

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

MUZICALL LIMITED



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MUZICALL LIMITED

COMPANY INFORMATION

Director	M Parham
Company secretary	Abogado Nominees Limited
Registered number	04964271
Registered office	100 New Bridge Street London EC4V 6JA
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Lynton House 7-12 Tavistock Square London WC1H 9LT

MUZICALL LIMITED

CONTENTS

	Page
Statement of financial position	1
Notes to the financial statements	2 - 6

MUZICALL LIMITED

REGISTERED NUMBER:04964271

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019


	Note	2019 £	2018 £
Current assets			
Debtors: amounts falling due after more than one year	5	967,164	992,719
Debtors: amounts falling due within one year	5	78,515	145,579
Cash at bank and in hand		135,367	110,431
		1,181,046	1,248,729
Creditors: amounts falling due within one year	6	(79,924)	(47,700)
Net current assets		1,101,122	1,201,029
Total assets less current liabilities		1,101,122	1,201,029
Creditors: amounts falling due after more than one year	7	(2,650,442)	(2,715,596)
Net liabilities		(1,549,320)	(1,514,567)
Capital and reserves			
Called up share capital		306,881	306,881
Other reserves		4,346,871	4,346,871
Profit and loss account		(6,203,072)	(6,168,319)
		(1,549,320)	(1,514,567)

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

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

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

 M Parham
 Director

Date: December 14, 2020

The notes on pages 2 to 6 form part of these financial statements.

MUZICALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Muzicall Limited is private company limited by shares, registered in England and Wales. The address of its registered office is disclosed on the company information page.

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statement have been prepared using the going concern basis of accounting. In determining whether the Company's financial statements can be prepared on the going concern basis the Director has considered all factors likely to affect its future development, performance and financial position.

The going concern status of the Company is dependent on the group being able to provide continued support to its subsidiary and therefore the group itself being a concern since the Company generated a net loss of £34,753 during the year ended 31 December 2019 and, at that date, the company's total liabilities exceeded its total assets by £1,549,320. The Company owes £2,650,442 to fellow group company, RealNetworks GmbH (Austria), which is not due for repayment until 2024.

Group management have confirmed that they have no current intention to liquidate the company in the foreseeable future or to cease trading and as such have prepared the financial statements on a going concern basis.

RealNetworks GmbH (Austria) has also committed to providing financial support to the company as is necessary to enable it to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of these financial statements.

We confirm the following matters of material uncertainty in relation to going concern of the ultimate parent which were disclosed in the publicly available consolidated accounts of the group:

"Liquidity and Capital Resources. Our unrestricted cash and cash equivalents balance at June 30, 2020 was \$19.7 million and our operating loss for the quarter and six months ended June 30, 2020 was \$4.9 million and \$10.0 million, respectively. We have evaluated our current liquidity position in light of our history of declining revenue and operating losses as well as our near-term expectations of net negative cash flows from operating activities. While we currently believe existing unrestricted cash balances along with current availability on our revolving line of credit will be sufficient to allow us to meet our obligations for the next 12 months, our assessment is subject to inherent risks and uncertainties. Moreover, our operating forecast is partly dependent on factors that are outside of our control. Compounding these risks, uncertainties, and other factors are the potential effects of the recent coronavirus pandemic and related impacts on global commerce and financial markets. These conditions, when evaluated within the guidance of ASC 205-40, raise substantial doubt about our ability to meet our obligations over the 12 months from the date of this filing and, therefore, to continue as a going concern. Our financial statements do not include any adjustment relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should we be unable to continue as a going concern.

MUZICALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.2 Going concern (continued)

We have active plans to mitigate these conditions. Specifically, we plan to reduce negative cash flow through operating expense reductions, as well as through the deferral of certain obligations where we believe that we have the legal basis to do so. In addition, we are evaluating various strategic opportunities, which may include selling certain businesses or product lines, soliciting external investment into certain of our businesses, or seeking other strategic partnerships. Our plans are subject to inherent risks and uncertainties, which become significantly magnified when the effects of the current pandemic and related financial impacts are included in the assessment. Accordingly, there can be no assurance that our plans can be effectively implemented and, therefore, that the conditions can be effectively mitigated."

Following consideration of the above factors the Director has considered that it is appropriate to apply the going concern basis.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Revenue

Revenue represents amounts receivable for good and services net of VAT and is recognised in the month in which the company supplies the related ring back tone or support services.

2.5 Exemption from preparing consolidated financial statements

The entity is exempt by Section 399 of the Companies Act 2006 from preparing consolidated financial statements on the basis that the entity and its subsidiary undertakings comprise a small group.

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

MUZICALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

3. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 -£NIL).

The average monthly number of employees, including directors, during the year was 0 (2018 -0).

4. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 January 2019	226,364
At 31 December 2019	226,364
Depreciation	
At 1 January 2019	226,364
At 31 December 2019	226,364
Net book value	
At 31 December 2019	-
At 31 December 2018	-

MUZICALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Debtors

	2019 £	2018 £
Due after more than one year		
Amounts owed by group undertakings	967,164	992,719
	<u>967,164</u>	<u>992,719</u>

	2019 £	2018 £
Due within one year		
Trade debtors	41,870	106,712
Other debtors	5,357	7,705
Prepayments and accrued income	31,288	31,162
	<u>78,515</u>	<u>145,579</u>

6. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	174	-
Amounts owed to group undertakings	69,769	37,915
Accruals and deferred income	9,981	9,785
	<u>79,924</u>	<u>47,700</u>

MUZICALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

7. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	2,650,442	2,715,596
	<u>2,650,442</u>	<u>2,715,596</u>

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2019 £	2018 £
Repayable other than by instalments	2,650,442	2,715,596
	<u>2,650,442</u>	<u>2,715,596</u>

8. Post balance sheet events

During the post year end period a global pandemic, Covid-19, has led to Government advice, both in the UK and globally that all non-essential work should be limited to reduce the spread of the virus. Covid-19 is considered to be a non-adjusting post balance sheet event and no adjustment has been made to the Financial Statements as a result. While this is expected to have an impact on the performance of the Company in 2020 (see going concern 2.2), the Company has complied with the Government's guidance at all times.

9. Controlling party

The parent of the smallest group for which consolidated financial statements are drawn up is RealNetworks, Inc., a company incorporated in the USA. The address of their registered office is: PO Box 91123, Seattle, WA 98111-9223, USA

10. Auditors' information

The audit report accompanying the full version of these accounts is unqualified.

The audit report was signed by Richard Watson FCCA (Senior Statutory Auditor) for and on behalf of Menzies LLP, Chartered Accountants & Statutory Auditor.