

**ARRI RENTAL SERVICES UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**ARRI RENTAL SERVICES UK LIMITED**

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**COMPANY INFORMATION**

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**Directors**

R Allen  
T Essaji  
J Van Wyk  
D Harrison  
M Zeiler

**Registered number**

02044202

**Registered office**

2 Highbridge  
Oxford Road  
Middlesex  
UB8 1LX

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
1020 Eskdale Road  
Winnersh  
Wokingham  
RG41 5TS

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**ARRI RENTAL SERVICES UK LIMITED**

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**ARRI RENTAL SERVICES UK LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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 Company's past performance; and
- insight into the Company's main objectives and strategies, and the principal risks it faces and how they might affect future projects.

**The Company's objectives**

The board continues to seek to deliver sustainable, responsible and profitable business growth in order to deliver:

- Innovative and class leading solutions to clients' requirements;
- Excellent customer service;
- Challenging and rewarding careers for the Company's employees; and
- Growth in shareholder value.

**The Company's strategy**

The Company's strategy is to:

- Maintain proactive customer engagement by understanding customer needs and identifying opportunities for providing new technology solutions;
- Ensure that excellent, consistent technical knowledge and skills are available across the Company;
- Continually develop and improve the business infrastructure so service excellence can be maintained.

**Business review**

During the year the Company generated:

Turnover:	£9.5m	(2019: £17.8m)
Operating (loss)/profit:	(£1m)	(2019: £4.7m)

Revenue decreased by £8.3m (2019: increased by £3.8m) due to Covid outbreak and the unprecedented consequences including the national lockdown which caused shutdown of Productions and Filming. This resulted in reduced activity in the year in Feature Films, TV series and Commercials which affected the Camera, Grip and Lighting businesses as most jobs were delayed.

The reduction in revenue has resulted in a decrease in gross profit of £6.7m (2019: increased by £2.9m) and Profit before tax reduction of £5.8m (2019: increased by £3.1m).

Management have considered the current 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 a working from home policy which has been running smoothly for the last twelve months. The company has a robust risk management policy in place, including business continuity management.

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**ARRI RENTAL SERVICES UK LIMITED**


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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**


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**Financial key performance indicators**

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

Year ended 31 December	2020	2019
Revenues	£9.5m	£17.8m
Gross Profit	£4.4m	£11.1m
Gross Profit %	46.3%	62.4%
(Loss)/Profit before Tax	(£1m)	£4.8m

**Financial risk management objectives and policies**

The Company'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.

**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.

**Credit risk**

The Company 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 Company 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.

**COVID-19**

The uncertainty as to the impact of the recent COVID-19 outbreaks on the Company 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. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

**Brexit risk**

Concerning Brexit, as of 31st December 2020 the UK left the EU. The UK and EU have now negotiated their future relationship, and the impact of this exit is not considered to be significant or with major uncertainties facing the company. The company however continues to discuss contingency strategies with the wider group. The UK company has a strong UK domestic trade, and the Board are continuing to monitor the situation to ensure the business remains resilient to the effects of the changes the new trade arrangement will bring to currency or tax treatment.

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**ARRI RENTAL SERVICES UK LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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 and Lighting products to support the Feature Film and TV market in the UK, will lead to good revenue and profit in the future.

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

*Tamim Essaji*

**T Essaji**

Director

Date: 27/5/2021

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**ARRI RENTAL SERVICES UK LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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The Directors present their report and the financial statements for the year ended 31 December 2020.

**Principal activity**

The principal activity of the Company during the year was the renting of camera, lighting and grip equipment to the film, television and related industries.

**Results and dividends**

The loss for the year, after taxation, amounted to £770,283 (2019: profit £3,904,084).

**Directors**

The Directors who served during the year were:

R Allen  
T Essaji  
J Van Wyk  
D Harrison  
M Zeiler

**Directors' Responsibilities Statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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**ARRI RENTAL SERVICES UK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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.

**Engagement with employees**

The directors continuously maintain arrangements to ensure employees are provided with information on matters of concern to them as employees. Employees are consulted in making decisions which are likely to affect their interests and ensure to achieve employee awareness of the financial, economic and business factors affecting the company's performance by having regular online and townhall meetings and ongoing communication by email.

**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 £1m 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's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company'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: 27/5/2021





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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRI RENTAL SERVICES UK LIMITED

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### Opinion

We have audited the financial statements of Arri Rental Services UK Limited (the 'Company') for the year, which comprise the Statement of comprehensive income, the Statement of financial position, the 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 Company's affairs as at 31 December 2020 and of its loss 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 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 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 Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the 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 Company's financial resources or ability to continue operations over the going concern period.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRI RENTAL SERVICES UK LIMITED  
(CONTINUED)**

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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 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 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 Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRI RENTAL SERVICES UK LIMITED  
(CONTINUED)**

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

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 the 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, 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.

**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 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRI RENTAL SERVICES UK LIMITED  
(CONTINUED)**

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**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:

**The engagement teams understanding of the legal and regulatory framework and which laws and regulations the engagement team identified as being significant in the context of the entity**

- We enquired of management and the board, concerning the Group's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and the board, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquires to relevant supporting documentation.
- We identified whether there is a culture of honesty and ethical behaviour and whether there is a strong emphasis of prevention and deterrence of fraud.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (United Kingdom Generally Accepted Accounting Practice and the Companies Act 2006).
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRI RENTAL SERVICES UK LIMITED  
(CONTINUED)**

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**The engagement team's assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.**

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - journal entries with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business
  - evaluating the design effectiveness of controls over revenue that management has in place to prevent and detect fraud
  - potential management bias in determining accounting estimates, especially in relation to the defined benefit pension scheme
  - transactions with related parties
- Our audit procedures involved:
  - evaluation of the design effectiveness and testing the operating effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing,
  - challenging assumptions and judgements made by management in its significant accounting estimates;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from 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.

The engagement partner's assessment of whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included 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
  - 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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARRI RENTAL SERVICES UK LIMITED  
(CONTINUED)**

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**Matters about non-compliance with laws and regulations and fraud that were communicated with the engagement team**

- We did not identify any matters relating to non-compliance with laws and regulation and fraud.

**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: 27/5/2021

## ARRI RENTAL SERVICES UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Turnover	4	9,470,225	17,785,198
Cost of sales		(5,094,757)	(6,714,258)
<b>Gross profit</b>		<b>4,375,468</b>	<b>11,070,940</b>
Administrative expenses		(5,910,615)	(6,435,600)
Other operating income	5	551,514	76,932
<b>Operating (loss)/profit</b>	6	<b>(983,633)</b>	<b>4,712,272</b>
Interest receivable and similar income	10	53,048	95,090
Interest payable and expenses	11	(56,182)	(22,253)
<b>(Loss)/profit before tax</b>		<b>(986,767)</b>	<b>4,785,109</b>
Tax on (loss)/profit	12	216,484	(881,025)
<b>(Loss)/profit for the financial year</b>		<b>(770,283)</b>	<b>3,904,084</b>

There were no recognised gains and losses for 2020 or 2019 other than those included in the Statement of comprehensive income.

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 15 to 29 form part of these financial statements.

**ARRI RENTAL SERVICES UK LIMITED**  
**REGISTERED NUMBER:02044202**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	8,923,220	10,321,063
		<u>8,923,220</u>	<u>10,321,063</u>
<b>Current assets</b>			
Stocks	14	97,769	105,098
Debtors: amounts falling due after more than one year	15	570,893	922,242
Debtors: amounts falling due within one year	15	1,880,398	2,781,525
Cash at bank and in hand	16	5,930,464	5,581,388
		<u>8,479,524</u>	<u>9,390,253</u>
Creditors: amounts falling due within one year	17	(2,547,693)	(4,085,982)
<b>Net current assets</b>		<u>5,931,831</u>	<u>5,304,271</u>
<b>Total assets less current liabilities</b>		<u>14,855,051</u>	<u>15,625,334</u>
<b>Net assets</b>		<u><u>14,855,051</u></u>	<u><u>15,625,334</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	2,000,000	2,000,000
Profit and loss account	19	12,855,051	13,625,334
		<u><u>14,855,051</u></u>	<u><u>15,625,334</u></u>

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: 27/5/2021

The notes on pages 15 to 29 form part of these financial statements.



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**ARRI RENTAL SERVICES UK LIMITED**


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


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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2020	2,000,000	13,625,334	15,625,334
<b>Comprehensive income for the year</b>			
Loss for the year	-	(770,283)	(770,283)
<b>Total comprehensive income for the year</b>	-	(770,283)	(770,283)
<b>At 31 December 2020</b>	<b>2,000,000</b>	<b>12,855,051</b>	<b>14,855,051</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**


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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2018	2,000,000	9,721,250	11,721,250
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,904,084	3,904,084
<b>Total comprehensive income for the year</b>	-	3,904,084	3,904,084
<b>At 31 December 2018</b>	<b>2,000,000</b>	<b>13,625,334</b>	<b>15,625,334</b>

The notes on pages 15 to 29 form part of these financial statements.

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**ARRI RENTAL SERVICES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. General information**

Arri Rental Services UK Limited is a privately held company limited by shares, incorporated in England and Wales. The registered office is Unit 2 Highbridge Industrial Estate, Oxford Road, Uxbridge, Middlesex, UB8 1LX.

**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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Arri (GB) Limited as at 31 December 2020 and these financial statements may be obtained from Unit 2 Highbridge Industrial Estate, Oxford Road, Uxbridge, Middlesex, UB8 1LX.

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**ARRI RENTAL SERVICES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.3 Going concern**

After reviewing the Company's forecasts and projections which have been prepared covering a period greater than 12 months from the date of approval of these financial statements, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

COVID-19 is not expected to have any significant ongoing impact on the entity. Management has determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern basis. The Board are continuously 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 will remain 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.

**2.4 Turnover**

Turnover represents the invoiced amounts of camera equipment sold, and rental of camera and lighting equipment to customers, net of value added tax and trade discounts. Turnover on the sale of camera and lighting equipment is recognised in the Statement of comprehensive income on dispatch of equipment.

Rental income is recognised in the Statement of comprehensive income on a straight-line basis over the term of the rental period.

**2.5 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.

**2.6 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.

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**ARRI RENTAL SERVICES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**2.6 Tangible fixed assets (continued)**

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:

Long-term Leasehold Property	- 10 years straight line
Plant & machinery	- 3 to 8 years straight line
Motor vehicles	- 5 years straight line
Fixtures & fittings	- 3 to 8 years straight line
Assets in progress	- Assets under construction are not depreciated until they are ready for use and transferred to their relevant category.

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 the Statement of comprehensive income.

**2.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.8 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.

At each reporting 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.

**2.9 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.

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**ARRI RENTAL SERVICES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)****2.10 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.

**2.11 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable 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 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, which is an approximation of the amount that the Company 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.

**2.12 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.

**2.13 Pensions**

The Company participates in its parent Company's pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore in accordance with section 28 of FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of comprehensive income represents the contributions payable to the scheme in respect of the accounting period. Information relating to the defined benefit pension scheme is disclosed in the financial statements of the parent company, Arri (GB) Limited.

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

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**ARRI RENTAL SERVICES UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)****2.14 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**2.15 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

**2.16 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**ARRI RENTAL SERVICES UK LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. Judgements and estimates are continually re-assessed and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

**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 probable 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**

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.

**Pension and other post-employment benefits**

The Company participated in a defined benefit pension scheme however, being part of a multi-employer scheme, the Company is unable to identify its individual share of the underlying assets and liabilities. The directors consider that there is no other contractual agreement or stated policy for charging the net defined benefit costs between the group companies. The Company has therefore accounted for the contributions to the multi-employer group defined benefit scheme as if it was a standalone defined contribution scheme.

**4. Turnover**

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	8,091,393	15,785,265
Rest of Europe	1,048,934	1,341,830
Rest of the world	329,898	658,103
	<u>9,470,225</u>	<u>17,785,198</u>

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**ARRI RENTAL SERVICES UK LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**5. Other operating income**

	2020 £	2019 £
Other operating income	<u>551,514</u>	<u>76,932</u>

**6. Operating (loss)/profit**

The operating (loss)/profit is stated after charging:

	2020 £	2019 £
(Profit) on disposal of fixed assets	(193,023)	(308,226)
Depreciation of tangible fixed assets	3,733,120	3,733,137
Other operating lease rentals	<u>152,003</u>	<u>129,451</u>

**7. Auditor's remuneration**

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>31,338</u>	<u>25,650</u>

**Fees payable to the Company's auditor and its associates in respect of:**

Audit services	27,630	23,750
Financial statement assistance	3,708	1,900
	<u>31,338</u>	<u>25,650</u>



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**ARRI RENTAL SERVICES UK LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**8. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	264,034	273,287
Directors pension costs - money purchase schemes	19,914	20,685
	<u>283,948</u>	<u>293,972</u>

During the year retirement benefits were accruing to 2 Directors (2019: 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £139,344 (2019: £142,662).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £11,682 (2019: £8,472).

**9. Employees**

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

	2020 £	2019 £
Wages and salaries	2,171,106	2,413,965
Social security costs	214,070	220,394
Pension contributions	579,459	560,801
	<u>2,964,635</u>	<u>3,195,160</u>

As outlined in the accounting policies the parent company, Arri (GB) Limited, has a defined benefit pension scheme which some employees of Arri Rental Services UK Limited participated in. Arri (GB) Limited recharged £328K (2019: £328K) of contributions to Arri Rental Services UK Limited. The remainder of the pension contributions shown above are defined contribution amounts. Information relating to the defined benefit pension scheme is disclosed in the financial statements of the parent company, Arri (GB) Limited.

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

	2020 No.	2019 No.
Number of production staff	41	41
Number of distribution staff	12	11
Number of administrative staff	8	7
	<u>61</u>	<u>59</u>

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**ARRI RENTAL SERVICES UK LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**10. Interest receivable**

	2020 £	2019 £
Interest receivable from group companies	53,048	82,227
Foreign exchange gain	-	12,863
	<u>53,048</u>	<u>95,090</u>

**11. Interest payable and similar expenses**

	2020 £	2019 £
Interest payable to group companies	11,047	22,253
Foreign exchange loss	45,135	-
	<u>56,182</u>	<u>22,253</u>

**12. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the year	(189,272)	864,073
Adjustments in respect of previous periods	17,256	(30,435)
<b>Total current tax</b>	<u>(172,016)</u>	<u>833,638</u>
<b>Deferred tax</b>		
Prior year under/(over) provision	51	-
Origination and reversal of timing differences	(44,519)	47,387
<b>Total deferred tax</b>	<u>(44,468)</u>	<u>47,387</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(216,484)</u>	<u>881,025</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**12. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019: *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	<u>(986,767)</u>	<u>4,785,109</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<b>(187,487)</b>	909,171
<b>Effects of:</b>		
Expenses not deductible for tax purposes	943	7,076
Fixed asset differences	215	-
Other differences leading to a (decrease) / increase in taxation	<b>(47,462)</b>	(4,787)
Adjustment to tax charge in respect of prior periods	<b>17,307</b>	(30,435)
Group relief received	-	(76,048)
Payment for group relief	-	76,048
<b>Total tax charge for the year</b>	<u><b>(216,484)</b></u>	<u>881,025</u>

**Factors that may affect future tax charges**

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the UK corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020 so the unrecognised UK deferred tax balances have been measured at 19% (recognised: £nil). In the Spring Budget 2021, the UK Government announced that the headline UK corporation tax rate would increase from 19% to 25% from 1 April 2023 on profits in excess of £250,000. As this new law had not been substantively enacted at the balance sheet date current tax is calculated at 19%.

## ARRI RENTAL SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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## 13. Tangible fixed assets

	L/Term Leasehold Property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Assets in progress £	Total £
<b>Cost or valuation</b>						
At 1 January 2020	1,095,113	31,498,407	85,002	430,341	112,705	33,221,568
Additions	24,982	2,254,381	-	85,809	-	2,365,172
Disposals	-	(1,045,266)	(39,681)	-	-	(1,084,947)
Transfers	-	93,712	-	-	(93,712)	-
At 31 December 2020	1,120,095	32,801,234	45,321	516,150	18,993	34,501,793
<b>Depreciation</b>						
At 1 January 2020	435,581	22,126,834	85,002	253,088	-	22,900,505
Charge for the year on owned assets	111,434	3,552,948	-	68,738	-	3,733,120
Disposals	-	(1,015,371)	(39,681)	-	-	(1,055,052)
At 31 December 2020	547,015	24,664,411	45,321	321,826	-	25,578,573
<b>Net book value</b>						
At 31 December 2020	573,080	8,136,823	-	194,324	18,993	8,923,220
At 31 December 2019	659,532	9,371,573	-	177,253	112,705	10,321,063

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**ARRI RENTAL SERVICES UK LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**14. Stocks**

	2020 £	2019 £
Consumables	<u>97,769</u>	<u>105,098</u>

An impairment loss of £7,345 (2019: £17,295) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

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

**15. Debtors**

	2020 £	2019 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<u>570,893</u>	<u>922,242</u>
<b>Due within one year</b>		
Trade debtors	1,024,824	1,893,344
Amounts owed by group undertakings	279,651	234,501
Other debtors	940	7,595
Prepayments and accrued income	147,186	262,756
Deferred taxation	427,797	383,329
	<u>1,880,398</u>	<u>2,781,525</u>

An impairment loss of £10,070 (2019: £20,419) was recognised against trade debtors.

Amounts due from group undertakings after more than one year are unsecured balances which are interest bearing at 3% pa (2019: 3%).

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

**16. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	<u>5,930,464</u>	<u>5,581,388</u>

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**ARRI RENTAL SERVICES UK LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**17. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	360,131	346,454
Amounts owed to group undertakings	400,039	1,453,268
Corporation tax	598,600	1,152,291
Other taxation and social security	868,223	719,694
Other creditors	543	4,966
Accruals and deferred income	320,157	409,309
	<u>2,547,693</u>	<u>4,085,982</u>

There is a bank overdraft as part of ARRI (GB) Limited's group facility of £3,000,000 (2019: £3,000,000) at an interest rate of 2% (2019: 2%) per annum, secured over property at Unit 2 Highbridge, Oxford Road, Uxbridge, Middlesex, UB8 1LX. The facility was not in use at 31 December 2019. In 2020 the facility was still available, but not in use at December 2020.

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

**18. Deferred taxation**

	2020 £	2019 £
At beginning of year	383,329	430,716
Charged to profit or loss	44,468	(47,387)
<b>At end of year</b>	<u>427,797</u>	<u>383,329</u>

The deferred tax balance is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	427,797	383,329
Asset - due within one year	<u>427,797</u>	<u>383,329</u>

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**ARRI RENTAL SERVICES UK LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**


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**19. Reserves****Called-up share capital**

Represents the nominal value of shares that have been issued.

**Profit & loss account**

Includes all current and prior period retained profits and losses.

**20. Share capital**

	2020 £	2019 £
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
2,000,000 (2019: 2,000,000) Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

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

**21. Contingent liabilities**

There is a cross guarantee and debenture between the Company and fellow group undertakings Arri (GB) Limited and Arri Rental Services Limited in respect of banking facilities. At 31 December 2020 £1,707,889 (2019: £2,131,790) was outstanding.

**22. Pension commitments**

The Company is a member of its parent Company's defined benefit pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge of £328K (2019: £328K) represents contributions payable by the Company to the scheme. Information relating to the defined benefit scheme is disclosed in the financial statements of the parent company, Arri (GB) Limited.

Other defined contributions are also made for certain employees. These totalled £251K (2019: £232K).

Included in accruals at the year end was £27K (2019: £27K) in relation to pension commitments.

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**ARRI RENTAL SERVICES UK LIMITED**

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**23. Commitments under operating leases**

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	196,706	158,056
Later than 1 year and not later than 5 years	348,825	358,487
	<u>545,531</u>	<u>516,543</u>

**24. Capital Commitments**

At the year ended 31 December 2020, there were no capital commitments outstanding (2019: £Nil).

**25. Related party disclosures**

The Company has taken advantage of the exemption available in FRS 102 section 33.1a not to disclose transactions with entities that are part of the group by virtue of its status as a 100% owned subsidiary of a parent whose financial statements are consolidated and made publicly available.

**26. Ultimate parent undertaking and controlling party**

The Company's immediate parent undertaking is Arri (GB) Limited, registered in England and Wales. 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 Group in which the results of the Company are consolidated is that headed by Stahl Beteiligungs GMBH, incorporated in Germany. The smallest group in which the results of the Company are consolidated is headed by Arri (GB) Limited, registered in England and Wales. The consolidated accounts are available to the public and may be obtained from Unit 2 Highbridge Industrial Estate, Oxford Road, Uxbridge, Middlesex, UB8 1LX.