Registered number: 01688620

ARRI (GB) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

ARRI (GB) LIMITED

COMPANY INFORMATION

Directors	T Essaji J Van Wyk M Zeiler (resigned 31 March 2022)
Registered number	01688620
Registered office	Unit 2 Highbridge Industrial Estate Oxford Road Uxbridge Middlesex UB8 1LX
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor First Floor One Valpy 20 Valpy Street Reading RG1 1AR

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The objectives of this report are to provide shareholders and other users of these statements:

- with the appropriate level of background context for these financial statements;
- with an analysis of the Group's past performance; and
- insight into the Group's main objectives and strategies, and the principal risks it faces and how they might affect future prospects.

Business review

During the year the Group generated:

Turnover: £26.8m *(2020: £9.6m)*
Operating profit/(loss): £11.1m *(2020: (£176k))*

Revenue increased by £17.2m *(2020: decreased £9.4m)* which is due to the back log in jobs performed, because of Covid outbreak and the national lockdown in the previous year, which caused shutdown of Production and Filming. The increase in streaming activity has also resulted in additional revenue as the demand for content has expanded. The rise in the business in the year is especially in TV series and drama market.

The increase in revenue has resulted in an increase in gross profit of £13.1m *(2020: decrease £6.9m)* and profit before tax increase of £10.7m *(2020: decrease £5.7m)*.

Management have considered the impact of the coronavirus Covid-19 outbreak. The business has recovered well from the pandemic and the financial results have returned to pre-Covid period which has been encouraging for management and employees. Management's priority is the safety of its employees and, as a result, has agreed to allow working from home where the role allows, which has been running smoothly for the last couple of years. The Company has a robust risk management policy in place, including business continuity plan.

A state-of-the-art mixed reality Stage has been built in the ARRI Uxbridge premises. This facility is in demand in the industry and is expected to be a good investment for the Group. A new building next to the current premises has been acquired in December 2021, which will create additional space for the expanding business to support the ARRI group.

Key performance indicators

The Group monitors Revenue, Equipment Utilisation, Gross Profit Margin and Earnings before Tax.

Year ended 31 December	**2021**	*2020*
Revenues	**£26.8m**	*£9.6m*
Gross Profit	**£17.5m**	*£4.4m*
Gross Profit %	**65.3%**	*45.8%*
Profit/(Loss) Before Tax	**£10.7m**	*(£386k)*

Financial risk management objectives and policies

The Group's finance department implements the policies set by the Board of Directors. The department has guidelines agreed by the Directors to manage price risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Credit risk
The Group has implemented policies that require appropriate credit checks on potential customers before new accounts are accepted. The amount of exposure to any individual client is subject to a limit, which is reassessed annually by management.

Liquidity risk
The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The cash position is reviewed regularly and cash flows are monitored monthly.

Principal risks and uncertainties

Performance risk
The Board considers the principal risks and uncertainties facing the business to be those associated with the current general economic climate. In addition any deterioration in the quality and pricing of the product offering in the future could affect performance.

Brexit risk
Concerning Brexit, the Group has managed to deal with the consequences well and has effectively embedded the new practices and processes into the business. The UK group has a strong UK domestic trade, but the Board are continuing to monitor the situation to ensure the business remains resilient to potential changes and any upcoming developments the business needs to consider and plan for.

COVID-19
The business has recovered well from the pandemic with activity returning to the pre-Covid period which has been encouraging for management and employees. There remains no uncertainty as to the impact of the recent COVID-19 outbreaks on the Group, and the adoption of the going concern basis is not considered an issue. However, the Board are monitoring the situation and has also carefully modelled the possible impacts on forecasts and cash position. These downside models show that the Group has sufficient working capital reserves and remains able to meet its liabilities for a period of at least 12 months from the date of sign off of these financial statements. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Recruitment and employee relations

Recruitment policies are designed to ensure equal opportunity of employment regardless of age, race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Good relations are maintained with employees by regular meetings within their operational teams compatible with the team's particular circumstances. Senior management are kept informed through regular monthly or more frequent meetings as required.

Future outlook

The Directors anticipate that the continued popularity of the ARRI Alexa 65 fleet of cameras, customised DNA lenses, popularity of the Sky Panel range and with introduction of new ARRI cameras in 2022 to support the Feature Film and TV market in the UK, will lead to good revenue and profit in the future.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

This report was approved by the board and signed on its behalf.

Tamim Essaji

T Essaji
Director

Date: 28/6/2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activities of the Company and its subsidiary undertakings included in the consolidation are the rental of camera, lighting and digital equipment to the film, television, theatre and event industries.

Results and dividends

The profit for the year, after taxation, amounted to £9,062 thousand *(2020: loss £242 thousand).*

The Directors declared and paid a dividend of £Nil *(2020: £Nil)* to the shareholders during the year.

Directors

The Directors who served during the year were:

T Essaji
J Van Wyk
M Zeiler (resigned 31 March 2022)

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

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

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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Financial risk management and objectives

In accordance with S414C (11) of the Companies Act 2006 the Directors have opted to include this information in the Strategic Report.

Qualifying third party indemnity provisions

The Company granted an indemnity to its directors and senior managers against liability in respect of proceedings brought by third parties subject to conditions set out in the Companies Act 2006, in the form of Directors and Officers Liability Insurance with a limit of £5m for any one claim. These qualifying indemnity provisions remain in force at the date of approving the Directors Report.

Disclosure of information to auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to be make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Tamim Essaji

T Essaji
Director

Date: 28/6/2022

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRI (GB) LIMITED

Opinion

We have audited the financial statements of Arri (GB) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and of the parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group and the parent Company to cease to continue as a going concern.

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the Group's and of the parent Company's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the Group's and of the parent Company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the Directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRI (GB) LIMITED (CONTINUED)

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and industry in which it operates through our general commercial and sector experience, discussions with management, inspection of the Company's health and safety records and legal correspondence. We determined that the following laws and regulations were most significant: FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and Companies Act 2006.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - identifying and testing journal entries, in particular manual journal entries to revenue; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity including, the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules and the applicable statutory provision.
- The team communications in respect of potential non-compliance with laws, regulations, and fraud.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRI (GB) LIMITED (CONTINUED)

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Company's operations, including the nature of its revenue sources, products, and services to understand the classes of transactions, account balances, expected financial disclosures and business risks that may result in risks of material misstatement; and
  - the Company's control environment, including:
    - management's knowledge of relevant laws and regulations and how the Company is complying with those laws and regulations;
    - the adequacy of procedures for authorisation of transactions, and
    - procedures to ensure that possible breaches of law and regulations are appropriately resolved.

Use of our report

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

Grant Thornton UK LLP

Steven Cenci FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
Date: 28/6/2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	4	**26,756**	*9,604*
Cost of sales		**(9,279)**	*(5,222)*
Gross profit		**17,477**	*4,382*
Distribution costs		**(3,891)**	*(3,066)*
Administrative expenses		**(4,012)**	*(3,160)*
Other operating income	5	**1,483**	*1,668*
Operating profit/(loss)	5	**11,057**	*(176)*
Interest receivable and similar income	9	**11**	*64*
Interest payable and expenses	10	**(245)**	*(191)*
Other finance income	11	**(99)**	*(83)*
Profit/(loss) before taxation		**10,724**	*(386)*
Tax on profit/(loss)	12	**(1,662)**	*144*
Profit/(loss) for the financial year		**9,062**	*(242)*
Remeasurement of net defined benefit obligation		**7,148**	*(3,900)*
Current tax deductions allocated to actuarial gains	22	**(1,787)**	*741*
		5,361	*(3,159)*
Total comprehensive income/(loss) for the year		**14,423**	*(3,401)*
Profit/(loss) for the year attributable to:			
Owners of the parent Company		**9,062**	*(242)*
		9,062	*(242)*

There were no recognised gains and losses for 2021 or 2020 other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 18 to 43 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £000		2020 £000
Fixed assets					
Tangible assets	13		**31,022**		*21,622*
			31,022		*21,622*
Current assets					
Stocks	15	**315**		*413*	
Debtors: amounts falling due after more than one year	16	**-**		*1,271*	
Debtors: amounts falling due within one year	16	**6,094**		*3,042*	
Cash at bank and in hand	17	**3,146**		*6,370*	
		9,555		*11,096*	
Creditors: amounts falling due within one year	18	**(5,921)**		*(4,829)*	
Net current assets			**3,634**		*6,267*
Total assets less current liabilities			**34,656**		*27,889*
Creditors: amounts falling due after more than one year	19		**(1,219)**		*(1,367)*
Provisions for liabilities					
Deferred taxation	22	**(361)**		*-*	
Other provisions	24	**(85)**		*(85)*	
			(446)		*(85)*
Net assets excluding pension liability/asset			**32,991**		*26,437*
Pension asset/liability	26		**364**		*(7,505)*
Net assets			**33,355**		*18,932*
Capital and reserves					
Called up share capital	23		**2,000**		*2,000*
Other reserves	28		**70**		*70*
Profit and loss account	28		**31,285**		*16,862*
			33,355		*18,932*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Tamim Essaji

T Essaji
Director

Date: 28/6/2022

The notes on pages 18 to 43 form part of these financial statements.

ARRI (GB) LIMITED
REGISTERED NUMBER:01688620

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £000		2020 £000
Fixed assets					
Tangible assets	13		**16,276**		*11,632*
Investments	14		**3,393**		*3,393*
			19,669		*15,025*
Current assets					
Stocks	15	**192**		*315*	
Debtors: amounts falling due after more than one year	16	**1**		*1,271*	
Debtors: amounts falling due within one year	16	**4,200**		*2,023*	
Cash at bank and in hand	17	**1,265**		*408*	
		5,658		*4,017*	
Creditors: amounts falling due within one year	18	**(1,860)**		*(2,907)*	
Net current assets			**3,798**		*1,110*
Total assets less current liabilities			**23,467**		*16,135*
Creditors: amounts falling due after more than one year	19		**(12,113)**		*(3,236)*
Provisions for liabilities					
Deferred tax	22	**(835)**		*(214)*	
Other provisions	24	**(85)**		*(85)*	
Net assets excluding pension liability/asset			**10,434**		*12,600*
Pension asset/liability	26		**364**		*(7,505)*
Net assets			**10,798**		*5,095*

ARRI (GB) LIMITED
REGISTERED NUMBER:01688620

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	Note		**31 December 2021 £000**		*31 December 2020 £000*
Capital and reserves					
Called up share capital	23		**2,000**		*2,000*
Profit and loss account brought forward		**3,095**		*5,721*	
Profit for the year		**342**		*532*	
Other changes in the profit and loss account		**5,361**		*(3,158)*	
Profit and loss account carried forward			**8,798**		*3,095*
			10,798		*5,095*

The notes on pages 18 to 43 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Tamim Essaji

T Essaji
Director

Date: 28/6/2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2021	2,000	70	16,862	18,932
Comprehensive income for the year				
Profit for the year	-	-	9,062	9,062
Actuarial gain on defined benefit pension scheme (net of deferred tax)	-	-	5,361	5,361
Total comprehensive income for the year	-	-	14,423	14,423
At 31 December 2021	2,000	70	31,285	33,355

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	2,000	70	20,262	22,332
Comprehensive income for the year				
Profit for the year	-	-	(242)	(242)
Actuarial gain on defined benefit pension scheme (net of deferred tax)	-	-	(3,158)	(3,158)
Total comprehensive income for the year	-	-	(3,400)	(3,400)
At 31 December 2020	2,000	70	16,862	18,932

The notes on pages 18 to 43 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	2,000	3,095	5,095
Comprehensive income for the year			
Profit for the year	-	342	342
Actuarial gain on defined benefit pension scheme (net of deferred tax)	-	5,361	5,361
Total comprehensive income for the year	-	5,703	5,703
At 31 December 2021	2,000	8,798	10,798

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2020	2,000	5,721	7,721
Comprehensive income for the year			
Profit for the year	-	532	532
Actuarial gain on defined benefit pension scheme (net of deferred tax)	-	(3,158)	(3,158)
Total comprehensive income for the year	-	(2,626)	(2,626)
At 31 December 2020	2,000	3,095	5,095

The notes on pages 18 to 43 form part of these financial statements.

1. General information

Arri (GB) Limited is a privately held company limited by shares, incorporated in England. The registered office and trading address is Unit 2 Highbridge Industrial Estate, Oxford Road, Uxbridge, Middlesex, UB8 1LX.

The principal activity of the Group during the year was rental services to the production sector.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

There are no differences in accounting policies between that of the Group and the Company.

2.3 Cash flow statement

The Company, being a subsidiary undertaking which is wholly owned within a group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 102 Section 7 Statement of Cash Flows, including the requirement to show an analysis of net debt.

This information is included in the consolidated financial statements of Arri AG as at 31 December 2021 and these financial statements may be obtained from Unit 2 Highbridge Industrial Estate, Oxford Road, Uxbridge, Middlesex, UB8 1LX.

2. Accounting policies (continued)

2.4 Going concern

On the back of good financial performance by the Group in 2021 and having reviewed budgets, cash flow forecasts, pipeline of contracted work, and availability of working capital, the Directors believe that the Group is well placed to manage its business risks successfully, and have formed the judgement that the Group has adequate resources to continue as a going concern for at least 12 months from the date of signing of these financial statements. The uncertainty as to the impact of the recent COVID-19 outbreaks on the Group has also been considered as part of the adoption of the going concern basis. The Board are monitoring the ongoing situation and have carefully modelled the possible impacts on forecasts and cash position. These downside models show that the Company has sufficient working capital reserves to absorb the foreseeable impact of COVID-19 and remains able to meet its liabilities for a period of at least 12 months from date of sign off of these financial statements. *These forecasts have been prepared on a group basis covering the Arri GB Limited* group and sister company Arri Cine Technik Limited as working capital is available across the companies. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue represents the invoiced amount of camera and lighting equipment sold and rental of camera and lighting equipment to customers, net of value added tax and trade discounts. Revenue on sale of camera and lighting equipment is recognised in the Statement of Comprehensive Income on dispatch of goods. Rental income is recognised on a straight line basis over the term of the rental period.

A state of the art mixed reality Stage has been built in the ARRI Uxbridge premises. This facility will provide an additional revenue stream from renting the Studio space with additional revenue generated from equipment rented by both the commercial and technology sector using the Stage.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. Accounting policies (continued)

2.6 Foreign currency translation (continued)

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.7 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

Where, at the reporting date, the present value of defined benefit obligation is less than the fair value of the plan assets the plan has a surplus. "An entity shall recognise a surplus only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

2. Accounting policies (continued)

2.7 Pensions (continued)

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.8 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.9 Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

2.10 Government grants

Due to the COVID-19 pandemic and national lockdown during the year a substantial number of employees were placed on furlough leave, for which the business obtained government subsidy through the Coronavirus Job Retention Scheme. The grant claim has been recognised in the Profit and Loss account during the year of receipt and is shown separately as other income.

2. Accounting policies (continued)

2.11 Other operating income

Other operating income relates to management charges receivable from group companies accounted for on an accruals basis.

2.12 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% on a straight line basis
Plant and machinery	- 3 to 8 years straight line
Motor vehicles	- 5 years straight line
Fixtures and fittings	- 3-8 years straight line
Freehold land	- No depreciation is provided on freehold land

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Statement of Financial Position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.19 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.20 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.22 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.23 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management have made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

Tangible fixed assets
Freehold property owned by the Company is utilised by wholly owned subsidiary undertakings within the Group. The Directors do not consider it necessary to reclassify this property as Investment property and include it at fair value in the financial statements of the Company, on the basis that this would constitute undue cost and effort with no real value to shareholders.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain assets.

Provisions
In recognising provisions, the Company evaluates the extent to which it is probably that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgements used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

Deferred tax assets
The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognise deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

Defined benefit pension scheme
The cost of the defined benefit pension plan is determined using actuarial valuations performed by independent experts. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. The actuary must also determine whether any surplus on the scheme is deemed recoverable. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. See note 26 for further details.

4. Turnover

Analysis of turnover by country of destination:

	2021 £000	*2020 £000*
United Kingdom	**24,213**	*8,091*
Rest of Europe	**1,056**	*1,049*
Rest of the world	**1,487**	*464*
	26,756	*9,604*

5. Other operating income and costs

	2021 £000	*2020 £000*
Management recharges	**1,031**	*1,041*
Profit on disposal of tangible assets	**441**	*-*
Government grants	**11**	*627*
	1,483	*1,668*

The operating profit is stated after charging:

	2021 £000	*2020 £000*
Depreciation of tangible fixed assets	**4,851**	*3,942*
Operating lease rentals	**246**	*169*
Profit on disposal of fixed assets	**(441)**	*(191)*

6. Auditor's remuneration

	2021 £000	*2020 £000*
Fees payable to the Group's auditor	**84**	*80*

Fees payable to the Group's auditor in respect of:

	2021 £000	*2020 £000*
Audit services	**75**	*72*
Financial statement assistance	**9**	*8*
	84	*80*

The fee payable for the audit of the parent Company is £36,050 *(2020: £32,677).*

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2021 £000	*Group 2020 £000*	Company 2021 £000	*Company 2020 £000*
Wages and salaries	**3,732**	*2,706*	**655**	*535*
Social security costs	**401**	*275*	**77**	*61*
Cost of defined contribution scheme	**676**	*332*	**46**	*52*
	4,809	*3,313*	**778**	*648*

During the year there has been an additional expense of £Nil *(2020: £20,000)* recognised in the profit and loss account in respect of past service costs of the defined benefit pension scheme (note 26).

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	*2020 No.*
Production staff	**41**	*39*
Distribution staff	**13**	*11*
Administrative staff	**24**	*21*
	78	*71*

8. Directors' remuneration

	2021 £000	*2020 £000*
Directors' emoluments	**734**	*655*
Company contributions to defined contribution pension schemes	**62**	*53*
	796	*708*

During the year retirement benefits were accruing to 4 Directors *(2020: 4)* in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £329,374 *(2020: £241,733)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £28,496 *(2020: £23,230)*.

9. Interest receivable

	2021 £000	*2020 £000*
Interest receivable from group companies	**11**	*64*

10. Interest payable and similar expenses

	2021 £000	*2020 £000*
Bank interest payable	**-**	*58*
Loans from group undertakings	**209**	*88*
Foreign exchange loss	**36**	*45*
	245	*191*

11. Other finance costs

	2021 £000	*2020 £000*
Interest income on pension scheme assets	**(432)**	*(593)*
Net interest on net defined benefit liability	**531**	*676*
	99	*83*

12. Taxation

	2021 £000	*2020 £000*
Corporation tax		
Corp tax (P/L) - current yr	**1,440**	*-*
Trust tax charge	**-**	*(189)*
Adjustments in respect of previous periods	**8**	*17*
	1,448	*(172)*
Total current tax	**1,448**	*(172)*
Deferred tax		
Origination and reversal of timing differences	**(2)**	*1*
Deferred tax in respect of defined benefit pension scheme	**734**	*49*
Movement in opening balance due to change in rate of tax	**(518)**	*(22)*
Total deferred tax	**214**	*28*
Taxation on profit/(loss) on ordinary activities	**1,662**	*(144)*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2020: lower than)* the standard rate of corporation tax in the UK of 19% *(2020: 19 %)*. The differences are explained below:

	2021 £000	*2020 £000*
Profit/(loss) on ordinary activities before tax	**10,724**	*(386)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2020: 19%)*	**2,038**	*(73)*
Effects of:		
Expenses not deductible for tax purposes	**7**	*3*
Fixed asset differences	**26**	*-*
Adjustments to tax charge in respect of prior periods	**5**	*17*
Other differences leading to a (decrease)/increase in taxation	**(414)**	*(91)*
Total tax charge for the year	**1,662**	*(144)*

The Group has tax losses of £Nil *(2020: £143,498)* that are available for offset against future taxable profits of the relevant company. A deferred tax asset has not been recognised in respect of these losses as the timing over which the asset will unwind is uncertain.

Factors that may affect future tax charges

In the Spring Budget 2021, the government announced that from 1 April 2023 the headline corporation tax rate will increase to 25% (rather than 19%, as previously enacted).

13. Tangible fixed assets

Group

	Freehold property £000	Short-term leasehold property £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation							
At 1 January 2021	14,203	1,120	29,597	51	1,201	598	46,770
Additions	3,607	154	9,899	-	604	20	14,284
Disposals	-	(21)	(1,049)	-	(3)	-	(1,073)
Transfers between classes	580	-	-	-	-	(580)	-
At 31 December 2021	18,390	1,253	38,447	51	1,802	38	59,981
Depreciation							
At 1 January 2021	3,193	547	20,403	51	954	-	25,148
Charge for the year on owned assets	176	117	4,454	-	104	-	4,851
Disposals	-	(13)	(1,024)	-	(3)	-	(1,040)
At 31 December 2021	3,369	651	23,833	51	1,055	-	28,959
Net book value							
At 31 December 2021	15,021	602	14,614	-	747	38	31,022
At 31 December 2020	*11,010*	*573*	*9,194*	*-*	*247*	*598*	*21,622*

13. Tangible fixed assets (continued)

Company

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 January 2021	**14,203**	**-**	**686**	**580**	**15,469**
Additions	**3,607**	**770**	**480**	**-**	**4,857**
Transfers between classes	**580**	**-**	**-**	**(580)**	**-**
At 31 December 2021	**18,390**	**770**	**1,166**	**-**	**20,326**
Depreciation					
At 1 January 2021	**3,192**	**-**	**645**	**-**	**3,837**
Charge for the year on owned assets	**176**	**11**	**26**	**-**	**213**
At 31 December 2021	**3,368**	**11**	**671**	**-**	**4,050**
Net book value					
At 31 December 2021	**15,022**	**759**	**495**	**-**	**16,276**
At 31 December 2020	*11,011*	*-*	*41*	*580*	*11,632*

14. Fixed asset investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	**3,393**
At 31 December 2021	**3,393**
Net book value	
At 31 December 2021	**3,393**
At 31 December 2020	*3,393*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	*Principal activity*	Class of shares	Holding
Arri Rental Services UK Limited	2 Highbridge, Oxford Road, Middlesex, UB8 1LX	Rental services	Ordinary	100%
Arri (NI) Limited	Lindsay House, 10 Callendar Street, Belfast, BT1 5BN	Rental services	Ordinary	100%

Arri (NI) Limited has taken the available exemption from audit by virtue of s479A of the Companies Act 2006.

15. Stocks

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Consumables	**315**	*413*	**192**	*315*

The difference between purchase price or production cost of stocks and their replacement cost is not material.

An impairment loss of £679 *(2020: £7,345)* was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

16. Debtors

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Due after more than one year				
Amounts owed by group undertakings	**-**	*1*	**1**	*1*
Deferred tax asset	**-**	*1,270*	**-**	*1,270*
	-	*1,271*	**1**	*1,271*

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Due within one year				
Trade debtors	**2,621**	*1,025*	**127**	*-*
Amounts owed by group undertakings	**311**	*630*	**1,034**	*742*
Other debtors	**1,220**	*2*	**1,215**	*255*
Prepayments and accrued income	**175**	*224*	**57**	*77*
Tax recoverable	**1,767**	*793*	**1,767**	*793*
Deferred taxation	**-**	*368*	**-**	*156*
	6,094	*3,042*	**4,200**	*2,023*

17. Cash and cash equivalents

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Cash at bank and in hand	**3,146**	*6,370*	**1,265**	*408*

18. Creditors: Amounts falling due within one year

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Bank loans	**420**	*1,708*	**420**	*1,708*
Trade creditors	**1,666**	*1,082*	**726**	*721*
Amounts owed to group undertakings	**557**	*236*	**402**	*227*
Corporation tax	**1,253**	*599*	**-**	*-*
Other taxation and social security	**1,221**	*614*	**-**	*-*
Other creditors	**24**	*18*	**-**	*-*
Accruals and deferred income	**780**	*572*	**312**	*251*
	5,921	*4,829*	**1,860**	*2,907*

There is a bank overdraft as part of ARRI (GB) Limited's group facility of £3,000,000 *(2020: £3,000,000)* at an interest rate of 2% per annum, secured over property at Unit 2 Highbridge, Oxford Road, Uxbridge, Middlesex, UB8 1LX.

Amounts due to group undertakings within one year are unsecured balances which are not interest bearing.

19. Creditors: Amounts falling due after more than one year

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Bank loans	**851**	*-*	**851**	*-*
Amounts owed to group undertakings	**368**	*1,367*	**11,262**	*3,236*
	1,219	*1,367*	**12,113**	*3,236*

Amounts due to group undertakings after more than one year are unsecured balances which are interest bearing at 3%pa.

20. Loans

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Amounts falling due within one year				
Bank loans	**420**	*1,708*	**420**	*1,708*
Amounts falling due 2-5 years				
Bank loans	**851**	-	**851**	-
Total	**1,271**	*1,708*	**1,271**	*1,708*

The bank loan is secured on the Group's land and buildings and plant and machinery. Interest is charged at 2.1% above LIBOR. During the year the loan was refinanced and it is now payable in instalments with a final repayment date of July 2024.

21. Financial instruments

	Group 2021 £000	*Group 2020 £000*	**Company 2021 £000**	*Company 2020 £000*
Financial assets				
Financial assets measured at fair value through profit or loss	**3,146**	*6,370*	**1,265**	*408*
Financial assets that are measured at amortised cost	**2,938**	*1,658*	**1,163**	*998*
	6,084	*8,028*	**2,428**	*1,406*
Financial liabilities				
Financial liabilities measured at amortised cost	**(3,886)**	*(4,411)*	**(13,661)**	*(5,892)*

Financial assets measured at amortised cost comprise trade debtors, amounts due from group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, bank loans and amounts owed to group.

22. Deferred taxation

Group

	2021 £000	2020 £000
At beginning of year	**1,638**	*925*
Charged to profit or loss	**(213)**	*(29)*
Charged to other comprehensive income	**(1,787)**	*742*
At end of year	**(362)**	*1,638*

Company

	2021 £000	2020 £000
At beginning of year	**1,212**	*543*
Charged to profit or loss	**270**	*(73)*
Charged to other comprehensive income	**(1,787)**	*742*
Other movement	**(530)**	*-*
At end of year	**(835)**	*1,212*

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Accelerated capital allowances	**(271)**	*212*	**(744)**	*(215)*
Defined pension deficit	**(91)**	*1,427*	**(91)**	*1,427*
	(362)	*1,639*	**(835)**	*1,212*

23. Share capital

	2021 £000	*2020* *£000*
Authorised		
5,000,000 *(2020: 5,000,000)* Ordinary shares of £1 each	**5,000**	*5,000*
Allotted, called up and fully paid		
2,000,000 *(2020: 2,000,000)* Ordinary shares of £1 each	**2,000**	*2,000*

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

24. Provisions

Group

	Onerous lease provision £000	Total £000
At 1 January 2021	85	85
At 31 December 2021	85	85

Company

	Onerous lease provision £000	Total £000
At 1 January 2021	85	85
At 31 December 2021	85	85

Onerous lease provision

The onerous lease provision for the Company and the Group consists of amounts provided in respect of vacant leasehold properties. Provision has been made for the lease payments due up to the point at which the property is expected to be let on a full market rent.

25. Capital commitments

At the year ended 31 December 2021, there were no capital commitments outstanding *(2020: £Nil)*.

26. Pension commitments

The Group operates a Defined Benefit Pension Scheme.

The Group operates both a defined benefit scheme and a defined contribution scheme. A defined contribution scheme is operated on behalf of certain employees. The assets are held separately from those of the Group in an independently administered fund. The pension charge represents contributions paid by the Group to the fund and amounted to £820,000 *(2020: £820,000)*. No contributions were payable to the fund at the year end.

The defined benefit scheme provides benefits based upon final pensionable pay and was established under an irrevocable Deed of Trust by Arri (GB) Limited for its employees and those of its subsidiary undertakings. The scheme is managed by a corporate trustee accountable to the pension scheme members.

Where, at the reporting date, the present value of defined benefit obligation is less than the fair value of the plan assets the plan has a surplus. An entity shall recognise a surplus only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. The Deed of Trust stipulates that the Employer will receive any outstanding assets on the wind-up of the Scheme confirming the recoverability of a surplus.

The pension cost relating to this scheme is assessed every three years in accordance with the advice of a qualified actuary using the projected unit method. The most recent actuarial valuation, at 1 January 2018, indicated that, on the basis of service to date and current salaries, the scheme's assets were sufficient to only meet 85%. The Group has agreed to continue to make annual payments of £820,000 until 31 May 2023 to fund the shortfall, subject to review at the next triennial actuarial valuation. All scheme expenses will be met by the Group directly. The scheme was closed to future accruals on 10 December 2009.

On 26 October 2018, the High Court of Justice of England and Wales handed down a judgement in a case relating to the equalisation of member benefits for the gender effects of Guaranteed Minimum Pensions ("GMP equalisation"). This created a precedent for other UK schemes with GMPs. As a result, the Company has obtained an actuary calculation to estimate the impact. An additional expense of £Nil *(2020: £20,000)* has been recognised in the profit and loss account in respect of past service costs relating to GMP equalisation.

The valuation was updated by Barnett Waddingham LLP as at 31 December 2021.

Reconciliation of present value of plan liabilities:

	2021	*2020*
	£000	*£000*
Reconciliation of present value of plan liabilities		
At the beginning of the year	**38,249**	*32,348*
Interest cost	**531**	*676*
Benefits paid	**(587)**	*(351)*
Experience gain on liabilities	**(227)**	*-*
Changes to demographic assumptions	**(426)**	*114*
Changes to financial assumptions - (gain) / loss	**(3,112)**	*5,442*
Past service costs	**-**	*20*
At the end of the year	**34,428**	*38,249*

26. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2021 £000	2020 £000
At the beginning of the year	30,744	28,026
Interest income on assets	432	593
Company contributions	820	820
Benefits paid	(587)	(351)
Return on plan assets less interests	3,383	1,656
At the end of the year	34,792	30,744

Amounts recognised in the financial statements:

	2021 £000	2020 £000
Fair value of plan assets	34,792	30,744
Present value of funded obligations	(34,428)	(38,249)
Net pension scheme liability	364	(7,505)

	2021 £000	2020 £000
Interest on obligation	(531)	(676)
Interest income on plan assets	432	593
Total	(99)	(83)

The cumulative amount of actuarial gains and (losses) recognised in the consolidated Statement of Comprehensive Income was £5,361,000 *(2020: (£3,159,000))*.

26. Pension commitments (continued)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2021 **%**	*2020* *%*
Discount rate	**1.9**	*1.4*
Inflation assumption (RPI)	**3.4**	*3.1*
Mortality rates - future life expectancy at age 65 is as follows:		
- for a male aged 65 now	**22.8**	*23.8*
- at 65 for a male aged 45 now	**21.5**	*22.1*
- for a female aged 65 now	**25.8**	*25.9*
- at 65 for a female member aged 45 now	**24.3**	*24.1*

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

The post retirement mortality assumption used is in accordance with the standard S3PA CMI 2020 mortality tables *(2020: S2PXA CMI 2020)*, on a year of birth basis, and shows a minimum rate of annual improvidence of 1.25% *(2020: 1.5%)*.

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2021 **£000**	*2020* *£000*	*2019* *£000*	*2018* *£000*	*2017* *£000*
Present value of obligations	**(34,428)**	*(38,249)*	*(32,348)*	*(27,214)*	*(28,849)*
Fair value of scheme assets	**34,792**	*30,744*	*28,026*	*23,397*	*23,895*
Surplus/(Liability)	**364**	*(7,505)*	*(4,322)*	*(3,817)*	*(4,954)*

26. Pension commitments (continued)

The major categories of assets as a percentage of total assets are as follows:

	2021	*2020*
	%	*%*
Equities	**53**	*48*
Gilts	**7**	*9*
Diversified growth funds	**17**	*17*
Corporate bonds	**8**	*10*
Annuities held in respect of pensioners	**2**	*3*
Properties	**11**	*11*
Cash	**2**	*2*
	100	*100*

27. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £000	*Group 2020 £000*
Not later than 1 year	**220**	*212*
Later than 1 year and not later than 5 years	**241**	*349*
	461	*561*

28. Reserves

Other reserves

Being capital reserves arising from goodwill on acquisition of subsidiaries.

Profit and loss account

Being all current and prior period retained profits and losses.

29. Related party transactions

The Group has taken advantage of the exemption available in FRS 102 section 33 not to disclose transactions wholly owned subsidiaries.

30. Contingent liabilities

There is a cross guarantee and debenture between the parent Company, Arri (GB) Limited and subsidiary undertakings Arri Rental Services UK Limited in respect of banking facilities. At 31 December 2021 £1,271,088 *(2020: £1,708,000)* was outstanding.

31. Controlling party

The Company's immediate parent undertaking is A&R Beteiligungsgesellschaft GMBH, incorporated in Germany. The Company's ultimate parent undertaking is Stahl Beteiligungs GMBH, incorporated in Germany. In the opinion of the Directors, the ultimate controlling parties are Christoph Stahl, Carolin Stahl and Florian Stahl, by virtue of their majority shareholdings in Stahl Beteiligungs GMBH.

The largest and smallest Group in which the results of the Company are consolidated is that headed by Stahl Beteiligungs GMBH, incorporated in Germany. The accounts are available to the public and may be obtained from the German register, Federal Gazette.