

# **AEG Presents Ltd**

**Report and financial statements**

**Registered number 05452230**

**31 December 2019**



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## Strategic report

The directors present their strategic report together with the audited financial statements of the Company for the year to 31 December 2019.

### Results

The profit and loss account is set out on page 9 and shows the profit for the year.

### Principal activities

The principal activity of the Company during the year was the promotion of live music events.

### Review of the Business

During the year the Company was involved in 932 (2018: 951) touring shows. The Company saw an increase in the volume of higher margin stadium and indoor arena shows and whilst there was a slight weakening of sales in the festival division the Company still managed to improve its overall profit before tax to £0.2m (2018: £1.2m loss).

The results are set out on page 9 of the financial statements.

### Principal risks and uncertainties

The concert promoting business remains very competitive and the level of future business is uncertain with concerts typically only being secured between 2 and 12 months in advance. There are many factors outside of the company's control in securing an artist tour and both the company and its US parent AEG Presents LLC seeks to maximize its industry relationships with artists and agents to produce combined international touring opportunities. With this uncertainty it is critical that the company maintains a suitable overhead cost base and seeks to supplement resources when the demands of workload dictate.

The Company's revenue stream is predominately the income it receives from the sale of tickets to events. Any exposure to credit risk is mitigated by dealing with known customers or seeking payment in advance of the release of tickets. In respect of the cost base the company faces a risk where the artist's compensation is agreed in a non-sterling currency, in these instances the company will evaluate the exposure in accordance with any deposits and the elapsed time until the performance and consider any forward currency contract or other inter-company hedging.

The recent global outbreak of coronavirus ("COVID-19") has presented a risk to the business expected to impact events up to April 2021 and potentially beyond due to the uncertainty of when touring and festivals will return. Commercial risk will continue to be mitigated through business continuity measures such as insurance and contract re-negotiation. The immediate short term risk in terms of going concern of the Company has been considered by the directors and commented upon in note 1. The impact of COVID-19 as a subsequent event can be seen in note 18.

The Company acknowledges the uncertainty and potential macro-economic impact of the UK exiting the European Union ("Brexit"). Brexit is not expected to have a significant economic impact on the Company notwithstanding concerns surrounding the nature of the future relationship between the United Kingdom and the European Union and the subsequent impact on the strength of the UK economy.

### S172 (1) Statement

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This S172 statement, which is reported for the first time, explains how the directors:

- have engaged with employees, suppliers, customers and others; and
- have had regard to employee interests, the need to foster the company's business relationships with suppliers, customers,

The S172 statement focuses on matters of strategic importance to the Company, and the level of information disclosed is consistent with the size and the complexity of the business.

When making decisions, each director ensures that he acts in the way he considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

## Strategic report (continued)

### S172 (1) Statement (continued)

#### S172(1) (A) "The likely consequences of any decision in the long term"

The directors are aware of the long term challenges of the industry in terms of risk and reward, particularly in touring. As such all decisions are made with the intention of supporting a long term strategy of achieving a consistent and diverse base gross contribution within the business.

#### S172(1) (B) "The interests of the company's employees"

The directors recognise that employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

#### S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, government agencies, and partners. The Company seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships.

#### S172(1) (D) "The impact of the company's operations on the community and the environment"

This is inherent in our strategic decision making with a continual focus to reduce the Company's carbon footprint and contribute to the local communities where we operate. This is very notable in our festivals and also illustrated by our recent investment in Eden Sessions Limited, a subsidiary of Eden Projects Limited.

#### S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The directors recognise that this sets the Company apart when dealing with stakeholders and aims to always consider this in long and short term decision making.

#### S172(1) (F) "The need to act fairly as between members of the company"


After weighing up all relevant factors, the directors consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, our directors act fairly as between the Company's members but are not required to balance the Company's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

### Future Developments

COVID-19 has had a significant impact on the the Company in 2020 with festivals and tours being cancelled or re-scheduled from mid-March onwards. The majority of major tours have been re-scheduled for 2021 which puts the Company in a strong position to recover lost profit in 2020. The Company continues to direct its resources to build up the level of larger tours both in the UK and internationally whilst furthermore developing a non-core events and investment strategy, we would hope to see the benefits of continued growth from these activities in 2021 and beyond.

### Approval

This strategic report was approved by order of the Board on 26 November 2020.



Colin Chapple  
Director

## Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2019. The financial statements have been prepared on a going concern basis, in support of which the directors have obtained an indication from AEG Presents LLC its intention to continue to make available funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period of at least 12 months from the date of approval of these financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

### Dividends

The directors do not recommend the payment of a final dividend (2018 - Nil). No interim dividend was proposed (2018 - Nil).

### Directors

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

Colin Chapple  
Jay Marciano  
Thomas Miserendino (resigned 15 January 2019)  
Luke Flynn  
Daniel Beckerman  
Alexander James Hill (appointed 15 January 2019)

### Political contributions

The Company made no political donations nor incurred any political expenditure during the year (2018 - Nil).

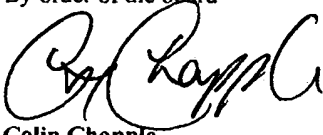
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### 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



Colin Chapple  
Director

Almack House  
28 King Street  
London  
SW1Y 6QW  
United Kingdom

Date: 26 November 2020

## **Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements**

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.

# Independent auditor's report to the members of AEG Presents Ltd

## Opinion

We have audited the financial statements of AEG Presents Ltd ("the company") for the year ended 31 December 2019 which comprise the Profit and loss account and Other Comprehensive Income, Balance sheet, Statement of Changes in Equity, the Cash flow statement 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 profit 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.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

## Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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.

We have nothing to report in these respects.

## **Independent auditor's report to the members of AEG Presents Ltd (continued)**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, 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.



**David Benson (Senior Statutory Auditor)**

**For and on behalf of**

**KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square  
Canary Wharf  
London E14 5GL  
United Kingdom

26 November 2020



**Profit and loss account and Other Comprehensive Income**  
**For the year ended 31 December 2019**

	Note	2019 £	2018 £
<b>Turnover</b>	<b>2</b>	<b>139,265,253</b>	141,041,925
Cost of sales		<u>(131,181,697)</u>	<u>(136,069,417)</u>
<b>Gross profit</b>		<b>8,083,556</b>	4,972,508
Administrative expenses		<u>(8,254,556)</u>	<u>(6,347,490)</u>
<b>Operating loss</b>		<b>(171,000)</b>	<b>(1,374,982)</b>
Other income		222,714	36,530
Interest receivable and similar income	<b>6</b>	<u>124,734</u>	<u>128,304</u>
<b>Profit/(loss) before taxation</b>	<b>3</b>	<b>176,448</b>	(1,210,148)
Tax on profit/(loss)	<b>7</b>	<u>(118,243)</u>	<u>123,579</u>
<b>Profit/(loss) after tax</b>		<b>58,205</b>	(1,086,569)
<b>Profit/(loss) for the financial year</b>		<u><b>58,205</b></u>	<u>(1,086,569)</u>
<b>Total comprehensive income for the year</b>		<u><b>58,205</b></u>	<u>(1,086,569)</u>

All operating results in 2019 and 2018 arose from continuing operations. There were no other recognised gains or losses for the year other than the results as disclosed above.

The notes on pages 13 to 22 form part of these financial statements.

**Balance sheet**  
**At 31 December 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	9	200,441	318,791
Investments	8	3,016,941	-
		<u>3,217,382</u>	<u>318,791</u>
<b>Non current assets</b>			
Deferred tax	14	93,549	-
<b>Current assets</b>			
Debtors	10	34,649,043	39,406,678
Cash at bank and in hand		24,439,612	22,764,995
		<u>59,088,655</u>	<u>62,171,673</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(87,795,079)</u>	<u>(87,944,162)</u>
<b>Net current liabilities</b>		<u>(28,706,424)</u>	<u>(25,772,489)</u>
<b>Net liabilities</b>		<u>(25,395,493)</u>	<u>(25,453,698)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	13	1	1
Profit and loss account		<u>(25,395,494)</u>	<u>(25,453,699)</u>
<b>Shareholders' deficit</b>		<u>(25,395,493)</u>	<u>(25,453,698)</u>

The notes on pages 13 to 22 form part of these financial statements.

These financial statements were approved by the directors on 26 November 2020 and were signed on its behalf by:

  
Colin Chapple  
Director

Company Registration Number: 05452230

## Statement of Changes in Equity

	Called up equity share capital	Profit and loss account	Total
	£	£	£
<b>At 1 January 2018</b>	<b>1</b>	<b>(24,367,130)</b>	<b>(24,367,129)</b>
Loss for the financial year	-	(1,086,569)	(1,086,569)
Total comprehensive loss	-	(1,086,569)	(1,086,569)
<b>at 31 December 2018</b>	<b>1</b>	<b>(25,453,699)</b>	<b>(25,453,698)</b>
Profit for the financial year	-	58,205	58,205
Total comprehensive profit	-	58,205	58,205
<b>at 31 December 2019</b>	<b>1</b>	<b>(25,395,494)</b>	<b>(25,395,493)</b>

The notes on pages 13 to 22 form part of these financial statements.

## Cash flow statement

At 31 December 2019

	Note	2019 £	2018 £
<b>Profit/(loss) for the year</b>		<b>58,205</b>	<b>(1,086,569)</b>
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		157,049	149,541
Interest receivable and similar income	6	(124,734)	(128,304)
Taxation	7	118,243	(123,579)
		<u>208,763</u>	<u>(1,188,911)</u>
Decrease/(increase) in debtors		4,663,842	(6,296,938)
Decrease in creditors		(387,775)	(12,055,310)
		<u>4,484,830</u>	<u>(19,541,159)</u>
Tax received		120,692	-
<b>Net cash inflow/(outflow) from operating activities</b>		<u><b>4,605,522</b></u>	<u><b>(19,541,159)</b></u>
<b>Cash flows from investing activities</b>			
Acquisition of tangible fixed assets		(38,698)	(354,757)
Investments in associates		(3,016,941)	-
Interest received		124,734	128,304
<b>Net cash outflow from investing activities</b>		<u><b>(2,930,905)</b></u>	<u><b>(226,453)</b></u>
<b>Increase/(decrease) in cash in the period</b>		<u><b>1,674,617</b></u>	<u><b>(19,767,612)</b></u>
Cash and cash equivalents at 1 January		22,764,995	42,532,607
<b>Cash and cash equivalents at 31 December</b>		<u><u><b>24,439,612</b></u></u>	<u><u><b>22,764,995</b></u></u>

The notes on pages 13 to 22 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

AEG Presents Ltd (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 05452230 and the registered address is Almack House, 28 King Street, London, SW1Y 6QW.

These financial statements were 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 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The Company is not eligible to disclosure exemptions under FRS 102.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### a. Basis of preparation

The financial statements have been prepared under the historic cost accounting convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

#### b. Going concern

Notwithstanding net current liabilities of £28,706,424 as at 31 December 2019, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

An intermediate parent company, AEG Presents LLC has provided the Company with an undertaking that, for at least 12 months from the date of approval of the financial statements, it will provide financial support to ensure that the Company is able to meet its current and future obligations.

AEG Presents LLC has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of amounts due at the balance sheet date, for a period of at least 12 months from the date of approval of these financial statements.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due 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.

#### c. Turnover

Turnover excludes Value Added Tax and represents income from live performances promoted by the Company and is recognised upon completion of the performance.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred revenue and are recognised as income on maturity of the relevant event.

## Notes (continued)

### 1 Accounting policies (continued)

#### d. Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings, tools and equipment	-	3 to 10 years
Leasehold land and buildings	-	The shorter of 5 years or the life of the lease

#### e. Investments

Investments are stated at cost less any provision for impairment. Where the recoverable amount of the investment is less than the carrying value, an impairment is recognised.

#### f. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains or losses in tax assessments in periods different from those in which they are recognised in the financial statements.

#### g. 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.

#### h. Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### i. Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

## Notes (continued)

### 1 Accounting policies (continued)

#### j. Financial instruments

##### i) Financial assets and liabilities

- Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at transaction price (including transaction costs).
- Financial assets and liabilities are only offset in the balance sheet when, and only when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.
- Debt instruments are subsequently measured at amortised cost using the effective interest method.

##### ii) Cash and cash equivalents

- Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are included as part of cash and cash equivalents for the purposes of the cash flow statement.

#### k. Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as occurred.

Other interest receivable and similar income include interest receivable on funds invested. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### l. Post retirement benefits

The Company operates one defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

## Notes (continued)

### 2 Revenue

During the year the Company generated revenue in the following geographical locations:

	2019 £	2018 £
United Kingdom	118,535,301	138,006,576
Rest of the world	20,729,952	3,035,349
	<u>139,265,253</u>	<u>141,041,925</u>

During the year the Company generated revenue through the following activities:

	2019 £	2018 £
Rendering of services	128,454,158	129,509,671
Royalties	10,811,095	11,532,254
	<u>139,265,253</u>	<u>141,041,925</u>

### 3 Profit/(loss) before taxation

Profit before taxation is stated after charging:

	2019 £	2018 £
Auditor's remuneration:		
Fees payable to KPMG LLP and its associates for audit of the company	65,500	64,200
Fees payable to KPMG LLP for audit related services	6,500	6,000
Depreciation on tangible fixed assets	157,049	149,541
Net foreign exchange losses/(gains)	441,224	227,406
	<u>670,273</u>	<u>446,147</u>

### 4 Staff numbers and costs

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

	Number of employees	
	2019 No	2018 No
Administration	14	14
Operations	20	16
Sales and marketing	19	21
	<u>53</u>	<u>51</u>



## Notes (continued)

### 4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£	£
Wages and salaries	3,971,483	4,013,597
Social security costs	490,524	488,082
Other pension costs	122,602	108,278
	<u>4,584,609</u>	<u>4,609,957</u>

#### Pension scheme

The Company operates a defined contribution pension scheme. The pension costs charge for the period represents contributions payable by the Company to the scheme and amounted to £122,602 (2018: £108,278).

There were £12,209 (2018: £9,048) outstanding contributions at the end of the financial year.

### 5 Remuneration of directors

	2019	2018
	£	£
Directors' emoluments	529,331	550,576
Company contributions to money purchase pension schemes	19,569	9,823
	<u>548,900</u>	<u>560,399</u>

The highest paid directors had emoluments of £278,279 (2018: £289,261).

During the year retirement benefits accrued to two directors (2018: two directors) under money purchase schemes.

In the year 4 directors (2018: 3) did not receive any emoluments for services to the Company as this was paid by another group company and no recharge was made.

### 6 Interest receivable and similar income

	2019	2018
	£	£
Interest receivable and similar income	<u>124,734</u>	<u>128,304</u>

## Notes (continued)

### 7 Taxation

#### Factors affecting the tax charge

	2019 £	2018 £
<i>Current tax</i>		
Current tax expense for the year	157,728	-
Prior period adjustment	54,064	(123,579)
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(33,431)	-
Adjustments in respect of prior periods	(60,118)	-
Total income tax expense	<u>118,243</u>	<u>(123,579)</u>

The standard rate of corporation tax in the UK in the year is 19.00% (2018: 19.00%). The actual tax profit and loss impact for the period is lower (2018: lower) than the standard rate for the reasons set out in the following reconciliation:

	2019 £	2018 £
<i>Current tax reconciliation</i>		
Profit/(loss) before tax	176,448	(1,210,148)
Current tax charge/(credit) at 19.00% (2018: 19.00%)	<u>33,525</u>	<u>(229,928)</u>
<i>Effects of:</i>		
Items not deductible for tax purposes	15,851	14,821
Fixed asset differences	-	950
Losses carried back	-	54,609
Transfer Pricing Adjustments	152,000	152,000
Adjustments to tax charge in respect of previous periods	54,064	(123,579)
Deferred tax not recognised	(62,637)	6,754
Adjust opening deferred tax to average rate 19%	(14,442)	794
Adjustments in respect of prior periods deferred tax	(60,118)	-
Total current tax charge/(credit)	<u>118,243</u>	<u>(123,579)</u>

At 31 December 2019 there are taxable losses carried forward of £Nil (2018: £Nil).

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax assets at 31 December 2019 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the Company's future tax charge accordingly.

## Notes (continued)

### 8 Investments

	Other investments £	Investments in associates £	Total £
<i>Cost</i>			
At 1 January 2019	1,161,148	-	1,161,148
Additions	-	3,016,941	3,016,941
Disposals	(1,161,148)	-	(1,161,148)
<b>At 31 December 2019</b>	<b>-</b>	<b>3,016,941</b>	<b>3,016,941</b>
<i>Impairment</i>			
At 1 January 2019	1,161,148	-	1,161,148
Disposals	(1,161,148)	-	(1,161,148)
<b>At 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Net book value</i>			
<b>At 31 December 2019</b>	<b>-</b>	<b>3,016,941</b>	<b>3,016,941</b>
At 31 December 2018	-	-	-

The company made two investments in associates in the year to 31 December 2019 as noted below.

Name	Equity shareholding (%)	Investment value (£)	Business
Loudsound Limited	25%	£1,130,625	Events Production services
Eden Sessions Limited	50%	£1,886,316	Event promotion and production

During the year the Company completed the disposal of two other investments in Ticketsolve Limited and ATC Limited. These investments had previously been fully impaired.

### 9 Tangible assets

	Fixtures, fittings, tools and equipment £	Total £
<i>Cost</i>		
At 1 January 2019	571,401	571,401
Additions	38,699	38,699
<b>At 31 December 2019</b>	<b>610,100</b>	<b>610,100</b>
<i>Depreciation</i>		
At 1 January 2019	252,610	252,610
Charge for the year	157,049	157,049
Disposals	-	-
<b>At 31 December 2019</b>	<b>409,659</b>	<b>409,659</b>
<i>Net book value</i>		
<b>At 31 December 2019</b>	<b>200,441</b>	<b>200,441</b>
At 31 December 2018	318,791	318,791

## Notes (continued)

### 10 Debtors

	2019 £	2018 £
<i>Amounts due after one year:</i>		
Prepayments and accrued income	-	3,891,190
<i>Amounts due within one year:</i>		
Trade debtors	2,865,901	3,068,826
Amounts owed by group undertakings	19,521,985	24,425,071
Corporation tax receivable	-	93,792
Prepayments and accrued income	12,261,157	7,927,799
	<u>34,649,043</u>	<u>39,406,678</u>

Amounts owed by group undertakings do not accrue interest and are repayable on demand.

### 11 Creditors - amounts falling due within one year

	2019 £	2018 £
Trade creditors	964,679	3,588,735
Amounts owed to group undertakings	46,965,179	46,965,179
Corporation tax payable	238,693	-
Accruals and deferred income	39,626,528	37,390,248
	<u>87,795,079</u>	<u>87,944,162</u>

The amounts owed to group undertakings do not accrue interest and are repayable on demand.

## Notes (continued)

### 12 Financial instruments

Financial assets	2019 £	2018 £
Measured at undiscounted amount receivable		
Cash at bank and in hand	24,439,612	22,764,995
Trade and other debtors	26,251,574	29,376,162
	<u>50,691,186</u>	<u>52,141,157</u>

Financial liabilities	2019 £	2018 £
Measured at undiscounted amount payable		
Trade and other creditors	47,929,858	50,553,914
Accruals	8,368,239	4,367,075
	<u>56,298,097</u>	<u>54,920,989</u>

### 13 Called-up share capital

	2019 £	2018 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

### 14 Deferred tax asset

Deferred tax is calculated on temporary differences using tax rate of 19.0% (2018: 17.0%). The movement on the deferred tax asset is show below:

	2019 £	2018 £
Balance at beginning of year	-	-
Charged to the income statement (Note 7)	93,549	-
Balance at end of year	<u>93,549</u>	<u>-</u>
<i>Deferred tax asset</i>		
Fixed asset timing differences	38,916	-
Short term timing differences	54,633	-
Deferred tax asset	<u>93,549</u>	<u>-</u>

## Notes (continued)

### 15 Commitments

As at the period end the Company had made commitments in relation to future events totalling £52,207,868 (2018: £39,467,959).

### 16 Related party disclosures

As the Company is a wholly owned subsidiary of AEG Live LLC, the Company is exempt from the requirement under Financial Reporting Standard 102, to disclose transactions with entities that are wholly owned by that group. The Company has taken advantage of that exemption.

### 17 Ultimate parent undertaking

The company's ultimate parent undertaking is The Anschutz Company, incorporated in the United States of America, registered address: 555 17th Street, Suite 2400, Denver, Colorado 80202. The smallest group in which the company's financial statements are consolidated is that headed by AEG Presents LLC, incorporated in the United States of America. The consolidated accounts of these groups are not available to the public.

### 18 Subsequent Events

The global outbreak of Coronavirus ("COVID-19") has developed rapidly in 2020 and is a key source of uncertainty for the company in the short term. At 31 December 2019 the emerging COVID-19 outbreak was largely restricted to China with a few contained cases reported around the world. The situation has changed significantly since then and a show promoted by the company has not taken place from 16 March 2020 up to the approval date of these financial statements. The company will not promote events in venues and outdoor locations until UK government guidance states it is legally permitted and safe to do so. The company is investigating ways to promote events outdoors that will not breach government guidance.

Whether the impact of COVID-19 is an adjusting or non-adjusting post balance sheet event is a judgement which impacts its treatment in these financial statements. A post balance sheet event is adjusting if it provides more information about circumstances that existed at the year end. The company has concluded that COVID-19 is a non-adjusting post balance sheet event at 31 December 2019 on the basis that at that date:

- The World Health Organisation had not declared a global health emergency;
- There was no significant spread of the virus outside of China; and
- There were no cases in the UK and no evidence that the virus was not contained in Europe at that stage.

Events such as an announcement or enactment of new measures to contain the virus or decisions taken by management are generally considered non-adjusting.

Given the unprecedented risks and response to the outbreak, it is difficult to predict the full extent that COVID-19 will have on the company. We have summarised below where we see material changes in our estimates and judgements impacting the balance sheet at 31 December 2019. This is based on our best estimates of the impact of the temporary closure of the company's business activities and the wider economic challenges of COVID-19 over this period and beyond.

- Investments in Eden Sessions Ltd and Loudsound Ltd: the impact on these investments is unclear at this time although the business of these entities is largely around promoting and producing events. The short term profits of Eden Sessions Ltd have also been hit hard by the lockdown with the 2020 event cancelled. The impact on the company's investment in Eden Sessions Limited would therefore be severe if the current conditions were to remain. The short term profits of Loudsound Ltd have not been adversely impacted by COVID-19 and there is confidence that Loudsound Ltd would be able to adapt its business.
- The recoverability of debtors following the outbreak of COVID-19 is uncertain. The trade debtors as at 31 December 2019, as they relate to turnover for the year ended 31 December 2019, have been largely recovered. However, debts that related to future shows may not be recoverable and may lead to an increase in bad debt provisions in the future.

As the company has deemed COVID-19 to be a non-adjusting subsequent event, no financial impact has been included in the company's financial statements for the year to 31 December 2019.