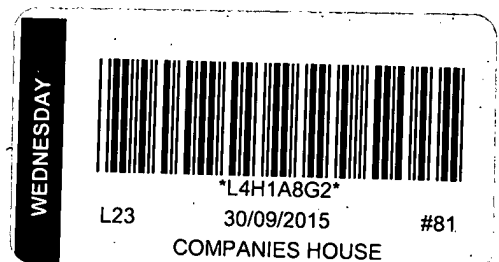


**Company Registration No. 00946580**

**International Management Group (UK) Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2014**



# **International Management Group (UK) Limited**

## **Annual report and financial statements 2014**

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# **International Management Group (UK) Limited**

## **Officers and professional advisers**

### **Directors**

G Kinnings  
B Maglione  
M Shaw

### **Company Secretary**

J Loffhagen

### **Registered Office**

Building 6  
Chiswick Park  
566 Chiswick High Road  
London  
W4 5HR  
United Kingdom

### **Bankers**

HSBC Bank plc  
70 Pall Mall  
London  
SW1Y 5EZ

Deutsche Bank AG  
Winchester House  
1 Great Winchester Street  
London, EC2N 2DB

### **Solicitor**

MacFarlanes LLP  
10 Norwich Street  
London  
EC4A 1BD

### **Auditor**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

# **International Management Group (UK) Limited**

## **Strategic report**

The directors present their strategic report for the year ended 31 December 2014.

### **Principal activities**

The Company has principal activities in the fields of sport, fashion and entertainment. Within these fields, the Company is involved in the management/representation of individuals and organisations and the management and promotion of events and consultancy. There have not been any significant changes in the Company's principal activities in the year.

### **Review of the business and future developments**

Turnover arises principally from event and client commissionable revenues. In particular, event revenue is primarily comprised of sponsorship income, domestic and foreign TV sales income, ticket income and hospitality services. Client revenues consist of commissions received from client prize money, appearance fees and merchandising rights.

Administrative expenses are measured into two distinct categories; 'selling, general and administrative' and 'depreciation'. 'Selling, general and administrative' expenses include staff costs, rent and rates, technology related costs, professional fees and other miscellaneous expenses. Staff costs are primarily comprised of salaries, social security and employer pension contributions.

It is expected that the directors will look to improve margins via new business wins, continued business initiatives associated with the positive long-term industry trends and continuing focus on cost-reduction.

The Company's results for the year and the financial position at the end of the year are shown in the attached financial statements.

### **Results and dividends**

The loss for the year after taxation amounted to £4,932,749 (2013: loss of £8,712,057).

No dividends could be paid during the year (2013: £nil).

### **Key performance indicators**

The Board uses a range of performance indicators to monitor and manage the business and to ensure focus is maintained on the key priorities of the Company. The relative focus on these will vary from period to period. The key performance indicators used to manage the business are:

- financial performance against expectations, in particular focus on revenue, gross profit and EBITDA (Earnings before interest, tax, depreciation and amortisation) and
- delivery of contracted services against client agreements.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Company are:

- Market risk – The Company is exposed to a decline in the economic environment impacting ticket sales, sponsorship revenues and event participation. Such conditions may have a material impact on the Company's profitability.
- Loss of clients – The Company may lose contracts and/or clients due to mergers or acquisitions, business failures, contract expirations or strategic reassessments by clients to take services 'in-house'. Such a loss may have a material impact on the Company's profitability.

# International Management Group (UK) Limited

## Strategic report (continued)

### Principal risks and uncertainties (continued)

- Credit Risk – The Company primarily transacts with large “blue chip” clients which by their nature assist in reducing credit risk. Invoicing is agreed with the customer in advance and the Company does not offer extended credit terms. In addition, trade debtor balances are monitored on an ongoing basis with the result that the Company’s exposure to bad debts is minimised. Many of the Company’s key client relationships are characterised by a close working relationship and long term knowledge of the business which reduces the credit risk.
- Foreign exchange risk – The Company currently operates in several countries and is, and will continue to be, exposed to foreign currency rate fluctuations. The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes. The Company uses external advice on currency dealings with its bank. Where possible natural hedges are used.
- Liquidity risk – The Company believes that future cash flows from operations and availability under existing credit facility with the parent Company will be sufficient to meet its ongoing operations and future developments. Under senior management’s supervision, the Company manages its liquidity according to financial forecasts and expected cash flows.

This report was approved by the Board of Directors and signed on behalf of the Board.



M Shaw  
Director

30 September 2015

# **International Management Group (UK) Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2014.

### **Strategic Report**

The information that fulfils the Companies Act requirements of the Business review is included in the strategic report. This includes the principal activities, a review of the business, results and dividends, key performance indicators, principal risks and its position at the year end and future developments.

### **Change of Ownership**

On 6 May 2014, WME Entertainment Parent LLC acquired 100% of the share capital of IMG Worldwide Holdings, Inc.

The Directors consider WME Entertainment Parent LLC, a company formed and located in the United States of America, to be the ultimate parent company. The Directors consider that WME Entertainment Parent LLC's industry expertise and financial strength will compliment and accelerate the Company's growth.

### **Financial risk management objectives and policies**

Details of financial risk management and policies can be found in the strategic report on page 2.

### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

### **Directors and their interests**

The following directors held office during the year and to the date of this report:

J Brand (resigned 5 September 2014)  
G Kinnings  
B Maglione  
M Shaw

### **Employees**

The Company endeavours to treat all employees and job applicants on the basis of merit and ability to do the job without any unjustifiable discrimination in terms of equality of opportunity.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

This policy does not form part of any employee's contract of employment and the Company reserves the right to amend or issue a replacement policy at any time.

### **Political and charitable contributions**

The Company made no political contributions during the year (2013: £nil).

The Company made a total of £5,250 (2013: £6,512) worth of charitable donations during the year.

# International Management Group (UK) Limited

## Directors' report (continued)

### Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report 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/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



M Shaw  
Director

30 September 2015

# **International Management Group (UK) Limited**

## **Directors' responsibilities statement**

The directors are responsible for preparing the annual 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). 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Independent auditor's report to the members of International Management Group (UK) Limited**

We have audited the financial statements of International Management Group (UK) Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of the performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

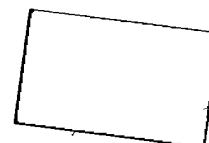
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

*Andrew Evans*

Andrew Evans, FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

30 Sept. 2015



## International Management Group (UK) Limited

### Profit and loss account For the year ended 31 December 2014

	Notes	2014 £	2013 £
<b>Turnover</b>		52,752,450	50,688,898
Cost of sales		(28,329,201)	(26,141,545)
<b>Gross profit</b>		24,423,249	24,547,353
Administrative expenses		(29,939,627)	(31,716,831)
Other operating income	5	6,961	251,744
<b>Operating loss</b>		(5,509,417)	(6,917,734)
Profit on disposal of fixed assets	2	-	14,046
<b>Loss on ordinary activities before interest</b>		(5,509,417)	(6,903,688)
Interest (payable)/receivable and similar (expense)/income	6	(1,477,033)	233,233
<b>Loss on ordinary activities before taxation</b>	2	(6,986,450)	(6,670,455)
Tax credit/(charge) on loss on ordinary activities	7	2,053,701	(2,041,602)
<b>Loss for the financial year</b>	20	(4,932,749)	(8,712,057)

There are no other recognised gains or losses in either year, as such, no Statement of Total Recognised Gains and Losses is presented.

All results relate to continuing activities in this current year.

The notes on pages 10 to 25 form part of these accounts.

# International Management Group (UK) Limited

## Balance sheet

As at 31 December 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Goodwill	8	9,963,434	10,729,851
Intangible assets	9	5,109,448	5,485,410
Tangible assets	10	1,321,767	800,767
Investments	11	19,410,429	19,374,696
		<u>35,805,078</u>	<u>36,390,724</u>
<b>Current assets</b>			
Stocks	12	410,316	210,982
Debtors	13	26,571,353	23,970,003
Cash at bank and in hand		3,999,213	7,481,411
		<u>30,980,882</u>	<u>31,662,396</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(78,511,879)</u>	<u>(63,467,134)</u>
<b>Net current liabilities</b>		<u>(47,530,997)</u>	<u>(31,804,738)</u>
<b>Provisions for liabilities and charges</b>	16	<u>(1,234,771)</u>	<u>(1,488,320)</u>
<b>Net (liabilities)/assets</b>		<u>(12,960,690)</u>	<u>3,097,666</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,100	1,100
Share premium account	18	6,753,000	6,753,000
Profit and loss account	18	<u>(19,714,790)</u>	<u>(3,656,434)</u>
<b>Shareholders' (deficit)/funds</b>	20	<u>(12,960,690)</u>	<u>3,097,666</u>

The notes on pages 10 to 25 form part of these accounts.

The financial statements of International Management Group (UK) Limited (registered number 00946580) were approved by the Board of Directors and authorised for use on 2015.

Signed on behalf of the Board of Directors



M Shaw  
Director

# **International Management Group (UK) Limited**

## **Notes to the financial statements For the year ended 31 December 2014**

### **1. Accounting policies**

The following accounting policies have been applied consistently throughout the year and the prior year.

#### **Basis of preparation**

The financial statements are prepared on the going concern basis under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

The Company has taken the exemption available within FRS 1 'Cash Flow Statements', not to prepare a cash flow statement on the grounds that the cash flows of the Company are included in the consolidated cash flow statement of the ultimate parent Company WME Entertainment Parent LLC., which are available from the address given in note 24.

As the Company is a wholly owned subsidiary of WME Entertainment Parent LLC., the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

The Company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

#### **Going concern**

The Company's business activities together with the factors likely to affect its future development, performance and position are discussed in the strategic and directors' reports on pages 2 to 5.

The current economic conditions create some uncertainty about future demand. In noting this, the Company benefits from a number of medium to long-term contracts which reduce their short-term exposure to such conditions and in turn limit short-term volatility in the Company's performance. In addition, as the Company acts as agent in a number of these contracts, their exposure to credit risk is also reduced to this extent.

The Company does not have any external debt financing arrangements or restrictive covenants.

The Company made a loss of £4,932,749 (2013: £8,712,057). In determining if the business is going concern, the Directors have considered the Company's financial forecasts, budgets, cash flows and the letter of support received from IMG Worldwide LLC. the intermediate parent company of the Company, stating that IMG Worldwide LLC. will make sufficient funding available to enable the Company to continue to trade and meet its obligations as they fall due for the foreseeable future, being a period of at least twelve months from the date of approval of these financial statements.

Based upon the above the directors believe that the Company has access to adequate resources to continue in operational existence in the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 1. Accounting policies (continued)

#### Turnover

Turnover is in respect of event and client commissionable revenues, net of Value Added Tax. In particular, event revenue is primarily comprised of sponsorship income, ticket income and hospitality services. Client revenues consist of commissions received from client prize money, appearance fees and merchandising rights.

Revenue is recorded as earned. Revenue is earned when the Company has provided services or completed commissionable activities. When revenues from contractual agreements are dependent upon the occurrence of future events, recognition of revenue is deferred until such events have occurred. Accordingly, costs incurred relating to future revenues are also deferred until such events occur.

Revenue from client management activities is earned when the Company has provided services to the client or when the Company has substantially completed all services required under a contractual arrangement and collectability is reasonably assured.

Revenue from Company owned sports events is earned during the period the event occurs. Revenue from non-owned events is recorded when services are completed and collectability is reasonably assured. Revenue from non-owned event consulting services is recorded as services are provided throughout the event representation period.

The Company does not recognise the client portion of revenues. Revenue from all other activities is recorded as services are provided and collection is reasonably assured.

The Company manages certain events in the capacity of an agent acting on behalf of its clients. Revenue earned from these events is accounted for on a net basis.

#### Goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

#### Intangible assets

Intangible assets that are acquired as part of a business combination, including, but not limited to, trade names, event rights, event contracts and internally developed software and that can be separately measured at fair value, on a reliable basis, are separately recognised on acquisition at fair value, together with the associated deferred tax liability.

Intangible assets with a finite useful life are recognised at cost and amortised over their expected useful lives on a straight-line basis.

Intangible assets with an indefinite useful life are recognised at cost and tested for impairment annually.

#### Tangible fixed assets

Tangible fixed assets are recognised at cost less accumulated depreciation. Depreciation of fixed assets is provided to write off the cost less the residual value amount of the tangible fixed assets and provision for impairment over their expected useful lives on the straight-line basis at the following rates per annum:

Short leasehold property and improvements	- 10 years (or term of lease, whichever is shorter)
Fixtures and fittings	- 5 years
Office equipment	- 3-10 years

# **International Management Group (UK) Limited**

## **Notes to the financial statements (continued) For the year ended 31 December 2014**

### **1. Accounting policies**

#### **Investments**

Except as stated below, fixed asset investments are shown at cost less provision for impairment.

#### **Accounting for joint ventures**

The Company holds interests in joint ventures. Investments in joint ventures are accounted for using the equity method or the cost method, depending on whether the joint venture is a partnership or a registered Company, respectively.

#### **Stock**

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items, where appropriate.

#### **Provision**

Provision relates to an operating lease that expires in 2017 and reorganisation of the business in 2005. Amounts provided are our best estimate at the balance sheet date.

#### **Taxation**

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

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax is not discounted and deferred tax assets are recognised when the business is profitable in the future.

#### **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 contracted rate or 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.

#### **Post retirement benefits**

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

#### **Leased assets**

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease even if payments are not made on such a basis. Benefits received and receivable as an incentives to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 1. Accounting policies

#### Share-based payments

For equity or cash settled share-based payments, the fair value of equity instruments (options and shares) is recognised as an employee expense with a corresponding increase in equity or liability. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the equity instruments.

The Company records compensation costs related to its profits interests. Equity based compensation cost is measured at the grant date based on the fair value of the award. Compensation cost for time-based awards is recognized ratably over the applicable vesting period. Compensation cost for performance awards based on Company financial metrics is reassessed each period and recognized based upon the probability that the performance targets will be achieved. The performance awards are expensed when the achievement of performance metrics are probable. The total expense recognized over the vesting period will only be for those awards that ultimately vest.

Where the ultimate parent, WME Entertainment Parent LLC, grants options over its own shares to the employees of its subsidiaries, including International Management Group (UK) Limited, the subsidiary records an employee expense and a corresponding increase in shareholders' equity or liability.

### 2. Loss on ordinary activities before taxation

	2014 £	2013 £
<b>Loss on ordinary activities before taxation is stated after charging/crediting):</b>		
Depreciation charged on owned assets	410,063	268,388
Fees payable to the Company's auditor for the audit of the Company's annual accounts	125,074	37,567
Operating lease rentals – land and buildings	652,842	146,575
Operating lease rental – other	69,117	78,058
Profit on disposal of fixed assets	-	(14,046)
Amortisation of intangibles	375,692	656,663
Amortisation of goodwill	766,417	766,418

# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 3. Staff numbers and costs

The average number of employees of the Company including directors (excluding joint ventures) during the year was as follows:

	2014 Number	2013 Number
Management and administration	337	337

The aggregate payroll costs to the Company of these persons were as follows:

	2014 £	2013 £
Wages and salaries	20,722,777	21,576,165
Social security costs	4,297,881	2,481,405
Other pension costs	1,083,852	1,289,905
	<u>26,104,510</u>	<u>25,347,475</u>

### 4. Remuneration of directors

	2014 £	2013 £
Directors' emoluments	694,418	660,259
Amounts receivable under long-term incentive schemes	285,158	120,042
Company contributions to money purchase pension schemes	50,707	61,013
	<u>1,030,283</u>	<u>841,314</u>

The number of directors who:

	2014 Number	2013 Number
Are members of a money purchase pension scheme	3	4

Two of the directors exercised share options in the year for the value of £76,826. In prior year no directors exercised share options.



# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 4. Remuneration of directors (continued)

#### Remuneration of the highest paid director:

	2014 £	2013 £
Emoluments	458,288	379,714
Amounts receivable under long term incentive schemes	94,915	24,375
Company contributions to money purchase pension schemes	37,381	30,874
	<u>590,584</u>	<u>434,963</u>

The highest paid director did not exercise any share options in the year.

### 5. Other operating income

	2014 £	2013 £
Other income	6,961	251,744
	<u>6,961</u>	<u>251,744</u>

### 6. Interest (payable)/receivable and similar (expense)/income

	2014 £	2013 £
Foreign exchange (loss)/gain in respect of non-trading activities	(1,477,033)	233,233
	<u>(1,477,033)</u>	<u>233,233</u>

# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 7. Tax on loss on ordinary activities

#### Analysis of (credit)/charge in period

	2014 £	2013 £
<b>UK corporation tax</b>		
Current tax on loss for the year	(1,574,086)	(192,181)
Adjustments in respect of prior year	(1,012,520)	221,352
	<u>(2,586,606)</u>	<u>29,171</u>
<b>Foreign tax</b>		
Current tax on income for the year	452,147	520,404
Adjustments in respect to prior year	-	530,482
	<u>452,147</u>	<u>530,482</u>
Total current tax	<u>(2,134,459)</u>	<u>1,080,057</u>
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(117,777)	1,345,232
Adjustment for prior year	198,535	(383,687)
	<u>80,758</u>	<u>961,545</u>
Total deferred tax	<u>80,758</u>	<u>961,545</u>
Total tax (credit)/charge on loss on ordinary activities	<u>(2,053,701)</u>	<u>2,041,602</u>

#### Factors affecting current year tax (credit)/charge

The current tax credit for the year is higher (2013: charge was higher) than the blended rate of corporation tax in the UK of 21.5% (2013: 23.25%).

	2014 £	2013 £
<b>Current tax reconciliation</b>		
Loss on ordinary activities before taxation	(6,986,450)	(6,670,455)
Current tax at 21.5% (2013: 23.35%)	(1,502,086)	(1,550,881)
<b>Effect of</b>		
Expenses not deductible for tax purposes	437,797	577,759
Capital allowances in excess of depreciation	4,832	1,477
Short-term timing differences	(1,334,964)	900,458
Tax losses carried forward	917,547	-
Adjustments to tax charges in respect of previous periods	(1,012,520)	751,835
Total foreign tax suffered	452,147	520,404
Double taxation relief	(97,212)	(120,994)
Tax on loss on ordinary activities	<u>(2,134,459)</u>	<u>1,080,058</u>

# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 8. Goodwill

	<b>Total £</b>
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	15,328,359
<b>Amortisation</b>	
At 1 January 2014	(4,598,508)
Charge for the year	(766,417)
At 31 December 2014	(5,364,925)
<b>Net book value</b>	
At 31 December 2014	9,963,434
At 31 December 2013	10,729,851

On 2 April 2007, the Company acquired all of the ordinary share capital of Quintus Group Limited ("Quintus") a United Kingdom based Company that is involved in sports sponsorship and event management. Effective 1 January 2008, the trade assets and liabilities of the Quintus entities were transferred to the Company.

Goodwill arising on the acquisition of Quintus had been calculated as £15,328,359.

### 9. Intangible fixed assets

	<b>Total £</b>
<b>Cost</b>	
At 1 January 2014 and 31 December 2014	9,022,032
At 1 January 2014	(3,536,622)
Charge for the year	(375,962)
At 31 December 2014	(3,912,584)
<b>Net book value</b>	
At 31 December 2014	5,109,448
At 31 December 2013	5,485,410

Intangible assets were acquired on the acquisition of Quintus and include, but are not limited to, trade names, event rights, event contracts and internally developed software.

## International Management Group (UK) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2014

#### 10. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Leasehold improvements £	Total £
<b>Cost</b>				
At 1 January 2014	321,992	1,015,213	424,932	1,762,137
Additions	-	549,462	381,601	931,063
At 31 December 2014	321,992	1,564,675	806,533	2,693,200
<b>Depreciation</b>				
At 1 January 2014	244,746	524,595	192,029	961,370
Charge for the year	36,713	303,482	69,868	410,063
At 31 December 2014	281,459	828,077	261,897	1,371,433
<b>Net book value</b>				
At 31 December 2014	40,533	736,598	544,636	1,321,767
At 31 December 2013	77,246	490,618	232,903	800,767

#### 11. Fixed asset investments

The values of the investments in which the Company's interest at year end was more than 20% are as follows:

	Subsidiary undertakings £	Joint ventures £	Associates £	Total £
<b>Cost and Net book value</b>				
At 1 January 2014	19,279,546	100	95,050	19,374,696
Additions	35,733	-	-	35,733
At 31 December 2014	19,315,279	100	95,050	19,410,429

# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 11. Fixed asset investments (continued)

The Company owns the issued share capital of the following Companies:

	Country of incorporation	% of ordinary shares and voting rights held	Principle Activities of shares held
<b>Subsidiary undertakings</b>			
BSI Speedway Limited	England	100%	World FIM Speedway
Quintus Group Limited	England	100%	Dormant Company
IMG Advisory Private Limited	India	99%	Advisory & consultancy services
Taste Festivals Limited	England	100%	International Food Festivals
<b>Investments in joint ventures</b>			
European Golf Design Limited	England	50%	Design of golf courses, club houses and associated facilities
<b>Investments in Associates</b>			
Golf Live Limited	England	25%	Management of golf events

The issued share capital of each subsidiary, joint venture and associate is in ordinary shares.

During the year the company made additional share capital contribution to Taste Festivals Limited of £35,733.

### 12. Stock

	2014 £	2013 £
Finished goods and goods for resale	410,316	210,982

There is no material difference between the balance sheet value of stocks and their replacement value.

# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 13. Debtors

	2014 £	2013 £
Trade debtors	5,982,843	5,317,393
Amounts owed by parent company and fellow subsidiaries	7,215,865	6,306,175
Other debtors	3,481,279	2,318,178
Prepayments and accrued income	7,911,338	9,348,981
Corporation tax	1,381,510	-
Deferred taxation	598,518	679,276
	<u>26,571,353</u>	<u>23,970,003</u>

### 14. Deferred taxation

The deferred tax asset of £598,518 (2013: £679,276) is made up as follows:

	2014 £	2013 £
Trading losses	240,000	-
Pension contributions	127,009	224,197
Excess of capital allowances over depreciation	75,610	71,096
General provisions	154,469	383,983
Share based payments	1,430	-
	<u>598,518</u>	<u>679,276</u>

A deferred tax asset in respect of share based payments (£1.9m) has not been recognised due to uncertainty over suitable taxable profits against which it may reverse.

At 1 January 2014	679,276	1,640,821
Prior year adjustment charged to profit and loss account	(198,535)	383,687
Charge to the profit and loss account for the year	<u>117,777</u>	<u>(1,345,232)</u>
At 31 December 2014	<u>598,518</u>	<u>679,276</u>

# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 15. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	5,007,725	9,477,958
Amounts owed to parent undertaking and fellow subsidiaries	56,631,950	34,187,245
Accruals and deferred income	15,697,915	17,906,333
Corporation tax	-	447,505
Other taxes and social security	894,087	1,050,387
Other creditors	280,202	397,706
	<u>78,511,879</u>	<u>63,467,134</u>

### 16. Provisions for liabilities and charges

	Onerous lease £	Severance £	Total £
At 1 January 2014	592,877	895,443	1,488,320
Charge to the profit and loss account	-	-	-
Unwinding of discount	32,024	53,727	85,751
Utilisation of provision	(162,476)	(176,824)	(339,300)
At 31 December 2014	<u>462,425</u>	<u>772,346</u>	<u>1,234,771</u>

A provision of £462,425 (2013: £592,877) has been made in respect of the Company's vacant portion of the leasehold property, Pier House, located in Chiswick, London. Provision has been made for the residual lease commitments, together with other outgoings for the remaining period of the lease, which at 31 December 2014 is approximately 3.5 years. In determining the provision, the cash flows have been discounted using a factor of 6%.

A provision of £772,346 (2013: £895,443) has been made in respect of severance costs payable to an employee who was notified of redundancy prior to 31 December 2005. Payments will be spread over 20 years. In determining the provision, the cash flows have been discounted using a factor of 6%.

# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 17. Called up share capital

	2014 £	2013 £
<b>Authorised:</b>		
Equity: 20,100 ordinary shares of £1 each	20,100	20,100
<b>Called up, allotted and fully paid</b>		
Equity: 1,100 ordinary shares of £1 each	1,100	1,100

Allotted share capital consists of 300 'A' ordinary shares of £1 each and 800 'B' ordinary shares of £1 each.

### 18. Share premium and reserves

	Share premium £	Profit and loss account £
At 1 January 2014	6,573,000	(3,656,434)
Loss for the financial year	-	(4,932,749)
Share based payments	-	(11,125,607)
At 31 December 2014	6,573,000	(19,714,790)

The share based payments charge of £11,125,607 is a credit to shareholders' equity matching the fair value of equity instruments recognised as an employee expense in the year to 31 December 2014.

### 19. Share based payments

The share option scheme operated by the ultimate parent company IMG Worldwide Inc. prior to the acquisition by WME Entertainment Parent LLC, was fully settled by cash payments to option holders who were entitled to such payments at that time. As part of the settlement, a final payment of £2,942,702 was recognised as employee expenses in the year to 31 December 2014.

Class B shares issued to senior management were also settled as a result of the acquisition and a final payment of £313,854 recognised as employee expenses in the year to 31 December 2014.

As part of the integration of WME-IMG, the company currently has started operating the following equity-based compensation plans:

*Management Profits Units (WME Iris Management Holdco, LLC) & Management Phantom Plan:*

During the fourth quarter ended December 31, 2014, the Board granted awards of indirect interests in the equity value appreciation of the Company to certain employees for their time and commitment to the Company (collectively, "Management Awards"). These Management Awards represent an interest in the Company that may entitle the award recipient to share in the appreciation of the Company's equity value after the date of grant.

Each Management Award was granted in one of two ways: (a) by the Company granting Profits Units ("Management Profits Units") to WME Iris Management Holdco, LLC, an equity-holding vehicle ("Management Holdco"), and Management Holdco in turn granting management units that correspond to such Management Profits Units to the award recipient; or (b) by WME IMG, LLC, a wholly-owned subsidiary of the Company ("WME IMG LLC"), granting to the award recipient phantom equity units that correspond to Management Profits Units ("Management Phantom Units") under The WME IMG, LLC Phantom Unit Appreciation Plan ("Management Phantom Plan").



# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 19. Share based payments (continued)

The total number of Management Profits Units and Management Phantom Units that are available for Management Awards is 145,062,513, subject to adjustment as provided for in the Operating Agreement, the limited liability company agreement of Management Holdco and the Management Phantom Plan, as applicable. Of these, 5,113,930 Management Profits Units and 1,069,234 Management Phantom Units were granted as of December 31, 2014.

The terms of each Management Award, including vesting, forfeiture and repurchase terms, are fixed by the Board. The applicable distribution threshold for each Management Award (i.e., generally the amount of distributions that need to be made by the Company (or in certain circumstances the amount of appreciation allocated to the capital accounts of the Members) before such Management Award can participate in proceeds from certain liquidity events) is established by and subject to adjustment by the Board. Most Management Awards granted during the year ended December 31, 2014 include the following terms: (a) time-based vesting over a four- or five-year period on each anniversary of June 1 or October 1, 2014; (b) cancellation upon termination of employment or services for any reason or in certain circumstances, as specified in the applicable Management Award; and (c) optional repurchase by the Company or an affiliated entity of all or part of any vested interests retained following termination of employment or services for 50% to 100% of fair market value of such repurchased interests as determined in accordance with the applicable Management Award. Some Management Awards granted during the year ended December 31, 2014 also include performance-based vesting at graduated levels upon the Company's attainment of certain EBITDA thresholds as measured on certain dates. A limited number of Management Awards granted during the year ended December 31, 2014 are fully vested at grant and not subject to repurchase by the Company, or contain a put right exercisable by the award recipient subject to terms and conditions contained in the applicable Management Awards.

The Company utilizes the Black-Scholes option pricing model to determine the fair value of the Profits Units. Management is required to make certain assumptions with respect to selected model inputs. Expected volatility is based on comparable publicly traded companies' stock movements. The expected life of the Profits Units represents the period of time that the Profits Units are expected to be outstanding. The risk free interest rate is based on the U.S treasury yield curve in effect at the time of grant. The fair value and assumptions used are as follows:

#### Year ended December 31, 2014

Weighted Average Grant Date Fair Value	\$	0.058
Risk-free interest rate		0.11%-2.32%
Expected volatility		50%
Expected life (in years)		1 to 10
Expected dividend yield		0%
Annual prevesting forfeiture rate		0% to 8%

The following table summarizes time-vested Management Awards activity:

	Number of Performance - Vested Profits Units
Outstanding at December 31, 2013	-
Granted	5,758,099
Exercised	-
Forfeited or expired	-
Outstanding at December 31, 2014	5,758,099
Expected to vest at December 31, 2014	5,382,464

# International Management Group (UK) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2014

### 19. Share-based payments (continued)

The following table summarizes performance-vested Management Awards activity:

	Number of Performance - Vested Profits Units
Outstanding at December 31, 2013	-
Granted	425,065
Exercised	-
Forfeited or expired	-
Outstanding at December 31, 2014	425,065
Expected to vest at December 31, 2014	399,561

As a result, share based payments being the fair value of equity instruments of £7,148 was recognised as an employee expense in the year ended 31 December 2014.

### 20. Reconciliation of movement in shareholders' /(deficit)/funds

	2014 £	2013 £
Opening shareholders' funds	3,097,666	7,624,007
Loss for the financial year	(4,932,749)	(8,712,057)
Share based payments (charge)/credit	(11,125,607)	4,185,716
Closing shareholders' (deficit)/funds	(12,960,690)	3,097,666

### 21. Financial commitments

The Company had annual commitments under non-cancellable operating leases as set out below:

	2014		2013	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	700,775	-
In two to five years	1,473,032	158,457	1,557,505	146,796
After five years	392,399	-	-	-
	<u>1,865,431</u>	<u>158,457</u>	<u>2,377,766</u>	<u>146,796</u>

The lease of land and buildings is subject to rent reviews.

Leases are held in the name of the Company on behalf of related parties.

### 22. Related parties and transactions with directors

All related parties with whom the company entered into transactions during the period and with whom balances existed at the end of the period, not already disclosed, were fellow wholly owned subsidiaries of WME Entertainment Parent LLC.

## **International Management Group (UK) Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2014**

#### **23. Pension scheme**

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,081,236 (2013: £1,175,572).

At 31 December 2014 outstanding liability amounted to £120,199 (2013: £142,480).

#### **24. Ultimate parent company and controlling party**

International Management Group (UK) Limited is a wholly owned subsidiary of WME Entertainment Parent LLC, a company formed and located in the United States of America.

WME Entertainment Parent LLC is the largest and smallest group of which the company is a member and for which group financial statements are prepared.

Requests for financial information should be addressed to Seth Krauss, IMG, 1360 E. 9th Street, Suite 100, Cleveland, Ohio, 44114, United States of America.