

**Report of the Director and
Financial Statements for the Year Ended 31 December 2010
for
London Crystal Digital Technology Co.,
Ltd**

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**London Crystal Digital Technology Co.,
Ltd**

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for the Year Ended 31 December 2010**

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**London Crystal Digital Technology Co.,
Ltd**

**Company Information
for the Year Ended 31 December 2010**

DIRECTOR: Mr Y Zhuang

SECRETARY: Miss Y Yang

REGISTERED OFFICE: Arkenis House
Brook Way
Leatherhead
Surrey
KT22 7NA

REGISTERED NUMBER: 06300716 (England and Wales)

**SENIOR STATUTORY
AUDITOR:** Keith Malcouronne FCA

AUDITORS: Financial Professional Support Services LLP
The Old Church
Quicks Road
Wimbledon
London
SW19 1EX

**London Crystal Digital Technology Co.,
Ltd**

**Report of the Director
for the Year Ended 31 December 2010**

The director presents his report with the financial statements of the company for the year ended 31 December 2010.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of production and design of 3D animation and other graphic images

DIRECTOR

Mr Y Zhuang held office during the whole of the period from 1 January 2010 to the date of this report

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. Under company law the director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Financial Professional Support Services LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



Mr Y Zhuang - Director

23 February 2011

**Report of the Independent Auditors to the Shareholders of
London Crystal Digital Technology Co.,
Ltd**

We have audited the financial statements of London Crystal Digital Technology Co, Ltd for the year ended 31 December 2010 on pages five to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted for use in the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - dependence on parent company

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, concerning the company's reliance on continued funding from the parent company, in relation to going concern. Should the funding of the parent company be withdrawn this would cast significant doubt about the company's ability to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Shareholders of
London Crystal Digital Technology Co.,
Ltd**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the director was not entitled to prepare the Report of the Director in accordance with the small companies exemption

Financial Professional Support Services LLP

Keith Malcournne FCA (Senior Statutory Auditor)
for and on behalf of Financial Professional Support Services LLP
The Old Church
Quicks Road
Wimbledon
London
SW19 1EX

23 February 2011

**London Crystal Digital Technology Co.,
Ltd**

**Statement of Comprehensive Income
for the Year Ended 31 December 2010**

	Notes	2010 £	2009 £
CONTINUING OPERATIONS			
Revenue		1,055,678	323,226
Cost of sales		(512,683)	(233,913)
GROSS PROFIT		542,995	89,313
Administrative expenses		(1,653,855)	(754,302)
OPERATING LOSS		(1,110,860)	(664,989)
Finance income	3	7	-
LOSS BEFORE INCOME TAX	4	(1,110,853)	(664,989)
Income tax	5	-	-
LOSS FOR THE YEAR		(1,110,853)	(664,989)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,110,853)	(664,989)

The notes form part of these financial statements

**London Crystal Digital Technology Co ,
Ltd**

**Statement of Financial Position
31 December 2010**

	Notes	2010 £	2009 £
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	6	8,759	-
Property, plant and equipment	7	145,068	31,265
		<u>153,827</u>	<u>31,265</u>
CURRENT ASSETS			
Trade and other receivables	8	225,123	69,664
Cash and cash equivalents	9	174,146	286,947
		<u>399,269</u>	<u>356,611</u>
TOTAL ASSETS		<u><u>553,096</u></u>	<u><u>387,876</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	10	1,000	1,000
Retained earnings	11	(1,775,377)	(664,524)
TOTAL EQUITY		<u><u>(1,774,377)</u></u>	<u><u>(663,524)</u></u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	12	2,176,923	1,017,060
CURRENT LIABILITIES			
Trade and other payables	12	146,681	34,139
Financial liabilities - borrowings			
Bank overdrafts	13	3,869	201
		<u>150,550</u>	<u>34,340</u>
TOTAL LIABILITIES		<u><u>2,327,473</u></u>	<u><u>1,051,400</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>553,096</u></u>	<u><u>387,876</u></u>

The financial statements were approved by the director on 23 February 2011 and were signed by

Mr Y Zhuang - Director



The notes form part of these financial statements

**London Crystal Digital Technology Co.,
Ltd**

**Statement of Changes in Equity
for the Year Ended 31 December 2010**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2009	1,000	465	1,465
Changes in equity			
Total comprehensive income	-	(664,989)	(664,989)
Balance at 31 December 2009	<u>1,000</u>	<u>(664,524)</u>	<u>(663,524)</u>
Changes in equity			
Total comprehensive income	-	(1,110,853)	(1,110,853)
Balance at 31 December 2010	<u>1,000</u>	<u>(1,775,377)</u>	<u>(1,774,377)</u>

The notes form part of these financial statements

**London Crystal Digital Technology Co.,
Ltd**

**Statement of Cash Flows
for the Year Ended 31 December 2010**

		2010 £	2009 £
Cash flows from operating activities			
Cash generated from operations	1	(1,119,985)	(696,475)
Net cash from operating activities		<u>(1,119,985)</u>	<u>(696,475)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(9,880)	-
Purchase of tangible fixed assets		(145,628)	(35,304)
Interest received		7	-
Net cash from investing activities		<u>(155,501)</u>	<u>(35,304)</u>
Cash flows from financing activities			
Share issue		-	1,000
Amount introduced by group company		1,159,017	490,340
Net cash from financing activities		<u>1,159,017</u>	<u>491,340</u>
Decrease in cash and cash equivalents		<u>(116,469)</u>	<u>(240,439)</u>
Cash and cash equivalents at beginning of year	2	<u>286,746</u>	<u>527,185</u>
Cash and cash equivalents at end of year	2	<u><u>170,277</u></u>	<u><u>286,746</u></u>

The notes form part of these financial statements

**London Crystal Digital Technology Co.,
Ltd**

**Notes to the Statement of Cash Flows
for the Year Ended 31 December 2010**

1 RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2010 £	2009 £
Loss before income tax	(1,110,853)	(664,989)
Depreciation charges	33,792	4,039
Finance income	(7)	-
	<u>(1,077,068)</u>	<u>(660,950)</u>
Increase in trade and other receivables	(155,459)	(69,664)
Increase in trade and other payables	112,542	34,139
	<u>(1,119,985)</u>	<u>(696,475)</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Year ended 31 December 2010

	31/12/10 £	1/1/10 £
Cash and cash equivalents	174,146	286,947
Bank overdrafts	(3,869)	(201)
	<u>170,277</u>	<u>286,746</u>

Year ended 31 December 2009

	31/12/09 £	1/1/09 £
Cash and cash equivalents	286,947	527,185
Bank overdrafts	(201)	-
	<u>286,746</u>	<u>527,185</u>

The notes form part of these financial statements

**London Crystal Digital Technology Co.,
Ltd**

**Notes to the Financial Statements
for the Year Ended 31 December 2010**

1 ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis which the director believes to be appropriate for the following reasons. The company is dependant for its working capital on funds provided to it by its shareholder. To date, the shareholder has provided such support as has been necessary in order for the company to meet its liabilities as they fall due for payment. The shareholder has provided the director with a formal written expression of intent to support the company for the foreseeable future, which in this instance is three years. As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not do so. Based on this undertaking the director believes that it remains appropriate to prepare the financial statements on a going concern basis. The director considers that should a going concern basis of preparation become inappropriate, no adjustments would be required to the financial statements to reflect this.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery	- 10% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- Straight line over 3 years

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2 EMPLOYEES AND DIRECTORS

	2010	2009
	£	£
Wages and salaries	724,118	280,690
Social security costs	74,348	31,272
	<u>798,466</u>	<u>311,962</u>

The average monthly number of employees during the year was as follows

	2010	2009
Employees	<u>13</u>	<u>7</u>

**London Crystal Digital Technology Co.,
Ltd**

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2010**

2 EMPLOYEES AND DIRECTORS - continued

	2010 £	2009 £
Director's remuneration	-	-

3 NET FINANCE INCOME

	2010 £	2009 £
Finance income		
Deposit account interest	7	-

4 LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2010 £	2009 £
Other operating leases	267,340	88,787
Depreciation - owned assets	31,825	4,039
Computer software amortisation	1,121	-
Auditors' remuneration	7,000	4,500

5 INCOME TAX

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2010 nor for the year ended 31 December 2009

6 INTANGIBLE ASSETS

	Computer software £
COST	
Additions	9,880
At 31 December 2010	9,880
AMORTISATION	
Amortisation for year	1,121
At 31 December 2010	1,121
NET BOOK VALUE	
At 31 December 2010	8,759

**London Crystal Digital Technology Co.,
Ltd**

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2010**

7 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 January 2010	-	-	35,304	35,304
Additions	7,912	12,714	125,002	145,628
At 31 December 2010	7,912	12,714	160,306	180,932
DEPRECIATION				
At 1 January 2010	-	-	4,039	4,039
Charge for year	2,637	2,908	26,280	31,825
At 31 December 2010	2,637	2,908	30,319	35,864
NET BOOK VALUE				
At 31 December 2010	5,275	9,806	129,987	145,068
At 31 December 2009	-	-	31,265	31,265

8 TRADE AND OTHER RECEIVABLES

	2010 £	2009 £
Current		
Trade debtors	176,595	5,758
Other debtors	48,528	50,310
VAT	-	13,596
	225,123	69,664

9 CASH AND CASH EQUIVALENTS

	2010 £	2009 £
Cash in hand	1,362	77
Bank accounts	172,784	286,870
	174,146	286,947

10 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2010 £	2009 £
1,000	Ordinary		1,000	1,000

**London Crystal Digital Technology Co.,
Ltd**

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2010**

11 RESERVES

	Retained earnings £
At 1 January 2010	(664,524)
Deficit for the year	(1,110,853)
At 31 December 2010	<u>(1,775,377)</u>

12 TRADE AND OTHER PAYABLES

	2010 £	2009 £
Current		
VAT	5,394	-
Accruals and deferred income	141,287	34,139
	<u>146,681</u>	<u>34,139</u>
Non-current		
Amounts owed to group undertakings	<u>2,176,923</u>	<u>1,017,060</u>

13 FINANCIAL LIABILITIES - BORROWINGS

	2010 £	2009 £
Current		
Bank overdrafts	<u>3,869</u>	<u>201</u>
Terms and debt repayment schedule		
		1 year or less £
Bank overdrafts		<u>3,869</u>

14 ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Crystal Computer Graphic Limited, a company incorporated in Hong Kong. It is therefore exempt under the provisions of FRS8 from disclosing transactions with entities that are part of the group qualifying as related parties.

**London Crystal Digital Technology Co.,
Ltd**

**Reconciliation of Equity
1 January 2009
(Date of Transition to IFRSs)**

	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	527,185	-	527,185
TOTAL ASSETS	<u>527,185</u>	<u>-</u>	<u>527,185</u>
SHAREHOLDERS' EQUITY			
Called up share capital	1,000	-	1,000
Profit and loss account	464	-	464
TOTAL EQUITY	<u>1,464</u>	<u>-</u>	<u>1,464</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	514,365	-	514,365
Tax payable	11,356	-	11,356
	<u>525,721</u>	<u>-</u>	<u>525,721</u>
TOTAL LIABILITIES	<u>525,721</u>	<u>-</u>	<u>525,721</u>
TOTAL EQUITY AND LIABILITIES	<u>527,185</u>	<u>-</u>	<u>527,185</u>

The notes form part of these financial statements

**London Crystal Digital Technology Co ,
Ltd**

**Reconciliation of Equity - continued
31 December 2009**

	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	31,265	-	31,265
CURRENT ASSETS			
Trade and other receivables	69,664	-	69,664
Cash and cash equivalents	286,947	-	286,947
	356,611	-	356,611
TOTAL ASSETS	387,876	-	387,876
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	1,000	-	1,000
Profit and loss account	(664,524)	-	(664,524)
TOTAL EQUITY	(663,524)	-	(663,524)
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	1,017,060	-	1,017,060
CURRENT LIABILITIES			
Trade and other payables	34,139	-	34,139
Financial liabilities - borrowings			
Bank overdrafts	201	-	201
	34,340	-	34,340
TOTAL LIABILITIES	1,051,400	-	1,051,400
TOTAL EQUITY AND LIABILITIES	387,876	-	387,876

The notes form part of these financial statements

**London Crystal Digital Technology Co.,
Ltd**

**Reconciliation of Loss
for the Year Ended 31 December 2009**

	UK GAAP £	Effect of transition to IFRSs £	IFRSs £
Revenue	323,226	-	323,226
Cost of sales	(233,913)	-	(233,913)
	<hr/>	<hr/>	<hr/>
GROSS PROFIT	89,313	-	89,313
Administrative expenses	(754,302)	-	(754,302)
	<hr/>	<hr/>	<hr/>
LOSS BEFORE TAX	(664,989)	-	(664,989)
	<hr/>	<hr/>	<hr/>
LOSS FOR THE YEAR	(664,989)	-	(664,989)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

**London Crystal Digital Technology Co.,
Ltd**

**Income Statement Summaries
for the Year Ended 31 December 2010**

	2010 £	2009 £
REVENUE		
Sales	1,052,450	323,151
Other income	3,228	75
	<u>1,055,678</u>	<u>323,226</u>
 COST OF SALES		
Project expenditure	-	7,708
Production cost	512,683	226,205
	<u>512,683</u>	<u>233,913</u>

**London Crystal Digital Technology Co ,
Ltd**

**Income Statement Summaries
for the Year Ended 31 December 2010**

	2010 £	2009 £
ADMINISTRATIVE EXPENSES		
Establishment costs		
Offices salaries	724,118	280,690
Social security	74,348	31,272
Office rent	267,340	88,787
Insurance	1,877	1,358
Repairs and maintenance	7,135	-
Accommodation rent	26,628	25,192
Utilities	3,680	3,189
Administrative expenses		
Computer system maintenance	43,253	-
Telephone	9,804	4,802
Post and stationery	13,233	3,582
Advertising and promotion	137,034	65,165
Computer expenses	13,062	2,836
Office service charges	27,385	17,797
Business consultancy	85,198	69,626
Staff training	445	95
Staff benefits	8,626	1,182
Sundry expenses	2,117	704
Books and information	93	117
Accountancy	41,460	10,788
Recruitment	8,141	72,299
Legal and professional	41,769	12,393
Auditors' remuneration	7,000	4,500
Other Costs		
Entertainment	17,956	13,517
Bad debts	17,050	-
Hotel, travel and subsistence	40,481	39,907
Amortisation of intangible fixed assets		
Computer software	1,129	-
Depreciation of tangible fixed assets		
Depn of technical equipment	2,637	-
Depn of office furniture	2,908	-
Computer equipment	27,118	4,039
Finance costs		
Bank charges	589	465
Exchange rate change	241	-
	<u>1,653,855</u>	<u>754,302</u>
 FINANCE INCOME		
Deposit account interest	<u>7</u>	<u>-</u>
	<u>7</u>	<u>-</u>