

**Dolby Europe Limited**

**Annual report and financial  
statements for the year  
ended 30 September 2019**

**Company Registration number 06035472**



**Dolby Europe Limited**

**Financial statements for the year ended 30 September 2019**

**CONTENTS**

Strategic report	3
Director's report	4-5
Independent auditor's report to the members of Dolby Europe Limited	6-8
Profit and loss account	9
Balance sheet	10
Statement of Changes in Equity	11
Notes to the financial statements	12

**Dolby Europe Limited**

**Financial statements for the year ended 30 September 2019**

**STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The directors present their Strategic Report and financial statements for the year ended 30 September 2019.

**Principal activities and business review**

During the year, the company performed liaison services for Dolby Laboratories International Services Inc. (DLIS), including carrying out a large number of product & technology demonstrations for customers, exhibiting Dolby products at European trade shows, assisting DLIS to secure technology wins from companies based in Europe, and assisting DLIS to build relationships and to define broadcast standards across Europe.

Profit before tax for 2019 is GBP 1,073,547 an increase of 620,585 from 2018 which is in line with expectations. The company continues to use the cost plus model

**Principal risks, uncertainties and future developments**

During FY19, the company continued to support Sales & Marketing across Europe on behalf of its parent company, Dolby Laboratories Inc.

The directors consider that the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk are not material for the assessment of the financial position and profit of the Company.

The company is not expecting significant changes around the business model. Following the review of our real estate in 2019 we are currently in the process of merging our two UK sites Royal Wootton Bassett and London Soho into the London location to be closer to our partners and customers.


Dolby Europe Limited is not significantly impacted by the COVID-19 restrictions introduced by the government. In fact, internal policies (e.g. Work From Home, quarantine after trips) are more restrictive than the official ones. The biggest impact is on the productivity of employees taking care of kids during schools and kindergarten closures. This covers both employee's absences and reduced availability while working at home. The other area impacted by the crisis is the declined pace of the recruitment process. Early observations and estimates indicate that the impact will remain within a manageable range.

The Company forms part of a group of companies headed by Dolby International AB, which is a EMEA revenue generating unit. The Company's revenue structure is a Cost-Plus monthly invoice addressed to Dolby International AB. The Company has no decrease in demand and no significant financing implications due to the Company's specialty. Some returns or cancellations of expenses are expected, as employees' business trips, office and sport related employee benefits are cancelled due to the situation with COVID-19 in UK and worldwide, which has had non-material influence on Cost-Plus revenue.

**Key Performance Indicators**

Due to the simple nature of the operations the directors consider that analysis of financial and non-financial performance using key performance indicators is not appropriate for this company.

By Order of the board

DocuSigned by:  
  
2C37F0F8C9A3415...  
Wil Vlasveld  
Director

4-6 Soho Square  
London  
W1D 3PZ

**Dolby Europe Limited**

**Financial statements for the year ended 30 September 2019**

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 30 September 2019.

**Dividends**

The directors recommend that no dividend is paid in respect of the current financial year (2018: GBP nil).

**Political and charitable contributions**

The company made no charitable donation or political contribution during the year 2019 (2018: GBP nil).

**Directors**

The directors who held office during the year were as follows:

Grace Chu

Mark Andrew Sherman

Wil Vlasveld

**Post balance sheet events**

There are no post balance sheet events to be disclosed apart from the case of the COVID-19 virus.

Dolby Europe Limited is not significantly impacted by the COVID-19 restrictions introduced by the government. In fact, internal policies (e.g. Work From Home, quarantine after trips) are more restrictive than the official ones. The biggest impact is on the productivity of employees taking care of kids during schools and kindergarten closures. This covers both employee's absences and reduced availability while working at home. The other area impacted by the crisis is the declined pace of the recruitment process. Early observations and estimates indicate that the impact will remain within a manageable range.

The Company forms part of a group of companies headed by Dolby International AB, which is a EMEA revenue generating unit. The Company's revenue structure is a Cost-Plus monthly invoice addressed to Dolby International AB. The Company has no decrease in demand and no significant financing implications due to the Company's specialty. Some returns or cancellations of expenses are expected, as employees' business trips, office and sport related employee benefits are cancelled due to the situation with COVID-19 in UK and worldwide, which has had non-material influence on Cost-Plus revenue.

Please refer to Note 3 - Summary of significant accounting policies in the notes to the Financial Statements for detailed considerations around Covid-19.

**Statement of directors' responsibilities**

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Disclosure of information to auditor**

- As far as the directors are 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.

**Independent Auditor**


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

By Order of the board:

Wil Vlasveld  
Director

4-6 Soho Square  
London  
W1D 3PZ

Date: 16 September, 2020

DocuSigned by:  
  
2C37F0F8C9A3415...



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS DOLBY EUROPE LIMITED**

### **Opinion**

We have audited the financial statements of Dolby Europe Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Directors' report**

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

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

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



### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 4 and 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).



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

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

A handwritten signature in black ink, appearing to read 'S Rogan', followed by a horizontal line.

**Shirley Rogan (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
2 Forbury Place  
33 Forbury Road  
Reading  
RG1 3AD  
17 September 2020



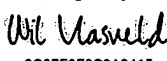
## Dolby Europe Limited

## Financial statements for the year ended 30 September 2019

## Balance Sheet at 30 September 2019

	Note	2019 GBP	GBP	2018 GBP	GBP
<b>Fixed assets</b>					
Tangible assets	9		3,409,183		3,918,482
<b>Current assets</b>					
Debtors	10	1,647,194		4,935,693	
Amounts owed by group undertakings		5,144,646			
Cash at bank and in hand		<u>9,796,347</u>		<u>10,087,124</u>	
		16,588,187		15,022,817	
Creditors: amounts due within one year	11	(2,819,577)		(7,533,908)	
Amounts owed to group undertakings		(4,848,892)			
<b>Net current assets</b>			<u>8,919,718</u>		<u>7,468,909</u>
<b>Total assets less current liabilities</b>			12,328,901		11,387,391
Creditors: amounts due after more than one year	13	(228,001)		(373,915)	
Provision for liabilities	12	<u>(937,276)</u>		<u>(923,399)</u>	
<b>Net assets</b>			<u>11,163,624</u>		<u>10,090,077</u>
<b>Capital and reserves</b>					
Called-up share capital	14		1		1
Profit and loss account			<u>11,163,623</u>		<u>10,090,076</u>
<b>Total Equity</b>			<u>11,163,624</u>		<u>10,090,077</u>

These financial statements were approved by the board of directors on 16 September 2020 and were signed on its behalf by:

DocuSigned by:  
  
 2C37F0F8C9A3415...  
 Wil Vlasveld  
 Director  
 Company registered number: 06035472

All company notes form part of the financial statements.

**Dolby Europe Limited****Financial statements for the year ended 30 September 2019****Profit and loss account for the year ended 30 September 2019**

	Note	2019 GBP	2018 GBP
Turnover		17,862,666	15,423,010
<b>Gross Profit</b>		<b>17,862,666</b>	<b>15,423,010</b>
Administrative expenses		(2,197,687)	(2,279,244)
Marketing expenses		(14,214,797)	(12,460,585)
<b>Operating profit</b>		<b>1,450,182</b>	<b>683,181</b>
Interest receivable and similar incomes	6	17,924	7,101.00
Interest payable and similar expenses	7	(69,953)	(86,131)
<b>Profit before taxation</b>		<b>1,398,153</b>	<b>604,151</b>
Tax on profit	8	(324,606)	(151,189)
<b>Loss/Income for the financial year</b>		<b>1,073,547</b>	<b>452,962</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Loss/ Income for the financial year</b>		<b>1,073,547</b>	<b>452,962</b>

All results relate to continuing operations.

**Dolby Europe Limited****Financial statements for the year ended 30 September 2019****Statements of Changes in Equity for the year ended 30 September 2019**

	<b>Called-up Share Capital</b>	<b>Profit and Loss Account</b>	<b>Total Equity</b>
	<b>GBP</b>	<b>GBP</b>	<b>GBP</b>
<b>Balance at 1 October 2017</b>	<b>1</b>	<b>9,637,114</b>	<b>9,637,115</b>
<b>Comprehensive income for the year</b>			
Profit for the financial year	–	452,962	452,962
Share Based Payments		749,044	749,044
Share Based Payments Recharged		(749,044)	(749,044)
<b>Total comprehensive Loss/Income for the year</b>		<b>452,962</b>	<b>452,962</b>
<b>Balance at 30 September 2018</b>	<b>1</b>	<b>10,090,076</b>	<b>10,090,077</b>
<b>Total comprehensive Loss/Income for the year</b>			
Profit for the financial year	–	1,073,547	1,073,547
Share Based Payments	–	879,252	879,252
Share Based Payments Recharged		(879,252)	(879,252)
<b>Total comprehensive Loss/Income for the year</b>		<b>1,073,547</b>	<b>1,073,547</b>
<b>Balance at 30 September 2019</b>	<b>1</b>	<b>11,163,623</b>	<b>11,163,624</b>

**Dolby Europe Limited**

**Financial statements for the year ended 30 September 2019**

**NOTES**

(forming part of the financial statements)

**1. General information**

Dolby Europe Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK at 4-6 Soho Square, London, W1D3PZ under the Company Registration number 06035472

The company performs liaison services for Dolby Laboratories International Services Inc. (DLIS), including carrying out a large number of product & technology demonstrations for customers, exhibiting Dolby products at European trade shows, assisting DLIS to secure technology wins from companies based in Europe, and assisting DLIS to build relationships and to define broadcast standards across Europe.

**2. Statement of compliance**

The financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest pound.

The Company's parent undertaking, Dolby Laboratories Inc., includes the Company in its consolidated financial statements. These consolidated financial statements of Dolby Laboratories Inc. are available to the public and may be obtained from its registered office at 1275 Market Street, San Francisco, California.

**3. Summary of significant accounting policies**

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Related parties disclosures;
- Cash Flow Statement and related note; and
- Key Management Personnel compensation

As the consolidated financial statements of Dolby Laboratories Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

**Dolby Europe Limited**

**Financial statements for the year ended 30 September 2019**

**Notes (continued)**

**Basis of preparation**

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liability measured at fair value.

**Going concern**

The directors have undertaken a going concern review for the entity and have prepared the financial statements on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company has reported net assets of £8.9m, a profit for the year of £1.1m and cash of £8.9m for the year ended 30 September 2020. The company performs liaison services for its ultimate parent company, Dolby Laboratories International Services Inc. (DLIS) as outlined on page 3 of the Strategic report. As a result, the ability of the company to continue as a going concern is based on the ability of DLIS (the 'Group') to continue as a going concern and require the company's services. The Company carries out large number of product & technology demonstrations for customers, exhibiting Dolby products at European trade shows, assisting the Group to secure technology wins from companies based in Europe, and building relationships across Europe. The above services, relationships and capabilities are not held elsewhere in the Group or externally to the Group and therefore could not be realistically replaced in the short to medium term.

The business continues to trade at a profit due to its existing contractual arrangements with other group companies. The ability to achieve its forecasts is dependent on the Groups continued use of the services of Dolby Europe Limited. The Group has indicated its intention to support the UK market for at least the period covered by the forecasts, through December 2021.

The overall impact of the Covid-19 pandemic on the Groups existing products and services has been, and is expected to continue to be, relatively minor. The Group has prepared forecasts, which the Directors have reviewed, covering the period to December 2021, which indicate that the Group will continue to meet its liabilities as they fall due even in a severe but plausible downside.

Consequently, the directors are confident that the company will have sufficient funds to continue for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful lives of the tangible fixed assets. The estimated useful lives are as follows:

Leasehold improvements	End of lease term
Plant and equipment	3-15 years
Computer equipment	3-5 years

The company assesses at each reporting date whether tangible fixed assets are impaired.

Notes (continued)

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease. Benefits received and receivable as an incentive to sign an operating lease are recognized on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Taxation

Tax on the profit or loss for the year comprises of current and deferred tax. Tax is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in previous years. Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements. The following timing differences are not provided for; differences between accumulated depreciation and tax allowances relating to investment subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognized on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balance are not discounted. Unrelieved tax losses and other deferred tax assets are recognized only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Turnover

The company charges Dolby Laboratories International Services Inc. at cost plus 6% for the services provided by the company. All turnover is generated from activities undertaken in the United Kingdom.

Share based payments

The share option program allows employees to acquire shares of the ultimate parent company Dolby Laboratories Inc. Services received in equity-settled share based payment transactions are recognized

**Dolby Europe Limited****Financial statements for the year ended 30 September 2019****Notes (continued)**

when services are received. The fair value of options granted and those not yet vested is recognized as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting

For corresponding recharges made by Dolby Laboratories Inc. to the company an adjustment to the capital contribution is recognized (decrease in equity) and an intercompany liability is recorded.

**Post-retirement benefits**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents and contributions payable to the scheme in respect of the accounting period

**Provisions**

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economics benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the amount required to settle the obligation at the reporting date.

**4 Expenses and auditor's remuneration**

	2019	2018
	GBP	GBP
<i>Included in profit/loss are the following</i>		
Auditor's remuneration		
Audit of these financial statements	44,313	38,459
Hire of other assets - operating leases	1,006,351	988,818
Depreciation and other amounts written off tangible fixed assets	1,346,108	1,457,196

**5 Staff numbers and costs****Number of employees**

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2019	2018
Marketing & Business Development employees	77	78

**Dolby Europe Limited****Financial statements for the year ended 30 September 2019****NOTES (continued)**

The aggregate payroll costs of these persons were as follows:

	<b>2019</b>	<b>2018</b>
	<b>GBP</b>	<b>GBP</b>
Wages and salaries	6,643,091	5,795,689
Social security costs	623,762	540,834
Share based remuneration	879,252	749,044
Other pension costs	437,789	331,285
	<u>8,583,894</u>	<u>7,416,852</u>

The directors are also directors of other group companies. The directors consider their services to the company insignificant compared with the group and therefore, no emoluments are reported for the company in respect of these directors.

**6 Interest receivable**

	<b>2019</b>	<b>2018</b>
	<b>GBP</b>	<b>GBP</b>
Other interest receivable	<u>17,924</u>	<u>7,101</u>

**7 Interest payable**

	<b>2019</b>	<b>2018</b>
	<b>GBP</b>	<b>GBP</b>
Other interest payable	25,013	-933
Foreign Exchange Loss	44,940	87,064
	<u>69,953</u>	<u>86,131</u>



**Dolby Europe Limited**  
**Financial statements for the year ended 30 September 2019**

**NOTES (continued)**

**8 Taxation**

<i>Analysis of charge in the period</i>	<b>2019</b>	<b>2018</b>
	<b>GBP</b>	<b>GBP</b>
<b>UK corporation tax</b>		
Current tax on income for the period	241,960	168,090
Adjustments in respect of prior periods	29,276	21,022
<b>Total current tax</b>	<b>271,236</b>	<b>189,112</b>
<b>Deferred tax (see note 10)</b>		
Origination / reversal of timing differences	42,760	(104,493)
Adjustments in respect of prior periods,	(21,467)	66,277
Effect of change in tax rate	32,077	293
<b>Total deferred tax</b>	<b>53,370</b>	<b>(37,923)</b>
<b>Tax charge / (credit) on profit</b>	<b>324,606</b>	<b>151,189</b>

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is recognized without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

**Dolby Europe Limited**  
**Financial statements for the year ended 30 September 2019**

**NOTES (continued)**

**Reconciliation of tax charge**

Tax assessed for the year is lower than the standard rate of corporation tax in the UK for the year ended 30 September 2019 of 19% (2018: 19%).

	2019 GBP	2018 GBP
Profit before tax	1,398,153	604,151
Current tax at 19 % (2018: 19%)	265,649	114,789
Effects of:		
Return to provision adjustment in respect of prior years	29,276	21,022
Deferred tax adjustments in respect of prior years	(21,467)	66,276
Other permanent differences	19,071	(51,192)
Re-measurement of deferred tax-charge in UK tax rate	32,077	293
<b>Tax charge for the year</b>	<b>324,606</b>	<b>151,189</b>

***Factors that may affect future current and total tax charges***

The directors consider that the deferred tax asset is recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of timing differences can be deducted.

## Dolby Europe Limited

Financial statements for the year ended 30 September 2019

## NOTES (continued)

## 9 Tangible fixed assets

	Leasehold improvements GBP	Plant & equipment GBP	Computer equipment GBP	Total GBP
<b>Cost</b>				
At beginning of year	7,253,463	6,442,879	1,754,037	15,450,379
Additions	548,884	250,892	42,878	842,654
Transfers	-	-	-	-
Disposals	-	(5,845)	-	(5,845)
<b>At end of year</b>	<b>7,802,347</b>	<b>6,687,926</b>	<b>1,796,915</b>	<b>16,287,188</b>
<b>Depreciation</b>				
At beginning of year	5,499,901	4,434,923	1,597,073	11,531,897
Charge for year	737,714	517,739	90,655	1,346,108
Transfers	-	-	-	-
Disposals	-	-	-	-
<b>At end of year</b>	<b>6,237,615</b>	<b>4,952,662</b>	<b>1,687,728</b>	<b>12,878,005</b>
<b>Net book value</b>				
At 30 September 2019	1,564,732	1,735,264	109,187	3,409,183
At 30 September 2018	1,753,562	2,007,956	156,964	3,918,482

## Dolby Europe Limited

## Financial statements for the year ended 30 September 2019

## NOTES (continued)

## 10. Debtors

	2019 GBP	2018 GBP
Other debtors	578,043	233,445
Deferred tax asset	471,259	524,629
Prepayments and accrued income	478,374	394,045
Corporation tax receivable	119,518	390,755
	<u>1,647,194</u>	<u>1,542,874</u>

All debtors are due within one year

	2019 GBP	2018 GBP
Amounts owed by group Undertakings	5,144,646	3,392,819
	<u>5,144,646</u>	<u>3,392,819</u>

Deferred tax asset	2019 GBP	2018 GBP
At start of year	524,629	486,706
(Credit)/Charge to profit and loss	(53,370)	37,923
At the end of the year	<u>471,259</u>	<u>524,629</u>

The elements of deferred taxation are as follows:

	2019 GBP	2018 GBP
Fixed Asset timing differences	211,692	249,706
Stock Compensation timing difference	235,368	235,355
Other timing differences	24,199	39,568.00
	<u>471,259</u>	<u>524,629</u>

**Dolby Europe Limited**  
**Financial statements for the year ended 30 September 2019**

**NOTES (continued)**

**11. Creditors (amounts falling due within one year)**

	<b>2019</b>	<b>2018</b>
	<b>GBP</b>	<b>GBP</b>
Trade creditors	427,436	198,035
Accruals	2,392,141	1,748,272
	<b>2,819,577</b>	<b>1,946,307</b>

	<b>2,019</b>	<b>2018</b>
	<b>GBP</b>	<b>GBP</b>
Amounts owed to group undertakings	4,848,892	5,607,601
	<b>4,848,892</b>	<b>5,607,601</b>

**12. Provisions for liabilities**

	<b>Dilapidations</b>	<b>Total</b>
	<b>GBP</b>	<b>GBP</b>
At beginning of year	923,399	923,399
Amounts utilized	-	-
Unwinding of discount	13,877	13,877
At end of year	<b>937,276</b>	<b>937,276</b>

A dilapidation provision has been recognized in the financial statements to cover the costs of work required to be carried out on premises leased by the company, as noted in leases as a requirement to make good. The provision is the best estimate of the amount needed at the end of the leasing period in line with the lease contract and represents management's best estimate as to the cost of restoring leased property to its original condition at the end of the lease.

**13. Creditors (amount falling due after more than one year)**

	<b>2019</b>	<b>2018</b>
	<b>GBP</b>	<b>GBP</b>
Corporation tax payable	-	0
Creditors (deferred rent)	228,001	373,915
	<b>228,001</b>	<b>373,915</b>

**Dolby Europe Limited****Financial statements for the year ended 30 September 2019****NOTES (continued)****14. Called-up share capital****Called-up share capital not paid**

	<b>2019</b>	<b>2018</b>
	<b>GBP</b>	<b>GBP</b>
1 ordinary share of GBP 1 each	<u>1</u>	<u>1</u>

**15. Pension scheme****Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to GBP 783,369 (2018: GBP 331,285).

There were no outstanding contributions at the end of the financial year.

**16. Contingent liabilities**

Dolby Europe Limited has no contingent liabilities as at 30th September 2019

**17. Commitments**

At 30 September 2019, the company had capital commitments of GBP nil (2018 GBP nil)  
Future Minimum Lease Payments under non-cancellable Operating Leases are as follows:

	<b>2019</b>	<b>2018</b>
	<b>Land and buildings GBP</b>	<b>Land and buildings GBP</b>
Payment due:		
Not later than one year	1,069,432	1,124,153
Later than one year and not later than five years	440,000	1,482,077
Later than five years	<u>1,509,432</u>	<u>2,606,230</u>

The company has a lease over one property in Wootton Bassett with an annual rental of GBP 164,153 which expires in March 2020 and one property in London with annual rental of GBP 960,000 (Soho Square) which expires in March 2021. Total expenses charged to the P/L for these leases including storage rent in current year in current year are of GBP 1,152,266.

**Dolby Europe Limited**

**Financial statements for the year ended 30 September 2019**

**NOTES (continued)**

**18. Ultimate parent company and parent undertaking of larger group of which the company is a member which the company is a member**

The company is a subsidiary undertaking of Dolby Laboratories International Services Limited and the ultimate parent company is Dolby Laboratories Inc. incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by Dolby Laboratories Inc. incorporated in the United States of America. The consolidated financial statements of Dolby Laboratories Inc. are available to the public from its registered office at 1275 Market Street, San Francisco, California.

**19 Post balance sheet events**

Dolby Europe Limited is not significantly impacted by the COVID-19 restrictions introduced by the government. In fact, internal policies (e.g. Work From Home, quarantine after trips) are more restrictive than the official ones. The biggest impact is on the productivity of employees taking care of kids during schools and kindergarten closures. This covers both employee's absences and reduced availability while working at home. The other area impacted by the crisis is the declined pace of the recruitment process. Early observations and estimates indicate that the impact will remain within a manageable range.

The Company forms part of a group of companies headed by Dolby International AB, which is a EMEA revenue generating unit. The Company's revenue structure is a Cost-Plus monthly invoice addressed to Dolby International AB. The Company has no decrease in demand and no significant financing implications due to the Company's specialty. Some returns or cancellations of expenses are expected, as employees' business trips, office and sport related employee benefits are cancelled due to the situation with COVID-19 in UK and worldwide, which has had non-material influence on Cost-Plus revenue.