Executive Share Plan Shares.

[1] Refer to the Reconciliation of Results on page 3 for further information on fixed lease costs and profit on lease term reassessment.

DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)
Significant Changes in State of Affairs (continued)
The VRL group's net debt, excluding lease liabilities, as at 30 June 2022 was $264.0 million, compared to a prior year net debt of $231.4 million. On 6 October 2021, the VRL group agreed with its existing lenders to extend the maturity date of its $229.6 million revolving facility to 31 July 2023. The Group received a modification to its debt covenants and they were not tested until 30 June 2022. Refer to Note 17 in the Financial Statements for further information on significant changes to the Group's debt during the year. All of the total debt of $362.9 million is classified as non-current liabilities, which has been determined in accordance with the requirements of the VRL group's relevant finance agreements.

Dividends
No dividend was declared relating to the year ended 30 June 2022 or the prior year. No interim dividend has been declared in the current or prior period.

Events Subsequent to Reporting Date
There have been no material transactions which significantly affect the financial or operational position of the consolidated entity since the end of the financial year.

Environmental Regulation and Performance
The VRL group was subject to the *National Greenhouse and Energy Reporting Act* for the year ended 30 June 2022, however this has not had any material impact on the VRL group.

Likely Developments
In FY2023, the VRL group expects strong summer trading and improved earnings underpinned by the launches of new attractions, and continued box office momentum from an attractive film slate.

SHARE OPTIONS
There has been no change to the unissued shares since the end of the year and up to the date of this report.

INDEMNIFYING AND INSURANCE OF OFFICERS
Since the commencement of the financial year, the Company has not indemnified any person who is or has been an officer of the Company or related body corporate against a liability (including costs and expenses incurred in successfully defending legal proceedings) incurred as an officer, nor has the Company paid or agreed to pay a premium for insurance against any such liabilities incurred as an officer other than an un-allocated group insurance premium which has been paid to insure each of the Directors and Secretaries of the Company or related body corporate against any liabilities for costs and expenses incurred in defending any legal proceedings arising out of their conduct as officers of the Company or related body corporate, other than conduct involving wilful breach of duty.

INDEMNIFICATION OF AUDITORS
To the extent permitted by law, the Company has agreed to indemnify its auditors, KPMG Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify KPMG Australia during the year ended 30 June 2022.

AUDITOR INDEPENDENCE
The Auditor's Independence Declaration to the Directors of the Company, which forms part of this Directors' Report, is set out on page 5.

ROUNDING
The amounts contained in this report and in the Financial Statements have been rounded (where applicable) to the nearest thousand dollars (unless stated otherwise) under the option available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the Instrument applies.

Signed in accordance with a resolution of the Directors this 28th day of October 2022.

C.J. Kirby
Director

RECONCILIATION OF RESULTS

For the year ended 30 June 2022

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER		TOTAL	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $ 000	2021 $'000
(i) Reconciliation of results:												
Continuing Operations:												
Earnings before Interest, tax, depreciation and amortisation, including fixed lease costs, excluding profit on lease term reassessment and material items of income and expense ("EBITDA")	50,940	41,842	19,756	(6,205)	15,073	20,185	9,112	5,250	(31,332)	(20,849)	63,549	40,223
Fixed lease costs[1]	2,656	2,217	43,349	40,310	108	32	113	250	2,283	3,233	48,509	46,042
Profit (loss) on lease term reassessment[2]	-	-	-	-	-	-	(50)	-	1,307	-	1,257	-
Depreciation and amortisation[2]	(40,784)	(44,704)	(43,986)	(41,627)	(2,460)	(4,260)	(704)	(663)	(7,301)	(6,362)	(95,235)	(97,616)
Finance costs before finance restructuring costs[2]	(13,216)	(18,326)	(17,967)	(17,132)	(38)	(3,775)	(2,706)	(2,664)	(22,657)	(7,907)	(56,584)	(49,804)
Interest income	85	50	33	10	115	168	46	18	80	119	359	365
Operating (loss) profit before tax and material items of income and expense	(319)	(18,921)	1,185	(24,644)	12,798	12,350	5,811	2,191	(57,620)	(31,766)	(38,145)	(60,790)
Income tax benefit (expense), excluding material items	(160)	3,599	(903)	7,107	(4,124)	(3,668)	(1,589)	(585)	16,072	8,961	9,296	15,414
Operating (loss) profit after tax, before material items of Income and expense	(479)	(15,322)	282	(17,537)	8,674	8,682	4,222	1,606	(41,548)	(22,805)	(28,849)	(45,376)
Non-controlling interest, excluding material items	(354)	1,381	-	-	-	-	(1,063)	(724)	-	-	(1,417)	657
Attributable operating (loss) profit after tax, before material items of income and expense ("NPAT")	(833)	(13,941)	282	(17,537)	8,674	8,682	3,159	882	(41,548)	(22,805)	(30,266)	(44,719)
Material items of income and expense before tax	3,389	(1,469)	(870)	(491)	-	(545)	-	-	(2,548)	(28,454)	(29)	(30,959)
Income tax benefit – material items	-	504	261	147	-	164	-	-	764	2,501	1,025	3,316
Material items of income and expense after tax	3,389	(965)	(609)	(344)	-	(381)	-	-	(1,784)	(25,953)	996	(27,643)
Material items – non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Material items – profit (loss) after tax & non-controlling interest	3,389	(965)	(609)	(344)	-	(381)	-	-	(1,784)	(25,953)	996	(27,643)
Total (loss) profit before tax from continuing operations	3,070	(20,390)	315	(25,135)	12,798	11,805	5,811	2,191	(60,168)	(60,220)	(38,174)	(91,749)
Total income tax benefit (expense) from continuing operations	(160)	4,103	(642)	7,254	(4,124)	(3,504)	(1,589)	(585)	16,836	11,462	10,321	18,730
Total non-controlling interest	(354)	1,381	-	-	-	-	(1,063)	(724)	-	-	(1,417)	657
Total attributable (loss) profit after tax from continuing operations per the statement of comprehensive income	2,556	(14,906)	(327)	(17,881)	8,674	8,301	3,159	882	(43,332)	(48,758)	(29,270)	(72,362)
Discontinued Operations:												
Attributable profit after tax from discontinued operations											-	-
Net loss attributable to the members of Village Roadshow Pty. Ltd.											(29,270)	(72,362)

RECONCILIATION OF RESULTS (continued)

For the year ended 30 June 2022

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER		TOTAL	
	2022 $'000	*2021* $'000	*2022* $'000	*2021* $'000	*2022* $'000	*2021* $'000	*2022* $'000	*2021* $'000	*2022* $'000	*2021* $'000	*2022* $'000	*2021* $'000
(ii) Material items of income and expense from continuing operations:												
Gain on disposal of business	3,389	-	-	-	-	-	-	-	-	-	3,389	-
Impairment of assets	-	-	(870)	-	-	-	-	-	-	(410)	(870)	(410)
Restructuring costs	-	(1,469)	-	(491)	-	(545)	-	-	(2,548)	(28,044)	(2,548)	(30,549)
Total (loss) profit from material items of income and expense before tax	3,389	(1,469)	(870)	(491)	-	(545)	-	-	(2,548)	(28,454)	(29)	(30,959)
Income tax benefit	-	504	261	147	-	164	-	-	764	2,501	1,025	3,316
Tota non-controlling interest – material items	-	-	-	-	-	-	-	-	-	-	-	-
Total attributable profit (loss) from material items of income and expense after tax	3,389	(965)	(609)	(344)	-	(381)	-	-	(1,784)	(25,953)	996	(27,643)

[1] Under the lease accounting standard, AASB 16 *Leases,* operating leases are recognised as right-of-use assets and leases liabilities. Fixed lease expenses are lease payments included in the measurement of the lease liability. Fixed lease expenses excludes expenses relating to short-term, low value leases and variable payments, and are not recognised in operating profit under AASB 16, but are included in EBITDA presented above.

[2] Under AASB 16, right-of-use assets have been recognised and $34.2 million (2021: $31.5 million) has been depreciated during the year, and included in total depreciation and amortisation expense. Under AASB 16, ease liabilities are recognised and $20.8 million (2021: $17.3 million) of interest from these lease liabilities for the year has been included in total finance costs. Under AASB 16, as a result of the reassessment of lease terms of certain lease contracts, a profit of $1.3 million (2021: nil) has been recognised in operating profit, but is excluded in the EBITDA presented above.

Note:
The Village Roadshow Pty. Ltd. group ("VRL group") results are prepared under *Australian Accounting Standards – Simplified Disclosures.* The Reconciliation of Results includes certain measures not covered under Australian Accounting *Standards including EBITDA and operating profit before material items of income and expense and discontinued operations. These measures are used internally by Management to assess the performance of the business, make decisions* on the allocation of resources and assess operational management. These measures have not been subject to audit or review, however all items used to calculate these measures have been derived from information used in the preparation of the audited financial statements.

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Village Roadshow Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Village Roadshow Pty Ltd for the financial year ended 30 June 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

S E Bell

Suzanne Bell

Partner

Melbourne

28 October 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	2022 $'000	2021 $'000
Continuing operations			
Income			
Revenue	2(b)	674,796	542,161
Other income	2(c)	30,402	91,517
Expenses excluding finance costs	3(a)	(690,017)	(670,987)
Finance costs	3(b)	(56,584)	(55,069)
Share of net profits of equity-accounted investments	11	3,229	629
Loss from continuing operations before income tax benefit		(38,174)	(91,749)
Income tax benefit	4	10,321	18,730
Loss after tax from continuing operations		(27,853)	(73,019)
Discontinued operations			
Profit after tax		-	-
Net loss for the year		(27,853)	(73,019)
Loss for the year is attributable to:			
Non-controlling interest		1,417	(657)
Owners of the parent		(29,270)	(72,362)
		(27,853)	(73,019)
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
Equity instruments at fair value through other comprehensive income	21	(238)	140
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	21	4,133	(197)
Foreign currency translation	21	(3,139)	1,294
Other comprehensive income for the year after tax		756	1,237
Total comprehensive expense for the year		(27,097)	(71,782)
Total comprehensive expense for the year is attributable to:			
Non-controlling interest		1,417	(657)
Owners of the parent		(28,514)	(71,125)
		(27,097)	(71,782)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	2022 $'000	2021 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	6(a)	98,831	165,786
Trade and other receivables	7	61,343	60,601
Inventories	8	24,577	20,554
Current tax assets		-	266
Film distribution royalties	10(b)	30,710	18,130
Derivatives	30(c)	5,516	207
Other	10(a)	7,512	4,505
Total current assets		228,489	270,049
Non-Current Assets			
Trade and other receivables	7	56,544	29,304
Goodwill and other intangible assets	9	168,847	178,167
Investments - equity-accounted	11	31,994	27,026
Property, plant & equipment	14	507,471	514,095
Right-of-use assets	15	430,390	440,120
Deferred tax assets	4(c)	55,496	68,393
Film distribution royalties	10(b)	26,780	24,987
Derivatives	30(c)	95	-
Other		403	199
Total non-current assets		1,278,020	1,282,291
Total assets		1,506,509	1,552,340
LIABILITIES			
Current Liabilities			
Trade and other payables	16	171,071	159,292
Lease liabilities	15	49,727	47,359
Interest bearing loans and borrowings	17	-	229,645
Income tax payable		1,543	1,269
Provisions	18	27,683	30,097
Derivatives	30(c)	48	430
Unearned revenue and other liabilities	2(d),19	92,254	76,548
Total current liabilities		342,326	544,640
Non-Current Liabilities			
Trade and other payables	16	8,249	14,907
Interest bearing loans and borrowings	17	362,860	167,562
Lease liabilities	15	491,818	497,831
Deferred tax liabilities	4(c)	38	22
Provisions	18	7,124	7,919
Derivatives	30(c)	-	118
Unearned revenue and other liabilities	19	71,971	76,008
Total non-current liabilities		942,060	764,367
Total liabilities		1,284,386	1,309,007
Net assets		222,123	243,333
EQUITY			
Equity attributable to equity holders of the parent:			
Contributed equity	20	345,305	345,305
Reserves	21	98,174	90,954
Retained losses		(224,443)	(194,169)
Parent interests		219,036	242,090
Non-controlling interest	22	3,087	1,243
Total equity		222,123	243,333

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2022

	Notes	2022 $'000	2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		758,652	630,181
Payments to suppliers and employees		(672,096)	(627,605)
Government grants and assistance received	2(c)	12,629	100,165
Dividends and distributions received		802	758
Interest and other items of similar nature received		323	350
Finance costs		(44,648)	(41,614)
Income taxes paid (net)		(557)	(46)
Net cash flows from operating activities		55,105	62,189
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant & equipment		(58,182)	(54,523)
Purchases of software & other intangibles		(1,004)	(5,118)
Purchase of investment		(1,917)	-
Proceeds from sale of property, plant & equipment		427	160
Government grant received		-	7,000
Proceeds from sale of business		10,512	-
Loans to (or repaid to) other entities		(4,946)	(487)
Loans from (or repaid by) other entities		1,788	215
Net cash flows used in investing activities		(53,322)	(52,753)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	17	-	93,644
Repayment of borrowings	17	(42,298)	(49,296)
Lease payments	15	(26,044)	(19,915)
Proceeds from equity raising		-	50,000
Scheme consideration from Executive Share Plan Shares	26	-	18,031
Net cash flows (used in) from financing activities		(68,342)	92,464
Net (decrease) increase in cash and cash equivalents		(66,559)	101,900
Cash and cash equivalents at beginning of year		165,786	63,795
Effects of exchange rate changes on cash		(396)	91
Cash and cash equivalents at end of the year	6(a)	98,831	165,786
Total cash classified as:			
Continuing operations		98,831	165,786
Total cash and cash equivalents at end of the year		98,831	165,786

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW PTY LTD				NON-CONTROLLING INTEREST (NOTE 22)	TOTAL EQUITY
	CONTRIBUTED EQUITY (NOTE 20) $'000	RETAINED LOSSES $'000	RESERVES (NOTE 21) $'000	TOTAL $'000	$'000	$'000
Balances at 1 July 2021	345,305	(194,169)	90,954	242,090	1,243	243,333
(Loss) profit for the year	-	(29,270)	-	(29,270)	1,417	(27,853)
Other comprehensive income (net)	-	-	756	756	-	756
Total comprehensive (expense) income for the year	-	(29,270)	756	(28,514)	1,417	(27,097)
Controlled entity acquisition reserve	-	-	6,464	6,464	1,303	7,767
Other changes in equity	-	(1,004)	-	(1,004)	(876)	(1,880)
At 30 June 2022	345,305	(224,443)	98,174	219,036	3,087	222,123
Balances at 1 July 2020	277,173	(121,807)	89,614	244,980	2,857	247,837
Loss for the year	-	(72,362)	-	(72,362)	(657)	(73,019)
Other comprehensive income (net)	-	-	1,237	1,237	-	1,237
Total comprehensive (expense) income for the year	-	(72,362)	1,237	(71,125)	(657)	(71,782)
Share-based payment movements	-	-	939	939	-	939
Scheme consideration from Executive Share Plan Shares	18,031	-	-	18,031	-	18,031
Issue of shares	50,000	-		50,000	-	50,000
Issue of shares under Directors' Share Plan from Directors' fees	101	-	-	101	-	101
Controlled entity acquisition reserve	-	-	(836)	(836)	(724)	(1,560)
Other changes in equity	-	-	-	-	(233)	(233)
At 30 June 2021	345,305	(194,169)	90,954	242,090	1,243	243,333

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2022

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Village Roadshow Pty. Ltd. ("the Company" or "VRL") for the year ended 30 June 2022 was authorised for issue on 28 October 2022, in accordance with a resolution of the Directors. VRL is a for-profit entity incorporated in Australia and limited by shares. The principal activities of Village Roadshow Pty. Ltd. and its subsidiaries ("the Group", "VRL group" or "consolidated entity") during the financial year were:

- Theme Parks	Theme park and water park operations
- Cinema Exhibition	Cinema exhibition operations
- Film Distribution	Film distribution operations
- Marketing Solutions	Sales promotion and loyalty program operations

Other activities, including corporate overheads, financing activities, information technology development, and other investments, are included under "Other".

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001, Australian Accounting Standards - Simplified Disclosures* and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). The Group is a for-profit entity for the purposes of preparing the financial report. In the prior year, the Group early adopted AASB 1060, *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

The financial report has also been prepared on a historical cost basis, except for derivatives and any equity instruments that are measured *at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars* ($'000), unless stated otherwise, under the option available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the Instrument applies. The presentation and classification of comparative items in the financial report have been adjusted where appropriate to ensure that the disclosures are consistent with the current period.

Impact of Coronavirus ("COVID-19")

For the year ended 30 June 2022, the Group made an attributable loss after tax of $29.3 million (2021: $72.4 million). The Group's net debt at 30 June 2022 was $264.0 million (30 June 2021: $231.4 million). The Group continued to be significantly impacted by COVID-19 throughout the first half of FY2022, due to the ongoing lockdown restrictions resulting in intermittent closures of the Group's cinema operations. The Group's theme park operations have also been impacted by COVID-19 in the first half of the year, operating the parks with restrictions and social distancing requirements, and closures of interstate and international borders.

Late in the first half of FY2022, cinema operations around Australia started to reopen with lock down restrictions being lifted following successful rollouts of COVID-19 vaccines and vaccination targets being met. In mid-December 2021, Queensland border restrictions were lifted, opening the theme parks up to interstate visitors. The peak summer trading period for both the Group's cinema and theme park *operations was adversely impacted by the outbreak of the new Omicron COVID variant. Following the Omicron outbreak, the Group's* cinema operations have performed strongly in the second half of FY2022, with the successful releases of a number of key titles. The Group's theme parks operations also experienced strong trading post Omicron, in particular from the pent up demand from interstate visitors around Easter and school holiday periods.

During the year, the Group continued to implement cost reduction strategies to reduce the impact of COVID-19 on the Group's earnings and cashflow. These strategies include restructuring, deferring all non-essential capital expenditure, and working with landlords for rent relief.

The Group's $229.6 million revolving facility was to mature on 15 January 2022. On 6 October 2021, the Group agreed with its existing lenders to extend the maturity date of its revolving facility to 31 July 2023. The Group received a modification of its debt covenants and they were not tested until 30 June 2022. The Group is in compliance with its debt covenants at 30 June 2022. During the year, the Group has been able to repay $35 million of its Group Finance Facility following its strong earnings and cashflow in the second half of FY2022.

The Directors have undertaken an assessment of the Group's ability to continue as a going concern considering future cash flow and operating forecasts and the ability to comply with financial covenants under the banking agreements with the Group's lenders. The Group's cash flow and operating forecasts assume that there will be no further Government mandated COVID restrictions for the Group's cinema and theme park operations.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

Impact of Coronavirus ("COVID-19") (continued)

The Group's $229.6 million revolving facility is due to mature on 31 July 2023, and therefore at the date that this report was authorised for issue, this facility has become current. At 30 June 2022, $189.6 million of the revolving facility was drawn. The Directors believe that the Group will be successful in refinancing the revolving facility based on the strong trading performance of the Group, expected compliance with covenants and experience with previous successful refinancing transactions.

The Directors consider that the going concern basis of preparation of the financial statements is appropriate on the basis of the Group's expected earnings and cashflow, providing sufficient funding for the foreseeable future, and that future covenant tests are expected to be met.

(b) Statement of compliance and new accounting standards and interpretations

(i) The financial report complies with *Australian Accounting Standards - Simplified Disclosures*.

(ii) The Group has adopted the following amended Australian Accounting Standards and Australian Accounting Standards Board ("AASB") interpretations in the current financial year.

AASB 2021-3: *Amendments to Australian Accounting Standards - COVID-19 Related Rent Concessions Beyond 30 June 2021* : In May 2020 an amendment to AASB 16 *Leases* was issued which provided practical relief to lessees from applying the requirements of lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. Due to many challenges lessees faced during the pandemic, AASB 16 was further amended to extend the coverage of this practical relief from 30 June 2021 to 30 June 2022. Refer to Note 1(c)(v) for further information on the impact to the Group.

(c) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the VRL group as at 30 June each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial report, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully 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. Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(ii) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9: *Financial Instruments,* either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(ii) Business combinations (continued)

An option (put or call) granted over the remaining interest of a business combination where 100% has not been acquired gives rise to a financial liability for the present value of the estimated redemption amount. This amount, less the calculated non-controlling interest amount, gives rise to a debit which is recognised in equity, in the controlled entity acquisition reserve. During each financial reporting period, non-controlling interests continue to receive an allocation of profit or loss which is recognised within equity. At each balance sheet date, the non-controlling interest in equity is de-recognised, and transferred to the financial liability and any difference between the change in fair value of the financial liability and the non-controlling interest de-recognised is charged or credited to the controlled entity acquisition reserve.

(iii) Revenue recognition

The Group is in the business of providing theme park and water park operations, cinema exhibition operations, film distribution operations and sales promotion and loyalty program operations. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) Admissions revenue - box office tickets, gift cards and vouchers and loyalty programs

Box office admissions revenue within the Cinema Exhibition segment is recognised on the date of the film screening. The performance obligation is satisfied when the customer has purchased the ticket and the customer obtains control of the service when they see the film. When a ticket is sold in advance of the screening, revenue is recorded as an unearned revenue liability until the date of the film screening.

The Cinema Exhibition segment sells non-refundable gift cards and vouchers to customers that give customers the right to receive goods or services in the future. The performance obligation is to honour this right, or stand-ready to transfer this right, only to the point that any unredeemed value has not expired within the terms and conditions of purchase. The prepayment amount received from a customer is recognised as an unearned income liability until the time the customer exercises their right and uses the gift card or voucher to purchase goods or services from the Group and the performance obligation is satisfied.

If a customer does not exercise their right, this amount is recognised as breakage revenue. Breakage revenue is recognised in proportion to the pattern of rights exercised by the customer as there is an expectation the Group will be entitled to breakage revenue and that it is considered highly probable a significant reversal will not occur in the future. The breakage rates have been estimated based on historical redemption rates of gift cards and vouchers sold.

The Cinema Exhibition segment operates loyalty programs where a customer can earn points when they purchase cinema tickets and concession items which can be redeemed in the future for goods and services. These loyalty programs give rise to a separate performance obligation as it provides a material right to the customer. The Group allocates a portion of the transaction prices of goods and services to the loyalty points based on relative stand-alone selling prices and deferred until such point as the points are redeemed and the performance obligation satisfied.

(b) Admissions revenue - theme park tickets

Revenue relating to short-term admission tickets within the Theme Parks segment is recognised on the date the ticket is validated upon entry to the theme park. The performance obligation is satisfied when the customer has purchased the ticket and the customer obtains control of the service when they enter the park. When a ticket is sold in advance, the revenue is recorded as an unearned revenue liability until the date the ticket is validated.

The Theme Parks segment sells annual passes which give customers continuous access to the theme parks for a period of 12 months, or the full operating season in the case of seasonal theme parks. Where services were yet to be rendered or visits yet to be made, amounts are recorded as an unearned revenue liability. Revenue is recognised on annual and seasonal passes on a straight-line basis to reflect that these passes give rise to a stand-ready performance obligation over the period to which the customer is entitled to use the theme parks.

An annual pass may also include entry to events which provides a customer with a material right to attend the events. These are separate performance obligations and the transaction price is allocated between these performance obligations and the stand-ready performance obligation based on stand-alone selling prices. Revenue is recognised for these events once they have been held and the performance obligation is satisfied.

(c) Accommodation and conference revenue

Accommodation and conference revenue within the Theme Parks segment is recognised when the customer occupies the hotel room or the day the conference is held. When a hotel room or conference room is sold in advance, the revenue is recorded as an unearned revenue liability until the date the room is occupied or the conference held. The performance obligation is satisfied when the customer obtains control of the accommodation and conference service for each day they occupy the rooms.

1 *CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

(c) Summary of significant accounting policies (continued)

(iii) Revenue recognition (continued)

(d) Film and television licence revenue

The Film Distribution segment grants a licence to a customer for the right to show a film title or television program, as it exists at the point in time the licence is granted. That right is static at that point and there are no changes or on-going involvement from the Group. It is at this point which the customer obtains control of the film title or television program and the performance obligation is satisfied. Revenue is recognised at the start of the licence period based on the available date of the title to the customer. Revenue relating to film titles exhibited at theatres is recognised based on box office performance.

(e) Sales promotion and client loyalty programs revenue

In the Marketing Solutions segment, revenue earned from promotional activities is recognised as the Group satisfies its performance obligations under promotional contracts over time, because the customer simultaneously receives and consumes the benefits provided by the Group. Where promotional contracts span more than one reporting period, the progress of work is based on the assessment of the value of work performed at that date and a contract asset is recognised. The Group acts either as a principal or agent depending on the terms of each contract.

Commissions earned on certain gift card programs is recognised in revenue at a point in time. The performance obligation is satisfied at the time the gift card is sold, as it is at this point those participating can benefit from the gift card program.

(f) Sale of goods - concessions

Revenue from the sale of concession goods in the Cinema Exhibition and Theme Parks segments is recognised at a point in time. The performance obligation is satisfied when the customer obtains control of the goods at the point of sale.

(g) Sale of goods - film and television distribution

The Film Distribution segment sells film and television DVD and Blu-ray goods. Revenue from the sale of these goods is recognised at the point in time when the product reaches the customer or is sold by the customer for those goods sold on consignment. It is at this point when the customer obtains control of the goods as they have the ability to direct the use of and obtain substantially all the remaining benefits from the goods they have received.

Certain contracts with customers provide a right to return goods. The Group accounts for this right of return using an expected value method as this method best predicts the amount of variable consideration to which the Group will be entitled. The amount of revenue related to the expected returns is deferred and a corresponding adjustment to cost of sales is also deferred, and the Group separately presents a refund liability and an asset for the right to recover products from a customer.

(h) Sponsorship revenue

Revenue from sponsorship agreements in the Cinema Exhibition and Theme Parks segments is generally recognised on a straight-line basis as the performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits provided by the Group over the period of the agreement.

(i) Screen advertising revenue

Revenue from screen advertising in the Cinema Exhibition segment is recognised as the performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits as the Group makes the cinema available for screening and transfers the control of the screening of advertisements to the customer over the period of the agreement.

(j) Interest income

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(k) Rental income

Rental income is recognised on a straight-line basis over the life of the lease.

(l) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(m) Unearned income

Unearned income is a contract liability which is the obligation to transfer goods or services to a customer for which the Group has received consideration, or is due consideration, from the customer. If a customer pays consideration in advance before the Group transfers goods or services to the customer, an unearned income liability is recognised.

(n) Contract assets

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(iv) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to qualifying assets. Where directly attributable to a qualifying asset, borrowing costs are capitalised as part of the cost of that asset.

(v) Leases

The Group has entered into leases for cinemas, offices and other operational location sites. Property leases typically are for a period of up to 25 years and often have extension options. Plant & equipment and rides & attractions leases are typically for a period of 1 to 5 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In the Statement of Cash Flows, the finance cost is recognised in cash flows from operating activities, and the lease payment allocated to the liability is recognised in cash flows from financing activities. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating a lease, if the lease term reflects the Group exercising that option.

The Group has applied the practical expedient to account for lease and non-lease components as a single component.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. Where the interest rate implicit in the lease cannot be readily determined, the lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before commencement date, less any lease incentives received;
- Any initial direct costs; and
- An estimate of restoration or make good costs (refer to Note 18).

The Group applies the short-term lease recognition exemption to leases with terms of 12 months or less and the low value asset recognition exemption to leases of assets that are considered low value. Payments associated with short-term leases and leases of low value assets are expensed on a straight-line basis in the Statement of Comprehensive Income.

The Group is required to pay percentage rent on certain leases. Percentage rent is payable as either Incentive Rent or Revenue Share. Incentive rent occurs when the lease creates a liability to pay the lessor a percentage of the Gross Receipts when a cinema site's earnings exceed the base threshold. Gross receipts are generally made up of box office takings, concession sales and screen advertising, but also may include revenue from licence fees, arcade games and the sale of promotional material. As these payments are variable and dependent on the use of the leased asset (and not dependent on an index), percentage rent is expensed as incurred.

COVID-19-related rent concessions - amendment to AASB 16 Leases

In May 2020, the International Accounting Standards Board ("IASB") issued *COVID-19-related Rent Concessions - Amendment to AASB 16 Leases*. This amendment provides practical relief to lessees from applying the requirements of lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. Rent concessions include rent waivers, rent deferrals and rent reductions or abatements for a period of time, possibly followed by increased rent payments in future periods. This amendment does not impact the requirements where the Group is the lessor.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession is a lease modification. The Group has elected to apply this practical expedient to all rent concessions that it has received during the years ended 30 June 2021 and 30 June 2022 that meets the conditions for the practical expedient. The Group has accounted for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification. For the year ended 30 June 2022, the Group has recognised $3.9 million (2021: $13.1 million) in the Statement of Comprehensive Income to reflect changes in lease payments that have arisen from this applying this practical expedient.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2022

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies *(continued)*

(vi) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(vii) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at their transaction price in accordance with AASB 15: Revenue from Contracts with Customers, and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts. Collectability of trade receivables is reviewed on an ongoing basis. Bad debts are written off when identified. Objective evidence takes into account financial difficulties of the debtor, default payments or if there are debts outstanding longer than agreed terms. Refer 1(c)(x) to accounting policies of impairment of financial assets for when an allowance for expected credit losses is recognised.

(viii) Inventories

Inventories are valued at the lower of cost and net realisable value and are accounted for on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(ix) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps, caps and collars (floors and caps) to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as effective cash flow hedges, are taken directly to profit or loss for the year. The fair values of forward currency contracts and interest rate swaps, caps and collars are determined by reference to valuations provided by the relevant counterparties, which are reviewed for reasonableness by the Group using discounted cash flow models. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that are attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction. A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. Where a hedge meets the strict criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(ix) Derivative financial instruments and hedging (continued)

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction.

(x) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

(a) Financial assets at amortised cost

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets, the Group applies the simplified approach permitted by AASB 9: *Financial Instruments,* which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 30. The Group does not hold collateral as security.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

(c) Equity instruments at FVOCI

Equity instruments designated at FVOCI are not subject to impairment assessment and amounts recognised in other comprehensive income are not reclassified to the profit or loss upon disposal.

(xi) Foreign currency translation

Both the functional and presentation currency of the Company and the majority of its Australian subsidiaries is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of subsidiaries with functional currencies other than Australian dollars are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date and their profit or loss items are translated at the weighted average exchange rate for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(xii) Discontinued operations and assets held for sale

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Statement of Comprehensive Income.

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell if the carrying amount will be recovered principally through a sale transaction. These assets are not depreciated or amortised following classification as held for sale. For an asset or disposal group to be classified as held for sale, it must be available for sale in its present condition and its sale must be highly probable.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xiii) Investments in associates and joint ventures

The Group's investments in associates and joint ventures are accounted for using the equity method of accounting in the consolidated financial statements. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, an investment in an associate or joint venture is carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate or joint venture. The consolidated Statement of Comprehensive Income reflects the Group's share of the results of operations of the associate or joint venture.

Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this in the consolidated Statement of Changes in Equity. Adjustments are made to bring into line any dissimilar reporting dates or accounting policies that may exist.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

(xiv) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its interest in joint operations by recognising its share of the assets that the operations control and the liabilities incurred. The Group also recognises its share of the expenses incurred and the income that the operations earn from the sale of goods or services.

(xv) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are measured based on the expected manner of recovery of carrying value of an asset or liability. The expected manner of recovery of indefinite life intangible assets is through sale and not use.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits 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 credits and unused tax losses can be utilised, except:

- when the deferred income 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 or loss nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The initial recognition exemption is not applied to deferred tax related to assets and liabilities arising from a single transaction (including leases).

The carrying amount of deferred income tax assets is reviewed at each reporting 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 income tax asset to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income 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 reporting date. Income taxes relating to items recognised directly in other comprehensive income are recognised in other comprehensive income, and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2022

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xv) Income tax (continued)

Tax Consolidation

For Australian income tax purposes, various entities in the Group have formed a Tax Consolidated group with the head entity VRG HoldCo Pty. Ltd., and have executed a combined Tax Sharing and Tax Funding Agreement ("TSA") in order to allocate income tax expense to the relevant wholly-owned entities predominantly on a stand-alone basis. In addition, the TSA provides for the allocation of income tax liabilities between the entities should the head entity default on its income tax payment obligations to the Australian Taxation Office.

Tax effect accounting by members of the Tax Consolidated Group

Under the terms of the TSA, wholly owned entities compensate the head entity for any current tax payable assumed and are compensated for any current tax receivable, and are also compensated for deferred tax assets relating to unused tax losses or unused tax credits that are recognised on transfer to the head entity under tax consolidation legislation. The funding amounts are determined at the end of each six month reporting period by reference to the amounts recognised in the wholly-owned entities' financial statements, determined predominantly on a stand alone basis. Amounts receivable or payable under the TSA are included with other amounts receivable or payable between entities in the Group.

(xvi) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST 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, which are stated with the amount of GST included.

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

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xvii) Property, plant & equipment

Property, plant & equipment is stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Buildings and improvements are depreciated over the lesser of any relevant lease term and 40 years, using the straight-line method.
- Plant, equipment and vehicles are depreciated over periods of between three and 25 years using the straight-line method.

Pooled animals are classified as part of property, plant & equipment and are not depreciated.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end, and when acquired as part of a business combination.

Impairment

The carrying values of property, plant & equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant & equipment is the higher of fair value less costs of disposal and value in use. In assessing fair value less costs of disposal, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the estimated price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

De-recognition and disposal

An item of property, plant & equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies *(continued)*

(xviii) Investments and other financial assets

Financial assets in the scope of AASB 9: *Financial Instruments* are classified as those to be measured subsequently at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss ("FVPL"). The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

(a) Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. The Group's financial assets at amortised cost includes trade and other receivables.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the profit or loss.

(c) Financial assets at fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as revenue when the Group's right to receive payments is established.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(xix) Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the fair value of the consideration transferred over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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 acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with AASB 8: *Operating Segments* .

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xx) Intangible assets

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

Brand names
Useful lives: Indefinite
Amortisation method used: No amortisation
Internally generated or acquired: Acquired
Impairment testing: Annually and more frequently when an indication of impairment exists.

Film distribution rights
Useful lives: Finite
Amortisation method used: Amortised over estimated useful lives which range from 1 to 25 years.
Internally generated or acquired: Acquired
Impairment testing: When an indication of impairment exists. The amortisation method and remaining useful life are reviewed at each financial year-end.

Software and other intangibles
Useful lives : Finite
Amortisation method used: Amortised over estimated useful lives which range from 2 to 25 years. The estimated useful life remaining is in the range of 2 to 15 years.
Internally generated or acquired: Acquired
Impairment testing: When an indication of impairment exists. The amortisation method and remaining useful life are reviewed at each financial year-end.

Assets that are classified as having an indefinite life are the brand names in the Theme Parks division. This conclusion has been based on the length of time that the brands have been in existence, and the fact that they have an established market presence.

(xxi) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset, other than goodwill and intangible assets with an indefinite useful life, 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 its fair value less costs of disposal 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 and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the nature of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also 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 recoverable amount is estimated. Other than goodwill, a previously recognised impairment loss is reversed only if there has been a change in the estimates 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 profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a 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 its remaining useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2022

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xxii) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(xxiii) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the 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 rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

(xxiv) 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(xxv) Employee leave benefits

Wages, salaries, annual leave and sick leave

Provision is made for wages and salaries, including non-monetary benefits, and annual leave in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. The value of the employee share incentive scheme is being charged as an employee benefits expense. Refer to Note 1(c)(xxvi) for the share-based payment transactions policy.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(xxvi) Share-based payment transactions

In December 2020, VRL was acquired by an entity controlled by funds managed by BGH Capital Pty. Ltd ("BGH"). Prior to BGH's acquisition of VRL, the Group provided benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The plan in place to provide these benefits was the Company's Executive Share Plan. The grant of rights under the Executive Share Plan and Loan Facility are treated as 'in substance options', even where the equity instrument is not an option.

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using either the Monte Carlo, binomial or Black-Scholes models. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of VRL (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

1 *CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* (continued)

(c) Summary of significant accounting policies (continued)

(xxvi) Share-based payment transactions (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Shares in the Group relating to the various employee share plans and which are subject to non-recourse loans are deducted from equity. *The employee share plan was cancelled on 29 December 2020 following the acquisition of VRL by BGH. Refer to Note 26.*

(xxvii) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the buyback of shares are shown in equity, net of tax, as part of the buyback cost.

(xxviii) Financial guarantees

Financial guarantee is initially recognised at fair value as the economic benefit to the guarantee holder. Subsequently at each reporting date, guarantees are measured at the higher of the expected credit loss allowance or the amount initially recognised less cumulative amortisation.

(xxix) Film distribution royalties

Film distribution royalties represent the consolidated entity's minimum guaranteed royalty commitments to licensors in return for the acquisition of distribution rights. The commitments can be for either the life of contract or part thereof. On entering into the agreement the commitments are brought to account in the Statement of Financial Position as assets and liabilities (the latter in respect of any unpaid components).

Film distribution royalties are expensed in line with the exploitation of the distribution rights. At the time the distribution rights are first exploited, a forecast of the lifetime earnings and royalties is made and any impairment is immediately taken to profit or loss. The forecast royalties are then reviewed and revised over the commitment period to ensure the carrying amount is equal to the lesser of the expected future royalties to be generated or the balance of the minimum guaranteed royalties.

(xxx) Government grants and assistance

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. Government grants relating to an asset are presented in the Statement of Financial Position as unearned revenue.

Government grants and assistance that compensate for costs incurred are deferred and recognised in the Statement of Comprehensive Income on systematic basis over the period in which the costs are recognised. Government grants and assistance that compensate for costs are presented in the Statement of Comprehensive Income as other income.

(xxxi) Sale and long-term leaseback

Following the sale and long-term leaseback of the VRL group's freehold land on the Gold Coast, in December 2017, this transaction was treated as a sale and finance leaseback in accordance with the previous lease accounting standard, AASB 117, *Leases*. The initial lease term is for 30 years, with 6 further terms of 10 years each (at the VRL group's option), with the maximum lease term of 90 years. The VRL group also has a number of repurchase options at various points throughout the contractual term. Given the lease calculations have assumed the land will be repurchased after 25 years, consistent with the VRL group's previous accounting policy to not depreciate land, the lease asset will not be amortised. The calculated gain on sale of the land of $73.7 million was deferred. Refer to Note 19 for the unearned revenue balances at the end of the year. The unearned revenue has been recognised as other income in the profit or loss and has been spread over the minimum lease term (currently assessed at 25 years). Refer to Note 2(c).

(d) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, or group of cash-generating units, to which the goodwill and intangibles with indefinite useful lives are allocated. Refer to Note 9.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements, estimates and assumptions (continued)

(ii) Impairment of film distribution royalties

The Group determines whether film distribution royalties are impaired at least at each reporting date. This requires an estimation of the recoverable amount of the film distribution royalties based on calculations of the discounted cash flows expected to be received in relation to the royalties. Refer to Note 10(b).

(iii) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are some transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due (refer to Note 23(a)(ii)). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which such determination is made.

(iv) Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses for impairment of assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger is identified, the recoverable amount of the asset is determined. Refer to Notes 14 and 15.

(v) Estimated selling prices - loyalty programs

The Group estimates the stand-alone selling price of points awarded under the loyalty programs in the Cinema Exhibition segment. The Group ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. Any significant changes in customers' redemption patterns will impact the value of the points issued.

(vi) Gift card and voucher breakage rates

The Group estimates the amount of breakage revenue on gift card and voucher sales in the Cinema Exhibition segment. When estimating any breakage amount, the Group has to consider the constraint on variable consideration. The Group expects it will be entitled to breakage revenue and that it is considered highly probable a significant reversal will not occur in the future. If the Group's expectation changes and it does not expect to be entitled to a breakage amount, it would not recognise any breakage amounts as revenue until the likelihood of the customer exercising their right becomes remote. The Group applies statistical projection methods in its estimation of the breakage rates based on historical redemption rates of gift cards and vouchers sold. Any significant changes in customers' redemption patterns, or the period of time the customer has to redeem their gift card and voucher, will impact the breakage rates applied and the value of breakage revenue recognised. Due to the COVID-19 pandemic and the mandatory closures of cinema sites, this has impacted the ability of a customer to redeem their gift card or voucher. As a result, expiry dates on gift cards and vouchers were extended by the period the cinemas are closed. This has not had a material impact on breakage rates applied.

(vii) Extension and termination options

Extension options are included in most property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, there is an assessment of the length of the period a lease contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party, with no more than an insignificant penalty.

Management considers all facts and circumstances that create an economic incentive to exercise an extension term or option not to terminate the lease. Extension options and options not to terminate are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment and that is within control of the lessee.

(viii) Incremental borrowing rate used in assessing lease liability balances

If and when the Group cannot readily determine the interest rate implicit in the lease, it uses the lessee's incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available, and is required to make certain estimates such a credit rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2022

2 REVENUE AND OTHER INCOME

(a) Disaggregation of Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers by type of services or goods.

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKET NG SOLUTIONS		OTHER		TOTAL	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Revenue from contracts with customers												
Types of services:												
Admissions	100,198	71,369	129,068	68,336	-	-	-	-	-	-	229,266	139,705
Admissions - annual and season passes	45,287	38,116	-	-	-	-	-	-	-	-	45,287	38,116
Accommodation and conferences	33,735	26,604	-	-	-	-	-	-	-	-	33,735	26,604
Film and television licencing	-	-	-	-	78,108	112,070	-	-	-	-	78,108	112,070
Sales promotions and client loyalty programs	-	-	-	-	-	-	66,277	51,839	-	-	66,277	51,839
Other	396	5,243	15,408	9,933	2,385	1,188	-	-	258	199	18,447	16,563
Total revenue with customers - services	179,616	141,332	144,476	78,269	80,493	113,258	66,277	51,839	258	199	471,120	384,897
Types of goods:												
Film and television distribution	-	-	-	-	20,843	32,267	-	-	-	-	20,843	32,267
Concessions	95,719	79,185	69,366	36,348	-	-	-	-	-	-	165,085	115,533
Total revenue with customers - goods	95,719	79,185	69,366	36,348	20,843	32,267	-	-	-	-	185,928	147,800
Total revenue from contracts with customers	**275,335**	**220,517**	**213,842**	**114,617**	**101,336**	**145,525**	**66,277**	**51,839**	**258**	**199**	**657,048**	**532,697**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2022

	2022 $'000	2021 $'000
2 REVENUE AND OTHER INCOME (continued)		
(b) Revenue		
Revenue from contracts with customers	657,048	532,697
Finance revenue	359	365
Rental income	16,802	9,099
Dividends received	587	-
Total revenue	674,796	542,161
(c) Other income		
Management fees from -		
Other entities	4,152	3,585
Associates	206	628
Gain on disposal of business (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	3,389	-
Profit on lease term reassessment (refer Note 15)	1,257	-
Deferred gain from sale and leaseback of land	2,948	2,948
Other[1]	18,450	84,356
Total other income	30,402	91,517

1 During the year ended 30 June 2022, the Theme Parks segment continued to receive an Australian Federal Government grant under the Supporting Australia's Exhibiting Zoos and Aquariums program. The Theme Parks segment also received a Queensland State Government grant under the Tourism and Hospitality Sector Hardship Program. The Theme Parks segment recognised $10.4 million (2021: $7.6 million) relating to these grants within Other Income.

During the year ended 30 June 2022, the Exhibition segment received several Victorian State Government grants relating to cinema and hospitality venues. The Exhibition segment recognised $2.2 million (2021: nil) relating to these grants within Other Income.

During the year ended 30 June 2021, the Group recognised income relating to the Australian Federal Government's JobKeeper wage subsidy program, up until March 2021 when the program ended. The Group recognised $73.7 million of income relating to this subsidy within Other Income.

(d) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	30 June 2022 $'000	*30 June* 2021 $'000
Trade receivables, which are included in Trade and other receivables	41,474	44,892
Contract assets, which are included in Trade and other receivables	7,341	3,524
Unearned revenue (contract liabilities)	88,406	72,889

Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

(e) Right of return assets and refund liabilities

	30 June 2022 $'000	30 June 2021 $'000
Right of return assets	33	343
Refund liabilities -		
Arising from retrospective rebates	156	83
Arising from rights of return	748	5,339

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2022

	2022 $'000	2021 $'000
3 EXPENSES FROM CONTINUING OPERATIONS		
(a) Expenses excluding finance costs		
Employee expenses -		
Employee benefits	14,645	16,365
Defined contribution superannuation expense	15,705	14,022
Share-based payment expense	-	939
Remuneration and other employee expenses	184,017	187,448
Total employee expenses	214,367	218,774
Cost of goods sold	98,213	83,935
Occupancy expenses -		
Operating lease expenses	1,869	616
Expenses relating to variable contingent rental payments (refer Note 1(c)(v))	(3,908)	(13,133)
Other occupancy expenses	23,845	22,129
Total occupancy expenses	21,806	9,612
Film hire and other film expenses	103,595	86,798
Depreciation of -		
Buildings & improvements	4,480	4,378
Plant, equipment & vehicles	36,933	40,879
Right-of-use assets (refer Note 15)	34,192	31,490
Amortisation of -		
Leasehold improvements	10,989	10,217
Software & other intangibles	8,641	10,652
Total depreciation and amortisation	95,235	97,616
Net loss on disposal of property, plant & equipment	442	-
Net foreign currency (gains) losses	(888)	931
Impairment of assets (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	870	410
Management and services fees paid	3,137	2,994
Theme park operating expenses	38,125	34,897
Repairs and maintenance	28,622	20,668
Advertising and promotions	31,626	45,165
Restructuring costs (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	2,548	25,284
Allowance for expected credit loss (reversed)	748	(706)
Bad debts written off (recovered)	37	(8)
Other expenses	51,534	44,617
Total expenses excluding finance costs	690,017	670,987
(b) Finance costs		
Interest on debts and borrowings	23,919	20,495
Interest on lease liabilities (refer Note 15)	31,047	27,170
Other	1,618	2,139
Total finance costs before finance restructuring costs	56,584	49,804
Finance restructuring costs (for 2021 refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	-	5,265
Total finance costs	56,584	55,069

4 INCOME TAX

(a) Major components of income tax benefit from continuing operations for the years ended 30 June 2022 and 2021 are:

	2022 $'000	2021 $'000
Statement of Comprehensive Income		
Current income tax:		
Current income tax benefit (expense)	2,518	(13,221)
Deferred income tax:		
Relating to origination and reversal of temporary differences	(17,396)	8,304
Transfer of deferred tax assets to non-current trade and other receivables	-	27,505
Transfer of current period revenue tax losses to non-current trade and other receivables	20,716	-
Movements taken up in Other Comprehensive Income instead of income tax benefit	4,483	(3,858)
Income tax benefit reported in Statement of Comprehensive Income - continuing operations	10,321	18,730

	2022 $'000	2021 $'000
4 INCOME TAX *(continued)*		
(b) A reconciliation of income tax benefit applicable to accounting loss before income tax at the statutory income tax rate to income tax benefit at the Group's effective income tax rate is as follows:		
Net loss before income tax	(38,174)	(91,749)
At the statutory income tax rate of 30% (2021: 30%)	11,452	27,525
Adjustments in respect of current income tax of previous years	(1,533)	(2)
Non-assessable income / expense reversals	307	414
Non-deductible expenses	(1,217)	(2,401)
After-tax equity-accounted profits included in pre-tax loss	969	189
Net profits (losses) of overseas subsidiaries not brought to account	1,628	(769)
Other	(1,285)	(6,226)
Total income tax benefit - continuing operations - at effective tax rate of 27.0% (2021: 20.4%)	10,321	18,730

	CONSOLIDATED STATEMENT OF FINANCIAL POSITION		CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
(c) Deferred tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities:				
Property, plant & equipment	11,505	11,949	444	2,873
Right-of-use assets	23,917	23,917	-	-
Film distribution royalties	13,319	9,831	(3,488)	3,653
Intangible assets	1,671	1,726	55	(392)
Unrealised foreign currency gains	5,879	2,542	(3,337)	4,057
Derivatives	1,683	62	(1,621)	11
Trade and other receivables	-	-	-	5,586
Other	637	471	(166)	1,265
Net-down with deferred tax assets	(58,573)	(50,476)	-	-
Total deferred income tax liabilities	38	22		
Deferred tax assets:				
Post-employment benefits	7,970	8,332	(362)	979
Property, plant & equipment	17,333	18,405	(1,072)	(956)
Lease liabilities	53,661	51,167	2,494	859
Sundry creditors and accruals	4,498	8,122	(3,624)	2,128
Provisions and unrealised foreign currency losses	952	1,638	(686)	(649)
Unearned income	25,351	25,480	(129)	1,387
Derivatives	14	164	(150)	49
Benefits from revenue losses and prepaid income tax	-	-	-	(21,135)
Capitalised expenses	4,290	5,561	(1,271)	5,561
Other	-	-	-	(830)
Net-down with deferred tax liabilities	(58,573)	(50,476)	-	-
Total deferred income tax assets	55,496	68,393		
Deferred income tax benefit			(12,913)	4,446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2022

4 INCOME TAX (continued)

Village Roadshow Pty. Ltd. - Tax Consolidation

Effective from 1 July 2003, and up to 29 December 2020, following the acquisition of VRL by BGH, VRL and its relevant wholly-owned entities had formed a Tax Consolidated group. Members of the Tax Consolidated group had executed a combined Tax Sharing and Tax Funding Agreement ("TSA") in order to allocate income tax expense to the wholly-owned entities predominantly on a stand-alone basis. In addition, the TSA provided for the allocation of income tax liabilities between the entities should the head entity default on its income tax payment obligations to the Australian Taxation Office. The head entity of the Tax Consolidated group was VRL. On 29 December 2020, VRL and its relevant wholly-owned entities formed part of a new Tax Consolidated group, with VRG Holdco Pty. Ltd. as the head entity. A new TSA has been executed on similar terms as the existing agreement. The benefits of revenue tax losses and tax provisions were transferred to VRG Holdco Pty. Ltd. from VRL, and at 30 June 2022, $46.8 million (2021: $26.1 million) had been recognised within non-current trade and other receivables.

5 DIVIDENDS DECLARED

(a) Declared during the year

There were no dividends declared during the year (2021: nil).

(b) Declared subsequent to year-end

There were no dividends declared subsequent to year-end (2021: nil).

	2022 $'000	2021 $'000
6 CASH AND CASH EQUIVALENTS / FINANCING FACILITIES		
(a) Reconciliation of cash		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash on hand and at bank[1]	97,959	165,435
Deposits at call	872	351
Total cash and cash equivalents - continuing operations	98,831	165,786

1 Cash on hand and at bank includes $2.0 million (2021: $0.7 million) of cash held on behalf of customers which is restricted and held in separate bank accounts and used for payment of promotional rebates. This balance cannot be called upon should the Group become insolvent.

(b) Financing facilities available

At reporting date, the following financing facilities were available:

	2022 $'000	2021 $'000
Total facilities	404,593	403,772
Facilities used at reporting date	364,593	398,772
Facilities unused at reporting date	40,000	5,000

As at the date of this report, there were undrawn amounts under VRL's financing facilities of $40.0 million.

7 TRADE AND OTHER RECEIVABLES

	2022 $'000	2021 $'000
Current:		
Trade and other receivables	62,901	61,417
Allowance for expected credit losses	(1,558)	(816)
Total current	61,343	60,601
Non-current:		
Trade and other receivables	49,471	27,729
Loans receivable	7,073	1,575
	56,544	29,304
Due from associates	7,464	35,958
Allowance for expected credit losses	(7,464)	(35,958)
	-	-
Total non-current	56,544	29,304

	2022 $'000	2021 $'000
8 INVENTORIES		
Current:		
Merchandise held for resale - at cost	25,636	20,773
Provision for stock loss	(1,059)	(219)
Total inventories	24,577	20,554

Note: Cost of goods sold expense is represented by amounts paid for inventories - refer Note 3(a).

9 GOODWILL AND OTHER INTANGIBLE ASSETS

FOR THE YEAR ENDED 30 JUNE 2022

	Goodwill $'000	Brand Names[1] $'000	Software & Other $'000	Total $'000
At 1 July 2021				
Cost	295,319	31,680	113,838	440,837
Accumulated amortisation and impairment	(169,627)	(4,020)	(89,023)	(262,670)
Net carrying amount	125,692	27,660	24,815	178,167
Year ended 30 June 2022				
At 1 July 2021, net of accumulated amortisation and impairment	125,692	27,660	24,815	178,167
Additions / transfers	-	-	999	999
Net currency movements arising from investments in foreign operations	(1,579)	-	(41)	(1,620)
Disposals	-	-	(58)	(58)
Amortisation (refer Note 3(a))	-	-	(8,641)	(8,641)
Net carrying amount	124,113	27,660	17,074	168,847
At 30 June 2022				
Cost	293,740	31,680	113,572	438,992
Accumulated amortisation and impairment	(169,627)	(4,020)	(96,498)	(270,145)
Net carrying amount	124,113	27,660	17,074	168,847
At 30 June 2021				
Cost	295,319	31,680	113,838	440,837
Accumulated amortisation and impairment	(169,627)	(4,020)	(89,023)	(262,670)
Net carrying amount	125,692	27,660	24,815	178,167

1 In 2022 and 2021, all of the brand names relate to the Village Roadshow Theme Parks group.

Impairment

Goodwill and indefinite life intangible assets are tested at least annually for impairment based upon the recoverable amount of the cash generating units ("CGU's") or group of CGU's to which the goodwill and indefinite life intangibles have been allocated. In the year ended 30 June 2022, no impairment charge has been recognised against goodwill and other intangible assets (2021: nil).

Brand names:

Brand names owned by the Village Roadshow Theme Parks group are classified as indefinite life intangible assets and are therefore subject to annual impairment testing. For the purposes of impairment testing the relevant brand names form part of the Australian Theme Parks CGU (2022: $27.7 million, 2021: $27.7 million).

	2022 $'000	2021 $'000
10 OTHER ASSETS AND FILM DISTRIBUTION ROYALTIES		
(a) Other Assets		
Current:		
Prepayments	6,850	3,889
Work in progress	490	327
Other assets	172	289
Total other assets	7,512	4,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2022

	2022 $'000	2021 $'000
10 OTHER ASSETS AND FILM DISTRIBUTION ROYALTIES (continued)		
(b) Film Distribution Royalties		
Opening balance	43,117	54,279
Additions	57,306	43,209
Foreign currency movements	967	(597)
Film hire and other film expenses	(43,900)	(53,774)
Closing balances	57,490	43,117
Current film distribution royalties	30,710	18,130
Non-current film distribution royalties	26,780	24,987
Total film distribution royalties	57,490	43,117

11 INVESTMENTS - EQUITY-ACCOUNTED

	2022 $'000	2021 $'000
Non-current:		
Investments - equity-accounted	31,994	27,026

(a) Village Roadshow Entertainment Group business ("VREG") consisting of Village Roadshow Entertainment Group (BVI) Limited
The VRL group owns 2.5% (2021: 20%) of the ordinary shares in VREG.

The investment in VREG was previously equity-accounted, and as a result of the significant negative net asset position of VREG, the carrying value of the net investment had been written down to nil due to the recognition of accumulated losses, so that the VRL group had no carrying value for accounting purposes. On 18 August 2021, the Group's holding in VREG was reduced to 2.5% and the Group ceased equity-accounting its investment in VREG. VREG was previously classified as an associate for accounting purposes, and it is noted that all VREG debt is non-recourse to the VRL group.

In the year ended 30 June 2022, the equity-accounted share of VREG's result after tax was nil (2021: nil), and the VRL group did not receive *any dividends from VREG (2021: nil).*

(b) FilmNation Entertainment LLC ("FilmNation"):
The VRL group owns 31.03% (2021: 31.03%) of the ordinary shares in FilmNation. FilmNation is classified as an associate for accounting purposes.

In the year ended 30 June 2022, the equity-accounted share of FilmNation's profit after tax was $3.2 million (2021: $0.6 million). The VRL group received dividends of $0.8 million in relation to the year ended 30 June 2022 from FilmNation (2021: nil).

12 INTERESTS IN JOINT OPERATIONS
Names and principal activities of joint operations held by entities in the Group in those joint operations:

NAME	PRINCIPAL ACTIVITY
Australian Theatres	Cinema operator
Browns Plains Multiplex Cinemas	Cinema operator
Carlton Nova / Palace	Cinema operator
Castle Towers Multiplex Cinemas	Cinema operator
Loganholme Cinemas	Cinema operator
Morwell Multiplex Cinemas	*Cinema operator*
Mt. Gravatt Multiplex Cinemas	Cinema operator
TG-VR Australia	Sports entertainment operator
Village / GUO / BCC Cinemas	Cinema operator
Village / Sali Cinemas Bendigo	Cinema operator
Village Warrnambool Cinemas	Cinema operator
Werribee Cinemas	Cinema operator

There were no impairment losses in the joint operations.

Share of contingent assets and contingent liabilities incurred jointly with other partners - refer Note 23 for disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2022

13 SUBSIDIARIES

The consolidated financial statements of the Group include: incorporate 100% of the assets, liabilities and results of the following wholly owned subsidiaries unless otherwise stated[1]:

Incorporated in Australia

DEG Holdings Pty. Limited
Entertainment of The Future Pty. Limited
Movie World Holdings Joint Venture
MyFun Pty. Limited
Reel DVD Pty. Limited
Roadshow Distributors Pty. Limited[4]
Roadshow Films Pty. Limited[4]
Roadshow Pay Movies Pty. Limited
Roadshow Productions Pty. Limited
Roadshow Television Pty. Limited
Roadshow Unit Trust
RP Rough Trick Pty. Limited[2,5]
RPRD #1 Pty. Limited[5]
RPRD #2 Pty. Limited[5]
RPRD #3 Pty. Limited[5]
RPRD #4 Pty. Limited[5]
RPRD #5 Pty. Limited[5]
RPRD #6 Pty. Limited[2,5]
RPRD #7 Pty. Limited[2,5]
Sea World Foundation Limited[2]
Sea World Management Pty. Limited
Sea World Property Trust
Sincled Investments Pty. Limited
Village Cinemas Australia Pty. Limited[4]
Village Golf Australia Pty. Limited[7]
Village Golf Holdings Pty. Limited[4]
Village Online Investments Pty. Limited
Village Roadshow Australian Films Pty. Limited
Village Roadshow Digital Pty. Limited[4]
Village Roadshow East Coast Pty. Limited
Village Roadshow Exhibition Pty. Limited
Village Roadshow Group Services Pty. Limited
Village Roadshow Holdings Pty. Limited
Village Roadshow Intencity Pty. Limited
Village Roadshow IP Pty. Limited
Village Roadshow Leisure Pty. Limited
Village Roadshow Pictures International Pty. Limited
Village Roadshow Pictures Television Pty. Limited
Village Roadshow Share Plan Pty. Limited
Village Roadshow SPV1 Pty. Limited
Village Roadshow Theatres Pty. Limited[4]
Village Roadshow Theme Parks Pty. Limited[4]
Village Roadshow Treasury Pty. Limited
Village Roadshow UK Holdings Pty. Limited
Village Roadshow USA Holdings Pty. Limited
Village Theatres Morwell Pty. Limited[10]
VR - Big Croc Pty. Limited
VR Corporate Services Pty. Limited

Incorporated in Australia (continued)

VR ESP Finance Pty. Limited
VR Leisure Holdings Pty. Limited
VRPPL Pty. Limited
VRS Holdings Pty. Limited
VRTP Entertainment Pty. Limited
VRTP Services Pty. Limited
WB Properties Australia Pty. Limited
WSW Units Pty. Limited

Incorporated in China

Village Roadshow Theme Parks Operations (Hainan) Limited[3]
Village Roadshow Theme Parks Operations (Yunnan) Co. Limited[3]
Village Roadshow Theme Parks Operations (Zhuhai) Co. Limited

Incorporated in Fiji

Village Roadshow (Fiji) Limited[3]

Incorporated in Hong Kong

Village Roadshow Holdings Hong Kong Limited

Incorporated in New Zealand

Roadshow Entertainment (NZ) Limited

Incorporated in Russia

Opia Russia Limited[3,6]

Incorporated in Switzerland

Opia Switzerland SAGL[2,6]

Incorporated in South Africa

Halo Promo Risk SA (Pty) Limited[6]

Incorporated in the United Kingdom

Countrywide Property Investments (UK) Limited[6]
Edge Loyalty Europe Limited[3,11]
Edge UK Holdings Limited
Halo Promo Risk Limited[6]
Opia International (UK) Limited[6]
Opia Limited[6]
Summit Digital Limited[6]
Village Theatres 3 Limited

Incorporated in the United States

Opia LP[3,6]
Opia US Inc.[6]
The Waterpark LLC[3,8]
The Waterpark Management LLC[3,9]
Village Roadshow Attractions USA Inc.
Village Roadshow Investments Holdings USA Inc.

1 Foreign subsidiaries carry out their business activities in the country of incorporation.
2 Entity purchased or incorporated during the year.
3 Entity sold or dissolved during the current year.
4 Member of the Deed of cross guarantee, as disclosed in Note 32.
5 99% owned.
6 85% owned.
7 66.67% owned.
8 50.09% owned.
9 50% owned.
10 75% owned.
11 80% owned.

	2022 $'000	2021 $'000
14 PROPERTY, PLANT & EQUIPMENT		
Land:		
At cost	3,102	8,273
Buildings & improvements:		
At cost	145,374	155,384
Less depreciation and impairment	(69,025)	(75,884)
	76,349	79,500
Capital work in progress:		
At cost	59,841	57,859
Leasehold improvements:		
At cost	318,781	314,741
Less amortisation and impairment	(190,366)	(178,989)
	128,415	135,752
Plant, equipment & vehicles:		
At cost	766,487	756,212
Less depreciation and impairment	(526,723)	(523,501)
	239,764	232,711
Total net carrying amount	507,471	514,095

At 30 June 2022, the net book value of buildings & improvements and plant, equipment & vehicles being leased out as operating leases was $17.9 million and $2.1 million (2021: $18.5 million and $2.5 million), respectively.

	2022 $'000	2021 $'000
(a) Reconciliations		
Land:		
Carrying amount at beginning	8,273	8,767
Disposals	(5,376)	-
Net foreign currency movements arising from investments in foreign operations	205	(494)
Carrying amount at end	3,102	8,273
Buildings & improvements:		
Carrying amount at beginning	79,500	84,493
Additions / transfers	6,796	(62)
Net foreign currency movements arising from investments in foreign operations	223	(553)
Disposals	(5,690)	-
Depreciation expense	(4,480)	(4,378)
Carrying amount at end	76,349	79,500
Capital work in progress:		
Carrying amount at beginning	57,859	45,594
Additions	22,364	22,557
Net foreign currency movements arising from investments in foreign operations	8	(25)
Disposals	(153)	-
Transfers	(20,237)	(10,267)
Carrying amount at end	59,841	57,859
Leasehold improvements:		
Carrying amount at beginning	135,752	135,469
Additions / transfers	4,277	10,500
Disposals	(625)	-
Amortisation expense	(10,989)	(10,217)
Carrying amount at end	128,415	135,752

	2022 $'000	2021 $'000
14 PROPERTY, PLANT & EQUIPMENT (continued)		
(a) Reconciliations (continued)		
Plant, equipment & vehicles:		
Carrying amount at beginning	232,711	245,930
Additions / transfers	44,931	27,838
Net foreign currency movements arising from investments in foreign operations	31	(113)
Disposals	(976)	(65)
Depreciation expense	(36,933)	(40,879)
Carrying amount at end	239,764	232,711

(b) Impairment

In the year ended 30 June 2022, no impairment charge has been recognised against property, plant & equipment (2021: nil). For the year *ended 30 June 2022, an impairment loss of $0.9 million (2021: $0.4 million in the Other segment) was recognised on right-of-use lease* assets in the Exhibition segment. Refer to Note 15 for further information

15 LEASES

(a) Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following relating to leases:

	2022 $'000	2021 $'000
Right-of-use assets:		
Properties[1]	429,835	439,987
Plant & equipment	555	133
Total right-of-use assets	430,390	440,120
Lease liabilities:		
Current	49,727	47,359
Non-current	491,818	497,831
Total lease liabilities	541,545	545,190

1 Additions to right-of-use assets for properties during the year ended 30 June 2022 were $7.2 million (2021: $15.3 million).

(b) Amounts recognised in the Statement of Comprehensive Income

The Statement of Comprehensive Income contains the following amounts relating to leases:

	2022 $'000	2021 $'000
Depreciation charge on right-of-use assets:		
Properties	32,845	30,856
Plant & Equipment	1,347	634
Total depreciation charge on right-of-use assets	34,192	31,490
Interest on lease liabilities (included in finance costs)[1]	31,047	27,170
Impairment of right-of-use asset[2]	870	410
Rental income from sub-leasing right-of-use assets	(16,802)	(9,099)
Profit on lease term reassessment	(1,257)	-
Expenses relating to variable contingent lease payments	(3,908)	(13,133)
Expenses relating to short term leases	1,679	457
Expenses relating to leases of low-value assets	190	159

1 Interest on lease liabilities includes $10.2 million (2021: $9.9 million) of interest relating to an existing finance lease liability resulting from the sale and long-term leaseback of land on the Gold Coast.

2 During the year ended 30 June 2022, an impairment loss of $0.9 million was recognised against the right-of-use asset of an under-performing cinema site in the Exhibition segment (included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report). In the prior year, due to excess capacity and difficulties sub-letting a leased property, a right-of-use asset of $0.4 million was impaired in the Other segment.

(c) Impact on Statement of Cash Flows

Lease payments of $46.9 million for the year ended 30 June 2022 (2021: $37.2 million) allocated to the lease liability, is recognised in cash flows from operating and financing activities. Of these payments, $26.0 million (2021: $19.9 million) is recognised in cash flows from financing activities.

15 *LEASES* *(continued)*

(d) Maturity analysis - contractual undiscounted cash flows

	2022 $'000
Less than one year	58,690
One to five years	248,595
More than five years	703,749
Total undiscounted lease liabilities at 30 June 2022	1,011,034

(e) Operating leases as lessor

The Group leases out property and some plant & equipment. The Group has classified these as operating leases, because they do not transfer substantially all the risks and rewards of incidental to the ownership of these assets. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after 30 June 2022:

	2022 $'000
Less than one year	1,283
One to two years	900
Two to three years	900
Three to four years	900
Four to five years	900
More than five years	400
Total undiscounted lease payments to be received	5,283

	2022 $'000	2021 $'000
16 TRADE AND OTHER PAYABLES		
Current:		
Trade and sundry payables	171,071	159,292
Non-current:		
Trade and sundry payables	8,249	14,907

For terms and conditions refer to Note 30(b)(ii).

17 INTEREST BEARING LOANS AND BORROWINGS		
Current:		
Secured borrowings	-	229,645
Non-current:		
Secured borrowings	362,860	167,562

Terms and conditions relating to the VRL group finance facility:

The VRL group facility of $340 million includes a revolving facility of $229.6 million and a five-year term debt facility of $110.4 million. These facilities have no scheduled amortisation and are subject to interest at variable interest rates (however the Group has interest rate hedging in place over a portion of the debt). These facilities are secured by guarantees from VRL and various wholly-owned subsidiaries and charges over the assets of those subsidiaries. During the year ended 30 June 2022, the maturity date of the revolving facility was extended to 31 July 2023.

The VRL group finance facility requires the Group to meet certain debt covenants. During the year, the Group received a modification to its debt covenants and they were not tested until 30 June 2022. The Group is in compliance with its debt covenants at 30 June 2022.

On 29 December 2020, VRL drew down in full under a new $50 million second ranking secured facility with entities owned by funds managed by BGH. This 5 year facility has no scheduled amortisation and is subject to interest at a fixed rate of 12%. On each interest payment date, any accrued interest maybe added to the facility. This facility is secured by guarantees from VRL and various wholly-owned subsidiaries and charges over the assets of VRL and those subsidiaries, and is subordinated to the Group's finance facility. At 30 June 2022, the facility was fully drawn.

	2022 $'000	2021 $'000
18 PROVISIONS		
Current:		
Employee benefits	26,359	28,085
Make good provision	-	621
Other	1,324	1,391
Total current	27,683	30,097
Non-current:		
Employee benefits	836	1,028
Make good provision	5,969	6,251
Other	319	640
Total non-current	7,124	7,919

Aggregate employee benefit liabilities at 30 June 2022 is $27.2 million (2021: $29.1 million).

(a) Reconciliations

Make good provision:		
Carrying amount at beginning	6,872	5,886
Amounts added during the year	-	1,112
Amounts utilised or written back during the year	(1,011)	(237)
Discount adjustment	108	111
Carrying amount at end	5,969	6,872
Other provisions:		
Carrying amount at beginning	2,031	1,785
Amounts added during the year	-	371
Amounts utilised or written back during the year	(389)	(127)
Foreign currency movements	1	2
Carrying amount at end	1,643	2,031

Make good provision:

In accordance with certain lease agreements, the Group must restore leased premises to the original condition on expiration of the relevant lease. Provisions are raised in respect of such 'make good' clauses to cover the Group's obligation to remove leasehold improvements from leased premises where it is probable to be required in the foreseeable future. Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred.

Other provisions:

Other provisions mainly comprised of rent incentive provisions on leases with variable lease costs which were being amortised over the life of the corresponding leases, with the balance relating to various other matters.

	2022 $'000	2021 $'000
19 UNEARNED REVENUE AND OTHER LIABILITIES		
Current:		
Unearned revenue - revenue from contracts with customers (refer Note 2(d))	88,406	72,700
Unearned revenue - other	3,848	3,848
Total current	92,254	76,548
Non-current:		
Unearned revenue - revenue from contracts with customers (refer Note 2(d))	-	189
Unearned revenue - other[1]	71,971	75,819
Total non-current	71,971	76,008

1 *The non-current unearned revenue predominantly relates to the deferred gain on the sale and long-term leaseback of the VRL group's freehold land on* the Gold Coast. As at 30 June 2022, the unearned revenue amounts to $60.4 million (2021: $63.4 million).

	2022 $'000	2021 $'000
20 CONTRIBUTED EQUITY		
Issued and fully paid up capital:		
Ordinary shares	348,944	348,944
Employee share loans settlement deducted from equity	(3,639)	(3,639)
Total issued and fully paid up capital	345,305	345,305

Ordinary shares:

During the year, movements in fully paid ordinary shares on issue were as follows (in thousands):

	Ordinary shares issued and fully paid	Treasury shares	Ordinary shares outstanding
At 1 July 2021	211,967	-	211,967
At 30 June 2022	211,967	-	211,967

Terms and conditions of contributed equity:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, holders of such shares have the right to participate in the distribution of any surplus assets of the Company. Ordinary shares entitle their holder to the following voting rights:

- On a show of hands - one vote for every member present in person or by proxy.
- On a poll - one vote for every share held.

	2022 $'000	2021 $'000
21 RESERVES		
Foreign currency translation reserve:		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and on equity-accounted investments.		
Balance at beginning	(8,824)	(10,118)
Amount relating to translation of accounts and net investments before tax effect	(427)	(2,479)
Tax effect of relevant movements for the year	(2,712)	3,773
Balance at end	(11,963)	(8,824)
Cash flow hedge reserve:		
This reserve records the portion of the gain or loss on hedging instruments that are classified as cash flow hedges, and which are determined to be effective hedges.		
Balance at beginning	(238)	(41)
Movement on effective hedging instruments during the year before tax effect	5,904	(282)
Tax effect of movement on effective hedging instruments during the year	(1,771)	85
Balance at end	3,895	(238)
Equity instruments reserve:		
This reserve records the change in fair value in equity instruments financial assets.		
Balance at beginning	(392)	(532)
(Loss) gain on equity instruments at fair value through OCI	(238)	140
Balance at end	(630)	(392)
Asset revaluation reserve:		
The asset revaluation reserve is used to record uplifts on assets owned following business combinations.		
Balance at beginning	91,474	91,474
Balance at end	91,474	91,474
Employee equity benefits reserve:		
This reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration.		
Balance at beginning	15,054	14,115
Share-based payment movements	-	939
Balance at end	15,054	15,054
Controlled entity acquisition reserve:		
This reserve represents the incremental amount for the put and call options over the remaining 20% non-controlling interest in Countrywide Property Investments (UK) Limited and subsidiaries ("Opia").		
Balance at beginning	(6,464)	(5,628)
Transfer to non-controlling interest[1]	6,464	-
Change in fair value	-	(836)
Balance at end	-	(6,464)

1 In August 2021, the put and call option agreement expired. The balance in the controlled entity acquisition reserve was transferred to non-controlling interest, together with the put and call option liability which was de-recognised. In October 2021, the Group acquired a further 5% share in Opia for a cost of $1.9 million, reducing the non-controlling interest from 20% to 15%.

	2022 $'000	2021 $'000
21 RESERVES (continued)		
General reserve:		
The general reserve is used for amounts that do not relate to other specified reserves.		
Balance at beginning	344	344
Balance at end	344	344
Total reserves	98,174	90,954
22 NON-CONTROLLING INTEREST		
Non-controlling interest in subsidiaries:		
Contributed equity / other	1,536	17,662
Retained earnings (losses)	1,551	(16,419)
Total non-controlling interest	3,087	1,243

In March 2022, the Group sold its 50.09% interest in The Waterpark LLC, and the non-controlling interest of $1.6 million was recognised in the gain on disposal of business (included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report).

In August 2021, the put and call option agreement expired over the remaining 20% non-controlling interest in Countrywide Property Investments (UK) Limited and subsidiaries ("Opia"). The balance in the controlled entity acquisition reserve was transferred to non-controlling interest, together with the put and call option liability which was de-recognised (refer Note 21). In October 2021, the Group acquired a further 5% share in Opia for a cost of $1.9 million, reducing the non-controlling interest from 20% to 15%.

	2022 $'000	2021 $'000
23 CONTINGENCIES		
(a) Contingent liabilities		
Best estimate of amounts relating to:		
(i) Joint and several obligations for lease commitments of partners in joint operations[1]	30,084	29,759

1 Refer Note 23(b)(i) for corresponding amount reflecting the related contingent assets.

(ii) Other contingent liabilities - Income Tax:
The VRL group anticipates that tax audits may occur from time to time in Australia, and the VRL group is subject to routine tax audits in certain overseas jurisdictions.

As disclosed in Note 23(a)(ii) in the 30 June 2021 financial report, following a Client Risk Review, the Australian Taxation Office ("ATO") advised in July 2016 that a Tax Audit was to be carried out in relation to the VRL Tax Consolidated group, covering the financial years from 2012 to 2015.

During the year, VRL has provided submissions in support of its objections to the ATO. In June 2022, VRL has received further notices from the ATO for additional information and VRL has worked with its advisors and has responded to these notices. The outcome of the objection is not expected until the third quarter of FY2023.

Notwithstanding VRL's appeal rights, as a result of the notices issued by the ATO, VRL has performed an assessment of a range of possible outcomes relating to this dispute, as required under AASB Interpretation 23, *Uncertainty Over Tax Treatments*, and the Directors considered it prudent to continue to recognise a tax liability at 30 June 2022.

(b) Contingent assets
In the event that any entity in the Group is required to meet a joint venture or partnership liability in excess of its proportionate share, that entity has right of recourse against the co-joint venturers or other partners in respect of that excess. Specifically, the Group has a contingent asset for the amount of the following joint and several lease commitments in the event that it is called upon to meet liabilities of the other joint venturers:

	2022 $'000	2021 $'000
(i) Right of recourse in relation to joint and several obligations for lease commitments of partners in joint operations[1]	*30,084*	*29,759*

1 Refer Note 23(a)(i) for corresponding amount reflecting the related contingent liabilities.

24 COMMITMENTS		
Other expenditure commitments		
Estimated capital and other expenditure contracted for at reporting date but not provided for:	25,886	24,848

25 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation of Key Management Personnel ("KMP")

The total compensation of the KMP is set out below:

	VILLAGE ROADSHOW PTY LTD AND THE GROUP	
	2022	2021
	$	$
Total	5,657,752	6,521,866

(b) Other transactions and balances with Key Management Personnel

The VRL group purchased uniforms from Leaf Group Pty. Ltd., an entity associated with a relative of Mr. R.G. Kirby. Purchases from the Leaf Group first occurred in 2003, prior to the establishment of the familial relationship with Mr. R.G. Kirby, which arose in 2008. The total purchases were $282,242 in the year ended 30 June 2022 (2021: $76,430). The uniforms were purchased for the Theme Parks and Cinema Exhibition divisions and these transactions were carried out under arm's length terms and conditions.

Peninsula Cinemas Pty. Ltd. ("Peninsula Cinemas"), which are non-competing cinemas owned by an entity associated with Mr. R.G. Kirby, exhibit films supplied by the Film Distribution division of the VRL group on arm's length terms and conditions. The total amount charged by the VRL group for the year ended 30 June 2022 was $10,797 (2021: $135,321). Other net reimbursement amounts paid by Peninsula Cinemas to the VRL group in relation to operational cinema matters in the year ended 30 June 2022 totalled $6,558 (2021: $19,407).

The VRL group purchased wine from Yabby Lake International Pty. Ltd. ("Yabby Lake"), an entity in which family members of Mr. R.G. Kirby have an economic interest. The total purchases were $149,965 for the year ended 30 June 2022 (2021: $23,706). The wine purchased was mainly for the Cinema Exhibition division's Gold Class cinemas, for Corporate functions and the Theme Park's division's Sea World Resort. These transactions were carried out under arm's length terms and conditions.

The VRL group recharged net occupancy costs for accommodation provided and received and other net recharges for services provided and received, on an arm's length basis, to a number of entities associated (either individually or collectively) with Messrs. R.G. Kirby and G.W. Burke. The total net amount charged by the VRL group for the various occupancy and other services in the year ended 30 June 2022 was $147,902 (2021: $160,954).

In the year ended 30 June 2022, the VRL group has been charged $13,918 (2021: $11,796) for insurance costs relating to the provision of art works by an entity associated with Mr. R.G. Kirby.

In the year ended 30 June 2022, the VRL group has charged BGH Capital Services Pty. Ltd. $13,563 (2021: $210,618) for overhead recharges.

The VRL group has recognised in the current year $345,860 (2021: $445,400) for insurance costs charged by VRG Bidco Pty. Ltd.

As at 30 June 2022, the total amount owing by the related parties detailed above, and included in current assets of the VRL group, was $23,272 (2021: $55,072), and the total amount owing by the VRL group to the related parties detailed above, and included in current liabilities, was $24,940 (2021: $447,527).

26 SHARE-BASED PAYMENT PLANS

During the year ended 30 June 2021, the Company previously operated a Long-Term Executive Share Option Plan and Loan Facility ("ESP"). As part of the acquisition of the VRL group by BGH on 29 December 2020 by way of a scheme of arrangement, all shares issued under the existing ESP were eligible to participate in the scheme of arrangement. The scheme consideration received by the holders of the ESP Shares was first applied to repay any principal loan amount and any accrued interest owing under the Loan Facility, with holders of the ESP Shares entitled to receive the balance of the scheme consideration after such repayment. On 29 December 2020, the Group received $18.0 million in cash consideration for repayment of outstanding loans. At 30 June 2022 and 30 June 2021, there were no ESP Shares outstanding.

	2022	2021
	$	$
27 REMUNERATION OF AUDITORS[1]		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	592,915	1,448,755
Fees for other assurance and agreed-upon-procedures services under contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	34,885	47,550
Fees for other services		
Tax	-	694,864
Advisory / Corporate Finance	-	156,000
	627,800	2,347,169
Related network firms of the auditor of the Group[1]		
Fees for auditing the financial report of any controlled entities	157,365	238,655
Fees for other services		
Tax	-	119,817
	157,365	358,472
Total remuneration of auditors	785,165	2,705,641

1 In 2022, all amounts were payable to member firms of KPMG. In 2021, all amounts were paid to member firms of Ernst & Young, being the Group's auditors for that financial year.

28 EVENTS SUBSEQUENT TO REPORTING DATE

There have been no material transactions which significantly affect the financial or operational position of the Group since the end of the financial year.

	VILLAGE ROADSHOW PTY LTD	
	2022	2021
	$'000	$'000
29 PARENT ENTITY DISCLOSURES		
(a) Summary financial information		
Current assets	1,511	1,188
Total assets	402,183	453,797
Current liabilities	9,820	9,476
Total liabilities	70,164	63,196
Issued capital	345,305	345,305
Retained (losses) earnings	(27,337)	31,245
Employee equity benefit reserve	*14,051*	*14,051*
Total shareholders' equity	332,019	390,601
Loss after tax	(58,582)	(57,169)
Total comprehensive expense	(58,582)	(57,169)

VRL has provided financial guarantees to a number of its subsidiaries, which commit the Company to make payments on behalf of these entities upon their failure to perform under the terms of the relevant contract. In addition, VRL provided other financial guarantees to its subsidiaries and joint operations for operating leases and other debt facilities, and as at 30 June 2022, the fair value of these financial guarantees are negligible. The significant accounting estimates and/or assumptions used in determining the fair value of these guarantees, or the expected credit loss amount, have been disclosed in Note 1(c)(xxviii).

30 FINANCIAL RISK MANAGEMENT AND POLICIES

(a) Risk exposures and responses

Cash flow interest rate risk:

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a variable interest rate. The level of debt is disclosed in Note 17.

The primary objectives of interest rate management for the Group are to ensure that:

- interest expense does not adversely impact the Group's ability to meet taxation, dividend and other operating obligations as they arise;
- earnings are not subjected to wide fluctuations caused by fluctuating interest commitments; and
- covenants agreed with bankers are not breached.

Within the above constraints and targets, the Group's objective in managing interest rate risk is to maintain the stability of interest rate expense whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements. At reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian and USA variable interest rate risk that were not designated in cash flow hedges:

	CONSOLIDATED	
	2022	2021
	$'000	$'000
Financial assets: Cash and cash equivalents	98,831	165,786
Financial liabilities: Secured and unsecured borrowings	192,860	227,208
Net exposure	94,029	61,422

30 FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

(a) Risk exposures and responses (continued)

***Cash flow interest rate risk** (continued):*

The Group enters into interest rate swap, cap and collar agreements ("interest rate derivatives") that are used to convert the variable interest rates attached to various of its specific facilities into fixed interest rates, or to limit interest rate exposure. The interest rate derivatives are entered into with the objective of ensuring that earnings are not subject to wide fluctuations caused by fluctuating interest commitments and ensuring compliance with loan covenants. Interest rate risk will not generally be hedged unless the underlying debt facility draw down exceeds A$20 million. For any debt exceeding this level, which is outstanding for more than three months from the original drawdown date, interest rate exposure will generally be hedged for between 35% and 60% of the outstanding debt balance for a minimum of 12 months or until termination of the loan, whichever is sooner.

At reporting date, the Group has entered into interest rate swaps covering debts totalling $170.0 million. These interest rate swaps covered approximately 47% (2021: 43%) of total borrowings of the Group as at reporting date. The interest rate derivatives have been designated in hedging relationships under Australian Accounting Standards.

Foreign currency risk:

The Group has transactional foreign currency exposures, which arise from sales or purchases by the relevant division in currencies other than the division's functional currency. In general, the Group requires all of its divisions to use forward currency contracts to eliminate the foreign currency exposure on any individual transactions in excess of A$0.25 million, which are generally required to be taken out immediately when a firm commitment has occurred. The forward currency contracts must be in the same currency as the hedged item, and it is the Group's policy not to enter into forward contracts until a firm commitment is in place.

In addition, the Group uses forward currency contracts to eliminate the foreign currency exposure on part of the Group's estimated foreign currency payments, which are regularly updated to ensure a rolling forward cover position.

It is the Group's policy to negotiate the terms of the foreign currency derivatives to match the terms of the underlying foreign currency exposures as closely as possible, to maximise the effectiveness of the derivatives. As at 30 June 2022 and 30 June 2021, the Group had hedged the majority (by value) of foreign currency purchases that were firm commitments.

Credit risk:

The Group trades only with recognised, creditworthy third parties. 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 with the result that the Group's exposure to bad debts is not significant. Refer to Note 1(c)(x) for further information regarding the Group's policy on recognising an allowance for expected credit losses.

Credit risk in trade receivables is managed in the following ways:

- payment terms are generally 30 to 90 days; and
- a risk assessment process is used for customers over $50,000.

The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as recognised in the statement of financial position.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. However, the Group ensures that it only enters into contracts with creditworthy institutions, as set out in the relevant Group policy.

(b) Terms, conditions and accounting policies

The Group's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument are as follows:

Recognised Financial Instruments

(i) Financial assets

Receivables - trade debtors:

Trade debtors are non-interest bearing and initially recognised in accordance with AASB 15: *Revenue from Contracts with Customers*, less any allowance for expected credit losses. Credit sales are normally settled on 30-90 day terms.

Receivables - associates and other advances:

Amounts (other than trade debts) receivable from associated entities and for other advances are carried at either the fair value due or the amounts initially recorded as recoverable. Interest, when charged, is recognised in profit or loss on an accrual basis, and provided against when not probable of recovery. There are no fixed settlement terms for loans to associated and other entities.

Unsecured advances:

Unsecured advances are shown at cost. Interest, when charged, is recognised in profit or loss on an accrual basis. There are no fixed settlement terms.

Equity instruments:

Equity instruments are at fair value through OCI.

30 FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

(b) Terms, conditions and accounting policies (continued)

Recognised Financial Instruments (continued)

(ii) Financial liabilities

Trade and sundry creditors:

Creditors are recognised at amounts to be paid in the future for goods and services already received, whether or not billed to the Group They are non-interest bearing and are normally settled on 30-90 day terms.

Accounts payable - associated and other entities:

Amounts owing to associated and other entities are initially recognised at amortised cost. Interest, when charged, is recognised in profit or loss on an accruals basis. There are no fixed settlement terms.

Secured and unsecured borrowings:

All loans and borrowings are initially recognised at the fair value of the 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. Gains and losses are recognised in profit or loss when the liabilities are de-recognised. Interest is recognised in profit or loss on an accrual basis. Bank loans are repayable either monthly or at other intervals, which in some cases are dependant on relevant financial ratios, or at expiry, with terms ranging from less than one year to greater than five years. While interest is charged either at the bank's floating rate or at a contracted rate above the Australian dollar BBSY rate, certain borrowings are subject to interest rate swaps or collars (refer below).

Details of security over bank loans is set out in Note 17.

Interest rate swaps:

At reporting date, the Group had interest rate swap agreements in place. These derivatives are used to assist in hedging the cash flow interest rate risk of various debt obligations with a floating interest rate.

Interest rate caps and collars:

At reporting date, the Group had entered into no interest rate cap agreements. Such agreements were being used to hedge the cash flow interest rate risk of various debt obligations with a floating interest rate.

(iii) Equity

Ordinary shares:

From 1 July 1998, ordinary share capital has been increased based on the proceeds received from shares issued (less direct share issue costs), and decreased based on the buy-back cost (including direct buy-back costs). Prior to that date, ordinary share capital was recognised at the par value of the amount paid up, and any excess between the par value and the issue price was recorded in the share premium reserve. Details of shares issued and the terms and conditions of options outstanding over ordinary shares at reporting date are set out in Note 20.

(c) Fair values

The following methods and assumptions are used to determine the fair values of financial assets and liabilities:

Cash, cash equivalents and short-term deposits:

The carrying amount approximates fair value because of short-term maturity.

Receivables and accounts payable - current:

The carrying amount approximates fair value because of short-term maturity.

Receivables - non-current:

The fair values of non-current receivables are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of arrangements.

Borrowings - current:

The carrying amount approximates fair value because of short-term maturity.

Borrowings - non-current:

The net fair values of the secured and unsecured borrowings are determined based on the weighted average market-based interest rates that are applicable to the borrowings.

Equity instruments at fair value through OCI

The fair value of equity instruments at fair value through OCI are derived from quoted market prices in active markets.

Payables and accruals - put and call option

Payables and accruals previously related to the estimated put and call option liability over the remaining 20% non-controlling interest in Opia. In August 2021, the put and call agreement expired, and the put and call option liability of $7.8 million was de-recognised to non-controlling interest together with the balance in the controlled entity acquisition reserve (refer Note 21). Prior to the expiry of the agreement, the fair value of payable and accruals was determined using a discounted expected future financial performance based on terms of the sale contract and the knowledge of the business. The discount rate applied was 4.5%. During the year ended 30 June 2022, a loss of nil (2021: $1.4 million loss) has been recognised in reserves.

30 FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

***(c) Fair values** (continued)*

Fair value measurement for assets and liabilities at 30 June 2022:

	Total $'000
Financial assets:	
Equity instruments at fair value through OCI	371
Derivatives	5,611
Total	5,982
Financial liabilities:	
Secured and unsecured borrowings	361,284
Derivatives	48
Total	361,332

Fair value measurement for assets and liabilities at 30 June 2021:

Financial assets:	
Derivatives	207
Total	207
Financial liabilities:	
Secured and unsecured borrowings	395,097
Payables and accruals	7,819
Derivatives	548
Total	403,464

The net fair values of the financial instruments are determined using valuation techniques that utilise data from observable and unobservable market data. Assumptions are based on market conditions existing at each reporting date.

(d) Derivative financial instruments

Instruments used by the Group

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps, caps and collars (floors and caps) to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Refer Note 1(c)(ix).

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") agreements, which allow for the netting of relevant transactions which are to be settled at the same time, which does not occur regularly in practice. In certain situations, such as a default, all outstanding transactions under the relevant ISDA are able to be terminated, and a net amount for settlement determined. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position, due to no default having occurred.

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction which could affect profit or loss. Where a hedge meets the strict criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss. The Group has the following foreign currency contracts designated as cash flow hedges at 30 June 2022 and 30 June 2021:

(i) Forward currency contracts - cash flow hedges

	NOTIONAL AMOUNTS AUD		AVERAGE EXCHANGE RATE	
	2022 $'000	2021 $'000	2022	2021
CONSOLIDATED				
USD hedges	(481)	209	0.7195	0.7360
EUR hedges	(259)	14	0.6754	0.6137

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2022

30 FINANCIAL RISK MANAGEMENT AND POLICIES (continued)

(d) Derivative financial instruments (continued)

(ii) Interest rate swaps - cash flow hedges

In order to protect against rising interest rates, during the year ended 30 June 2022, the Group has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. At reporting date, the principal amounts and period of expiry of the interest rate swap contracts were as follows:

	2022 $'000	2021 $'000
0-1 years	4,824	-
1-2 years	-	(118)
Total	4,824	(118)

31 NON-KEY MANAGEMENT PERSONNEL RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the financial year and were conducted on normal commercial terms and conditions unless otherwise stated:

(a) Immediate Parent Entity

The Company's immediate parent entity is Village Roadshow Corporation Pty. Ltd. which is incorporated in Australia. The Company's ultimate parent entity is VRG HoldCo Pty. Ltd. which is incorporated in Australia.

(b) Associated Entities

Revenues and expenses:

The following transactions with associated entities were included in the determination of the operating loss before tax for the year:

	2022 $'000	2021 $'000
Management & service fee revenue - associates	110	514
Management & service fee revenue - other associated entity	96	114
Management & service fee expense - other associated entity	-	828
Film hire and other film expenses (paid by the VRL group to entities in the Village Roadshow Entertainment Group business - refer Note 11(a))	6,619	10,876
Film hire and other film expenses (paid by the VRL group to FilmNation Entertainment LLC - refer Note 11(b))	2,026	2,660

Receivables and payables:

Any amounts receivable from, or payable to, associates have been separately disclosed in Notes 7 and 16.

32 DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, during the years ended 30 June 2022 and 30 June 2021, certain wholly-owned subsidiaries have been granted relief from the requirement to prepare audited financial reports.

It is a condition of the instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the deed is that the Company guarantees to each creditor, payment in full of any debt in the event of the winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up. The member companies of the Deed of Cross Guarantee are regarded as the 'Closed Group' and identified in Note 13.

32 DEED OF CROSS GUARANTEE (continued)

A consolidated Statement of Comprehensive Income and a consolidated Statement of Financial Position, comprising the Company and controlled entities which are party to the deed, after eliminating all transactions between parties to the deed, for the year ended, and as at, 30 June 2022 and 30 June 2021 respectively are as follows:

	2022 $'000	2021 $'000
Statement of Comprehensive Income		
Loss before tax	(12,026)	(66,769)
Income tax (expense) benefit	(366)	8,472
Loss after tax	(12,392)	(58,297)
Retained earnings at the beginning of the year	84,324	142,621
Retained earnings at the end of the year	71,932	84,324
Statement of Financial Position		
ASSETS		
Current assets		
Cash and cash equivalents	67,988	81,856
Trade and other receivables	34,826	23,908
Inventories	23,951	19,790
Current tax assets	117	266
Film distribution royalties	30,710	18,130
Derivatives	692	207
Other	5,786	3,295
Total current assets	164,070	147,452
Non-current assets		
Trade and other receivables	362,518	361,326
Goodwill and other intangible assets	105,648	111,934
Property, plant & equipment	277,280	248,175
Right-of-use assets	410,892	408,959
Investments	59,632	59,632
Deferred tax assets	62,972	67,629
Film distribution royalties	26,780	24,987
Derivatives	95	-
Other	21	97
Total non-current assets	1,305,838	1,282,739
Total assets	1,469,908	1,430,191
LIABILITIES		
Current liabilities		
Trade and other payables	141,459	126,999
Lease liabilities	44,232	42,305
Provisions	25,655	28,032
Derivatives	48	430
Unearned revenue and other liabilities	91,980	74,956
Total current liabilities	303,374	272,722
Non-current liabilities		
Trade and other payables	55,563	44,971
Interest bearing loans and borrowings	112,593	105,937
Lease liabilities	458,830	450,487
Deferred tax liabilities	38	21
Provisions	6,665	7,452
Unearned revenue and other liabilities	71,971	76,008
Total non-current liabilities	705,660	684,876
Total liabilities	1,009,034	957,598
Net assets	460,874	472,593
EQUITY		
Contributed equity	345,305	345,305
Reserves	43,637	42,964
Retained earnings	71,932	84,324
Total equity	460,874	472,593

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Village Roadshow Pty. Ltd., I state that:

(1) In the opinion of the Directors -

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and *Corporations Regulations 2001;* and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the financial report also complies with Australian Accounting Standards - Simplified Disclosures as issued by the Australian Accounting Standards Board, as disclosed in Note 1(b)(i).

(d) at the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the Deed of Cross Guarantee is such that each company which is party to the deed, guarantees to each creditor payment in full of any debt in accordance with the Deed of Cross Guarantee.

There are reasonable grounds to believe that the Company and Group entities identified in Note 32 to the financial statements will be able to meet any liabilities to which they are, or may become, subject to by virtue of the Deed of Cross Guarantee.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

On behalf of the Board

C.J. Kirby
Director

28 October 2022

Independent Auditor's Report

To the Directors of Village Roadshow Pty Ltd

Opinion

We have audited the Financial Report of Village Roadshow Pty Ltd (the Company) and its subsidiaries (collectively the Group).

In our opinion, the accompanying Financial Report of the Company is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* Simplified Disclosures and the *Corporations Regulations 2001*.

The Financial Report comprises

- Consolidated Statement of financial position as at 30 June 2022
- Consolidated Statement of comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view and in accordance with *Australian*

KPMG

Accounting Standards – Simplified Disclosures and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

S Bell

Suzanne Bell

Partner

Melbourne

28 October 2022