

RealD Spark (UK) Limited

**Annual report and financial
statements**

Registered number 10367893

Year ended 31 March 2020



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Directors' report

The Director presents his Director's report and financial statements for the year ended 31 March 2020.

Principle activities and review of the business

The Company's principal activity during the year was research and development in the field of optical hardware and vision software for the consumer electronics industry.

Results and future prospects

During the year the Company generated revenue of \$1,240,689 (year end 31 March 2019 as restated: \$1,539,057) and earned a profit/ (loss) before tax of (\$1,967,577) (year end 31 March 2019 as restated: \$177,898). The profit/ (loss) after taxation amounted to (\$1,995,307) (year end 31 March 2019 as restated: \$160,083).

The Director is of the view that the Company, including its Branch in Taiwan, achieved satisfactory results during the year. The Company performed technical work to support the acquisition of patent rights for the Intelligent Backlight Technology throughout the world and to develop new applications from this technology which the Director believes positions the Company favourably to benefit from commercialisation of its products in future periods.

Directors of the Company

The Director who served during the year is as follows:

J Spain

Political and charitable donations

The Company made charitable donations of \$nil during the year (2019: \$nil).

Employment policy

The organisation of the Company has been structured so employees should be encouraged to become aware of and to involve themselves in the performance of the business. Information about the Company's achievements and plans is disseminated through the management structure by means of regular operations meetings and briefings and through email announcements.

Director's indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Director which were made during the year and remain in force at the date of this report.

Going concern

The Company was profitable during the year. The Company meets its day-to-day working capital requirements through a cost-plus services agreement that exists with an affiliated group company.

The parent company, RealD Spark, LLC has confirmed to the director that it will continue to provide financial support to the company for a period of not less than twelve months from the date of the financial statements being approved. The ultimate parent company has also confirmed in writing that there are currently no intentions to terminate the cost-plus services agreement.

The Director of RealD Spark (UK) Limited, having made appropriate enquiries, considers that adequate resources exist for the Company to continue operational existence for the foreseeable future, being a period of at least twelve months from the date of signing of these accounts, and that it is appropriate to adopt the going concern basis in preparing the financial statements for the period ended 31 March 2020.

Directors' report

Disclosure of information to the auditors

The Director confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

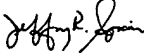
The auditor, Grant Thornton UK LLP resigned on 12 March 2020, and RSM UK Audit LLP were appointed as auditor on 17 April 2020.

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

Small companies note

In preparing this report, the Director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

On behalf of the board



J Spain

Director

Registered office:
RealD Spark (UK) Limited
Spaces
The Maylands Building
Maylands Avenue
Hemel Hempstead
Hertfordshire HP2 7TG

30 March 2021

Statement of director's responsibilities in respect of the Director's Report and the financial statements

The Director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with 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 director must not approve the financial statements unless he is 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 director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of RealD Spark (UK) Limited

Opinion

We have audited the financial statements of RealD Spark (UK) Limited (the 'company') for the year ended 31 March 2020, which comprise the income statement, statement of comprehensive income, statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Independent auditor's report to the members of RealD Spark (UK) Limited (Continued)

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.

Matter on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report to the members of RealD Spark (UK) Limited (Continued)

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.

RSM UK Audit LLP

Mitul Raja (Senior Statutory Auditor)

For and on behalf RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Rivermead House,

7 Lewis Court

Grove Park

Leicester

Leicestershire, LE19 1SD

31 March 2021

Income Statement

for the year ended 31 March 2020

	<i>Year ended 31 March 2020</i>	<i>Year ended 31 March 2019</i>
	<i>Notes</i>	<i>\$ (restated)</i>
Turnover	1,240,689	1,539,057
Cost of sale	(964,945)	(1,166,092)
Gross profit	275,744	372,965
Administrative expenses	(172,151)	(167,849)
Impairment of Investment	(1,914,908)	-
Operating (loss)/profit	6 (1,811,315)	205,116
Interest payable	(156,262)	(27,218)
(Loss)/profit on ordinary activities before taxation	6 (1,967,577)	177,898
Tax on profit on ordinary activities	8 (27,730)	(17,815)
(Loss)/profit for the financial year	(1,995,307)	160,083

The notes on pages 10 to 15 form part of these financial statements.

All amounts relate to continuing operations.

Statement of comprehensive income

for the year ended 31 March 2020

There are no recognised gains or losses other than the profit/ (loss) attributable to the shareholders of the company of (\$2,060,532) in the year ended 31 March 2020 (*year ended 31 March 2019: \$160,083*).

Statement of financial position


at 31 March 2020

	31 March 2020	31 March 2019
Notes	\$	\$ (restated)
Fixed assets		
Tangible Assets	2,389	-
Investments	9 -	1,914,908
	<u>2,389</u>	<u>1,914,908</u>
Current assets		
Debtors	10 866,021	754,100
Cash at bank and in hand	188,847	202,701
	<u>1,054,868</u>	<u>956,800</u>
Creditors: amounts falling due within one year	11 (260,948)	(335,646)
Net current assets	<u>793,920</u>	<u>621,155</u>
Total assets less current liabilities	<u>796,309</u>	<u>2,536,063</u>
Creditors: amounts falling due after one year	12 (2,032,772)	(1,777,219)
Net (liabilities)/assets	<u>(1,236,463)</u>	<u>758,844</u>
Capital and reserves		
Called up share capital	475,042	475,042
Profit and loss account	(1,711,505)	283,802
Shareholder's funds	<u>(1,236,463)</u>	<u>758,844</u>

The notes on pages 10 to 15 form part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to small companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board on 30 March 2021 and signed on its behalf by:



J Spain
Director

Registered number 10367893

Notes to the financial statements

at 31 March 2020

1. Company information

The Company is a private company limited by shares and is registered in England and Wales. The Company's registered number is 10367893.

The address of its registered office is Spaces, The Maylands Building, Maylands Avenue, Hemel Hempstead, Hertfordshire, HP2 7TG.

2. Statement of compliance

These financial statements of RealD Spark (UK) Limited have been prepared in accordance with applicable United Kingdom Accounting Standards including Financial Reporting Standard 102, "The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland for smaller entities" ("FRS 102 1A") and the Companies Act 2006.

3. Going concern

The Company was loss making during the year. The Company meets its day-to-day working capital requirements through a cost-plus services agreement that exists through with an affiliated group company.

The Director of RealD Spark (UK) Limited, having made appropriate enquiries, considers that adequate resources exist for the Company to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of signing of these accounts, and that it is appropriate to adopt the going concern basis in preparing the financial statements for the period ended 31 March 2020.

4. Principal accounting policies

Investments

Investments are stated at cost less accumulated impairment losses.

Research and development

Research and development costs are expensed in the period in which they are incurred.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current reporting period using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that the directors consider that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense (income) is presented in the Income Statement.

Foreign currency

The functional currency is deemed to be US Dollars on the basis that the majority of revenues the company earns are US Dollar denominated.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Notes to the financial statements

at 31 March 2020

4. Principal accounting policies (continued)

Leases

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

Employee benefits

Short term benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Turnover

Turnover includes revenue earned from the provision of services to affiliated group companies and is recognised based on a cost-plus agreement in the period that it relates.

5. Significant judgements and estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed.

Valuation of investments

The Director performs a review at the end of each financial period to ensure that the valuation of the Company's investments is fairly stated. This review considers the net assets or liabilities of the investment at the period end date, an assessment of the performance of the investment and a critique of its projected future profit or loss. Where there is indication of impairment the Company has adjusted the valuation of its investments accordingly. See note 9 for the carrying value of the investments.

Valuation of debtors

The Director makes an assessment at the end of each financial period of whether there is objective evidence that a trade debtor or other debtor is impaired. When assessing impairment of trade and other debtors, the Director considers factors including the current credit rating of the debtor, the age profile of the debt of outstanding invoices, recent correspondence and trading activity and historical experience of cash collection from the debtor. See note 10 for the carrying value of the debtors.

6. Profit on ordinary activities before taxation

This is stated after charging:

	<i>Year ended 31 March 2020</i>	<i>Year ended 31 March 2019</i>
	<i>\$</i>	<i>\$</i>
		<i>(restated)</i>
Audit of the financial statements	15,524	14,690
Taxation services	3,679	3,965
	<hr/>	<hr/>
Total auditor's remuneration	19,203	18,655
	<hr/>	<hr/>
Operating lease rentals – land and buildings	96,204	96,984
Foreign exchange loss	5,128	8,306
	<hr/>	<hr/>

Notes to the financial statements

at 31 March 2020

7. Employees

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

	<i>Year ended</i> 31 March 2020 No.	<i>Year ended</i> 31 March 2019 No.
Employees	5	8
	<u>5</u>	<u>8</u>

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<i>Year ended</i> 31 March 2020 \$	<i>Year ended</i> 31 March 2019 \$ (restated)
<i>Current tax:</i> UK corporation tax on the profit for the year	27,730	17,815
Total current tax (note 8(b))	<u>27,730</u>	<u>17,815</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	<i>Year ended</i> 31 March 2020 \$	<i>Year ended</i> 31 March 2019 \$ (restated)
Profit/(loss) on ordinary activities before tax	(1,967,577)	177,898
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(373,840)	33,801
<i>Effects of:</i> Expenses not deductible for tax purposes	350,845	3,499
Adjustment in respect of prior year	50,394	(19,999)
Higher tax rates on overseas earnings	331	514
Current tax for the year (note 8(a))	<u>27,730</u>	<u>17,815</u>

Notes to the financial statements

at 31 March 2020

8. Tax (continued)

Factors that may affect future tax current and total tax charges

The Chancellor has announced that the corporation tax rate from 1 April 2020 will be 19%. This new rate is expected to affect the future tax charges and is therefore disclosed.

9. Investments

Investment in subsidiary undertakings:

	<i>31 March 2020</i>
	\$
Cost:	
As at 1 April 2019	1,914,908
Additions in the year	-
Disposals in the year	-
At 31 March 2020	<u>1,914,908</u>
Accumulated impairment:	
As at 1 April 2019	-
Additions in the year	(1,914,908)
Disposals in the year	-
At 31 March 2020	<u>(1,914,908)</u>
Net book amount:	
At 31 March 2020	<u>-</u>
At 31 March 2019	<u>1,914,908</u>

During the year, the Director's reviewed the carrying value of the investment comparing that to the net asset position of the underlying company and concluded that the investment is not supported by the carrying value of the net assets. An impairment charge of \$1,914,908 has been included in the financial statements.

Principal activity	Country of incorporation	Shares held
Research & Development of Backlight and other display technologies	United Kingdom	100%

Notes to the financial statements

at 31 March 2020

10. Debtors

	<i>31 March</i> 2020	<i>31 March</i> 2019
	\$	\$ (restated)
Amounts owed by group undertakings	693,085	671,060
Corporation tax	150,157	74,237
Other debtors	22,779	8,803
	<u>866,021</u>	<u>754,100</u>

11. Creditors: amounts falling due within one year

	<i>31 March</i> 2020	<i>31 March</i> 2019
	\$	\$ (restated)
Amounts owed to group undertakings	203,810	134,865
Trade creditors	(9,772)	36,334
Accruals and deferred income	62,534	160,198
Corporate tax	4,376	4,249
	<u>260,948</u>	<u>335,646</u>

12. Creditors: amounts falling due after one year

	<i>31 March</i> 2020	<i>31 March</i> 2019
	\$	\$
Amounts owed to group undertakings	2,032,772	1,777,219
	<u>2,032,772</u>	<u>1,777,219</u>

The amount owed to group undertakings consists of loan note from the immediate parent company. The loan note bears interest at a rate of LIBOR +6.9% and the Director deems this to be a non-current creditor as of 31 March 2020.

Notes to the financial statements

at 31 March 2020

13. Financial commitments

At 31 March 2020 the company had minimum operating lease payments due under non-cancellable operating leases as set out below:

	<i>31 March 2020</i>	<i>31 March 2019 (restated)</i>
Operating leases which expire:		
Within one year	31,457	27,727

14. Related party transactions

The Company has taken advantage of the exemption available under FRS102 not to disclose transactions with other wholly owned subsidiaries within the group.

15. Ultimate parent undertaking and controlling party

The Director considers the immediate parent undertaking to be RealD Spark LLC.

At the 31 March 2020, Rhombus Intermediate Holdings LP was the ultimate parent company.

At the date of approval of these financial statements, the ultimate controlling party is considered to be New RD Intermediate, LLC.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member is RealD Spark LLC, a company incorporated in the United States of America.

16. Prior year adjustment

For the period ended 31 March 2019 and 31 March 2018, the costs, revenue, assets and liabilities in relation to the Taiwanese branch had not been consolidated into these financial statements. The Director has assessed this omission as an error to be treated as a prior period adjustment in line with the guidance in FRS 102. The impact of this has been to increase the net assets and reserves by \$29,300 at 31 March 2018. The impact in the year to 31 March 2019, as included in the income statement in these financial statements has been to increase revenue by \$355,140, cost of sales by \$298,488, administrative expenses by \$30,969 and the corporation tax charge by \$5,402. The net impact to the income statement is an increase in profit of \$20,321.

In terms of the balance sheet, the 31 March 2019 balance sheet has had amounts owed by group undertakings increase by \$27,388 and cash increase by \$48,831. The creditors due in less than one year have increased by \$26,588.

The cumulative impact at 31 March 2019 is an increase in net assets of \$49,621, of which \$20,321 is in the year to 31 March 2019 and \$29,300 on the opening reserves.