

Company Number: 08323649

**ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
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ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
COMPANY INFORMATION

CHAIRMAN	Pan Zhou (Appointed 25/10/2017)
REGISTERED NUMBER	08323649
DIRECTORS	Rui Ning (Appointed 25/10/2017) Zhou Pan (Appointed 25/10/2017) Howard Gilbert Kiedaisch (Appointed 25/03/2019) Patrick Foley (Resigned 24/01/2019)
COMPANY SECRETARY	Alan Henry Bowen (Appointed 01/03/2020) Beatrice Mann (Resigned 21/08/2019)
REGISTERED OFFICE	The WestWorks, White City Place 195 Wood Lane London W12 7FQ Landmark House
AUDITORS	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the company is to act as agent in respect of financing the digital projection equipment used by exhibitors in Africa through its VPF agreements held with distributors.

DIRECTORS

The directors who served during the period were:

Rui Ning (Appointed 25/10/2017)
Zhou Pan (Appointed 25/10/2017)
Howard Gilbert Kiedaisch (Appointed 25/03/2019)
Patrick Foley (Resigned 24/01/2019)

No director had any interest in the ordinary or preference share capital of the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the period and of its profit or loss for the period. In preparing these financial statements the directors are required to:

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

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

DISCLOSURE OF INFORMATION TO THE AUDITORS

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

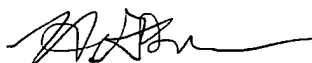
AUDITORS

Crowe U.K. LLP, who were appointed as first auditors of the company by the directors, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

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

The report was approved by the Board on 18 December 2020 and signed on its behalf.

Howard Kiedaisch
Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTS ALLIANCE MEDIA (DIGITAL) LIMITED

Opinion

We have audited the financial statements of Arts Alliance Media (Digital) Limited for the year ended 31 December 2019 which comprise the statement of comprehensive income and the statement of financial position 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 company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter

We draw attention to Note 2.1 to the financial statements which explains that the company has ceased trading since the balance sheet date and therefore the directors do not consider to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 2.1. Our opinion is not modified in this respect of this matter.

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.

Aside from the impact of the matters disclosed in the emphasis of matter paragraph, we have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTS ALLIANCE MEDIA
(DIGITAL) LIMITED**

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTS ALLIANCE MEDIA
(DIGITAL) LIMITED**

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.

M Stallabrass

Matthew Stallabrass
Senior Statutory Auditor

22 December 2020

For and on behalf of
Crowe U.K. LLP
Statutory Auditor

55 Ludgate Hill
London
EC4M 7JW

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 31 Dec 19 \$	1 Jul 17 to 31 Dec 18 \$
TURNOVER		3,966,568	6,088,491
Cost of sales		<u>-</u>	<u>-</u>
GROSS PROFIT		3,966,568	6,088,491
Administrative expenses		<u>(4,066,683)</u>	<u>(6,110,602)</u>
OPERATING PROFIT/ (LOSS)	3	(100,115)	(22,111)
Interest payable and similar charges		-	-
Interest receivable		<u>38,186</u>	<u>13,691</u>
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(61,929)	(8,420)
Taxation on profit on ordinary activities		<u>-</u>	<u>-</u>
PROFIT/ (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		(61,929)	(8,420)

The profit and loss account contains all the gains and losses recognised in the period.

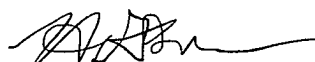
The loss for the period, which was derived from continuing activities, is the only movement in shareholders' funds.

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	As at 31 December 2019 \$	As at 31 December 2019 \$	As at 31 December 2018 \$	As at 31 December 2018 \$
FIXED ASSETS					
Tangible assets	5		-		3,590,328
CURRENT ASSETS					
Debtors	6	2,496,747		2,591,714	
Cash at bank and in hand		<u>536,049</u>		<u>264,664</u>	
		3,032,796		2,856,378	
CREDITORS: amounts falling due within one year	7	<u>(3,154,679)</u>		<u>(5,772,849)</u>	
NET CURRENT ASSETS/ (LIABILITIES)			(121,883)		(2,916,471)
PROVISION FOR LIABILITIES AND CHARGES	8		<u>-</u>		<u>(733,810)</u>
NET ASSETS/ (LIABILITIES)			<u>(121,883)</u>		<u>(59,953)</u>
CAPITAL AND RESERVES					
Share capital			1		1
Profit and loss account			<u>(121,884)</u>		<u>(59,954)</u>
SHAREHOLDERS' DEFICIT			<u>(121,883)</u>		<u>(59,953)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved and authorised for issue by the Board on 18 December 2020 and were signed on its behalf on 18 December 2020.



Howard Kiedaisch
Director

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The company is a private company, limited by shares, incorporated in England and Wales with registration number 08323649. The address of the registered office is The WestWorks, White City Place, 195 Wood Lane, London W12 7FQ.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The company has ceased trading since the balance sheet date. The directors have prepared the financial statements on the basis that the company is no longer a going concern.

Non-current liabilities have been reclassified to current liabilities. No material adjustments arose as a result of ceasing to apply the going concern basis. Assets and liabilities are expected to be settled at their carrying value following the termination of the business.

2.2 Going concern

As explained above, the company has ceased trading since the balance sheet date.

2.3 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under FRS 102 Section 1A – small entities.

2.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales taxes. All turnover arose within the rest of the world.

Turnover is generated through Virtual Print Fees which are due from customers for the facilitation of regional cinema digitisation and triggered following the screening of a film using digital projection equipment deployed by the Company. Additionally turnover arises from usage fees due from customers based on the availability of equipment provided by the Company, and from administration fees collected for the management of the Virtual Print Fee scheme.

Usage fees are deferred over the contracted period to which the equipment is to be made available to the customer. Deferred revenue is matched to the principal attributable costs of the equipment and are spread over the life of the contracts.

2.5 Foreign currency translation

The financial statements are presented in US Dollars, which is the functional and presentation currency of Arts Alliance Media (Digital) Limited.

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

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Tangible fixed assets and depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets over their expected useful lives. Depreciation is calculated as the earlier of:

- a) The expiry of the contractual agreements associated to the equipment. These expire on 31 December 2019. Depreciation will be straight line over the length of the contracts, or;
- b) Once the total equipment costs plus administration fees have been recouped through Virtual Print Fees and usage fees. Depreciation is therefore provided based on a proportion of the revenues collected against this total cost pool

The title to the assets passes at the earlier of the two points noted above, after which no further economic benefits arise from the assets.

2.7 Gains and losses on the disposal of fixed assets

The profit or loss on the disposal of a tangible fixed asset is accounted for in the profit and loss account of the period in which the disposal occurs as the difference between the net sale proceeds and the carrying amount, whether carried at historical cost (less any provisions made) or at a valuation.

2.8 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. OPERATING PROFIT

The operating profit is stated after charging:

	Year ended 31 Dec 19 \$	1 Jul 17 to 31 Dec 18 \$
Foreign currency loss / (gain)	(7,509)	7,233
Depreciation of tangible fixed assets	3,470,617	5,423,910
Loss / (Profit) on disposal of fixed assets	142,347	(53,738)
Auditors' remuneration	7,662	11,604

4. DIRECTORS' REMUNERATION

During the period Director's remuneration was \$Nil (2018: \$Nil).

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

5. TANGIBLE FIXED ASSETS

	Cinematic Equipment \$
Cost	
Opening balance	22,316,436
Disposals	(615,733)
Retirement	<u>(21,700,703)</u>
Closing balance	<u>-</u>
Depreciation	
Opening balance	18,726,108
Charge for the year	3,470,617
Disposals	(473,386)
Retirement	<u>(21,723,339)</u>
Closing balance	<u>-</u>
Net book value	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>3,590,328</u>

The tangible fixed assets consist of cinema equipment that was retired on 31 December 2019 coinciding with the end of the VPF term in South Africa. After the balance sheet this equipment will not generate any economic benefits to the company.

6. DEBTORS

	As at 31 December 2019 \$	As at 31 December 2018 \$
Amounts falling due within one year		
Trade debtors	561,614	271,527
Accrued income and prepayments	1,175,434	1,588,506
Amounts owed by related parties	639,028	664,332
Other taxes and social security costs	<u>120,671</u>	<u>67,349</u>
	<u>2,496,747</u>	<u>2,591,714</u>

The balance owed by related parties consists of a loan to Arts Alliance Media Limited.

ARTS ALLIANCE MEDIA (DIGITAL) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	As at 31 December 2019 \$	As at 31 December 2018 \$
Amounts falling due within one year		
Trade creditors	3,142,938	4,893,051
Accruals and deferred income	<u>11,741</u>	<u>879,798</u>
	<u>3,154,679</u>	<u>5,772,849</u>

8. PROVISION FOR LIABILITIES AND CHARGES

	As at 31 December 2019 \$	As at 31 December 2018 \$
Opening balance	733,810	1,980,721
Used during the Year	<u>(733,810)</u>	<u>(1,246,911)</u>
	<u>-</u>	<u>733,810</u>

9. AVERAGE NUMBER OF EMPLOYEES

The average number of employees during the period reported was nil.

10. CONTROLLING PARTY

The immediate parent company is Arts Alliance Media Investments Limited, a company incorporated in the British Virgin Islands and domiciled in BVI. The ultimate controlling party is Shandong Luxin-Rio Visual Technology Co., Ltd. ("Luxin-Rio").

11. POST BALANCE SHEET EVENTS

The company has ceased trading since the balance sheet date because the term of its customer agreements expired on 31 December 2019. As a result, the going concern basis was not applied to the preparation of the accounts, per note 2.1.