

**William Morris Endeavor Entertainment (U.K.) Limited**  
**Company Registration Number: 00841344**

**Report and Financial Statements**  
**Year Ended 31 December 2014**

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## **Officers and Professional Advisers**

### **Year Ended 31 December 2014**

#### **Directors**

J Lublin  
P Whitesell  
A Emanuel

#### **Secretary**

Mitre Secretaries Limited

#### **Registered office**

Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

#### **Bankers**

National Westminster Bank plc  
Dean Street Branch  
PO Box 2162  
20 Dean Street  
London  
W1A 1SX

#### **Solicitors**

CMS Cameron McKenna  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

#### **Independent Auditor**

Deloitte LLP  
2 New Street Square  
London  
EC4V 3BZ

## Strategic Report

### Year Ended 31 December 2014

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

#### Business review and principal activity

The principal activity of the company is the provision of agency services to Musicians and Authors. There have not been any significant changes to the company's principal activity in the year under review.

Our strategy to grow our revenue in the 2015 financial year is to identify and sign new artists, as well as, pursue top artists to add to our roster. Additionally, we will add effective agents to our team, with the goal of developing our business.

#### The principal risks and uncertainties

A significant proportion of the company's revenue comes from providing booking services for Musicians within the live events industry. The company is therefore exposed to any changes in this market as a whole and the effects of competitors operating within.

The live events industry for Musicians in the U.K. is a well established, stable market and the industry continues to expand globally into new territories. Therefore the directors do not foresee any significant uncertainty surrounding the future and the size of these markets.

William Morris Endeavor Entertainment (U.K.) Limited continues to be a major player within the industry. The strength and depth of its current roster and that of its parent company mean the directors do not expect to lose market share to any of its competitors in the near future. For the long term the directors take pride in bringing in talented young potential agents and developing them through the company's internal training scheme. In order to ensure that the roster remains competitive the company actively seeks out new exciting musicians to represent.

#### Foreign Exchange Risks

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates.

#### Key Performance Indicators ("KPIs")

We use revenue as our main financial KPI. Our growth in revenue is driven by new signings, developing up and coming artists, and creating worldwide tours for our high profile clients. 2014 revenue was £8,464,383 (2013 £ 8,126,987).

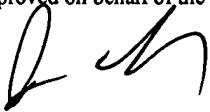
The loss for the financial year after taxation was £1,695,353 (2013: loss of -£832,240).

#### Going concern

The accompanying financial statements have been prepared on the assumption that the company will continue as a going concern and we continue to see opportunities in the company for the financial year 2015 and beyond.

The company has received assurance of financial support from its parent company, William Morris Endeavor Entertainment LLC, which provided us with the reasonable expectation that the company has access to adequate resources to continue in operational existence for at least a period of 12 months from the approval of these financial statements.

Approved on behalf of the Board:



J Lublin  
Director

Date: 01 September 2015

## Directors' Report

### Year Ended 31 December 2014

The directors present their annual report and the audited financial statements for the year ended 31 December 2014. The Strategic Review forming part of this annual report and audited financial statements includes such matters that are otherwise required under section 416-418 of the Companies Act 2006 to be included in this Directors' report.

#### Future Developments

We anticipate growing and developing our business over the coming year by identifying, signing and adding new artists to our roster. This affords us the opportunity to build and develop the careers of new artists. Additionally, we will continue to target top acts, and bring to them a team of agents who will present ideas on how we can broaden their presence, and make them more successful both financially, and as a brand.

Additionally, we continue to grow and build internally by adding effective agents who will bring in top level artists and authors.

#### Result and Dividends

The loss for the financial year after taxation was £1,695,353 (2013: loss of -£832,240). The directors cannot recommend the payment of a dividend (2013: £nil)

#### Directors

The directors who held office during the year and up to date of signing the financial statements are given below:

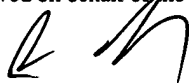
J Lublin  
P Whitesell  
A Emanuel

#### 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 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 on behalf of the Board:



J Lublin  
Director  
Date: 01 September 2015

## Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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 the directors have prepared 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, subject to any material departures disclosed and explained in the financial statements; 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 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 William Morris Endeavor Entertainment (U.K.) Limited**

We have audited the financial statements of William Morris Endeavor Entertainment (U.K.) Limited for the year ended 31 December 2014 which comprise of the Profit and Loss Account, the Balance Sheet, the Cashflow Statement and the related notes 1 to 16. 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 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent Auditor's report to the members of William Morris Endeavor Entertainment (U.K.) Limited**

### **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

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London

Date: 01 September 2015



## Profit and Loss Account

### Year ended 31 December 2014

	Notes	2014 £	2013 £
<b>TURNOVER</b>	2	8,464,383	8,126,987
Administrative expenses		(10,164,886)	(8,963,330)
<b>OPERATING LOSS</b>		<b>(1,700,503)</b>	<b>(836,343)</b>
Interest receivable and similar income		6,437	5,129
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	<b>(1,694,066)</b>	<b>(831,214)</b>
Tax on loss on ordinary activities	5	(1,287)	(1,026)
<b>LOSS FOR THE FINANCIAL YEAR</b>	10	<b><u>(1,695,353)</u></b>	<b><u>(832,240)</u></b>

All amounts above in relation to the current and comparative year relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented, for both the current and prior financial period.

## Balance Sheet

### As At 31 December 2014

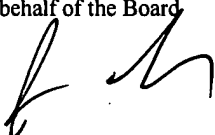
	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	6	2,157,641	463,241
<b>CURRENT ASSETS</b>			
Debtors	7	573,451	778,091
Cash at bank and in hand	14	<u>8,846,375</u>	<u>8,345,943</u>
		<b>9,419,826</b>	<b>9,124,034</b>
<b>CREDITORS: amounts falling due within one year</b>	8	(19,083,100)	(15,397,555)
<b>NET CURRENT LIABILITIES</b>		<u>(9,663,274)</u>	<u>(6,273,521)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(7,505,633)</u>	<u>(5,810,280)</u>
<b>NET LIABILITIES</b>		<u><b>(7,505,633)</b></u>	<u><b>(5,810,280)</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1,000	1,000
Profit and loss account	10	(7,506,633)	(5,811,280)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	11	<u><b>(7,505,633)</b></u>	<u><b>(5,810,280)</b></u>

The financial statements of William Morris Endeavor Entertainment (U.K.) Limited (Registered company number 00841344), on pages 9 to 17, were approved by the board of directors and authorised for issue on

Signature on behalf of the Board

J Lublin  
Director

Date: 01 September 2015



## Cash Flow Statement

### Year Ended 31 December 2014

	Notes	2014 £	2013 £
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	13	2,424,926	(2,098,588)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		6,437	5,129
		<u>6,437</u>	<u>5,129</u>
<b>TAXATION</b>		(1,026)	(2,148)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Purchase of tangible fixed assets		(1,929,905)	(295,765)
		<u>(1,929,905)</u>	<u>(295,765)</u>
<b>INCREASE / (DECREASE) IN NET CASH</b>		<u>500,432</u>	<u>(2,391,372)</u>
<b>RECONCILIATION FROM CASH FLOW TO MOVEMENT IN NET CASH</b>			
Net cash at 1 January		8,345,943	10,737,315
Increase / (decrease) in cash		500,432	(2,391,372)
<b>NET CASH AT 31 DECEMBER</b>	14	<u>8,846,375</u>	<u>8,345,943</u>

## Notes to the Financial Statements

### Year ended 31 December 2014

#### 1 ACCOUNTING POLICIES

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

##### Going concern

The accompanying financial statements have been prepared on the assumption that the company will continue as a going concern and the directors continue to see opportunities in the company for the financial year 2014 and beyond.

The loss for the financial year after taxation was £1,695,353 (2013: loss of -£832,240). The net liability position at year-end was £7,505,633 (2013: £5,810,280) and the amount owed to the group was £9,400,520 (2013: £6,628,777).

The company has received assurance of financial support from its parent company, William Morris Endeavor Entertainment, LLC, which provided us the reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis in preparing the financial statements

##### Turnover

Turnover represents commission in respect of services provided by the company during the year, excluding value added tax.

##### Trade Debtors

Trade debtors represents income due to the agency net of bad debt provisions that has not yet been finalised, invoiced or settled.

##### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of accumulated depreciation and any provision for impairment. Depreciation is provided on cost less residual value in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-term leasehold property	Straight-line over the lease of the building
Fixtures, fittings, and equipment	3 to 7 years

##### Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### Foreign currencies

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

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

All differences are taken to the profit and loss account as they are incurred.

##### 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 or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that 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 taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

##### Pension costs

Pension costs relate to Group personal pension schemes which are all part of a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## Notes to the Financial Statements

### Year ended 31 December 2014

#### 2 TURNOVER

The total turnover of the company for the year has been derived from its principal activity of providing of Agency services and has been wholly undertaken in the UK.

#### 3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £	2013 £
<b>Loss on ordinary activities before taxation is after charging:</b>		
Depreciation of owned tangible fixed assets	235,505	74,651
Rentals under operating leases		
Other	1,045,956	691,700
Auditor's remuneration		
- as auditor	33,296	27,400

#### 4 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2014 No.	2013 No.
Sales and distribution	50	51
Administration	15	13
	<b>65</b>	<b>64</b>

	£	£
<b>Staff costs during the year</b>		
Wages and salaries	5,910,764	5,659,341
Social security and pension costs	813,233	736,607
	<b>6,723,997</b>	<b>6,395,948</b>

#### Directors' emoluments

	2014 £	2013 £
Remuneration and other benefits	-	-

During the year, the directors of the company received no emoluments directly from the company. The number of directors contributing to defined contribution pension schemes during the year was £nil (2013 £nil).

## Notes to the Financial Statements

### Year ended 31 December 2014

#### 5 TAX ON LOSS ON ORDINARY ACTIVITIES

	2014 £	2013 £
<b>UK Current taxation</b>		
UK Corporation tax	1,287	1,026
	<u>1,287</u>	<u>1,026</u>

	2014 £	2013 £
Loss on ordinary activities before tax	(1,694,066)	(831,214)
Loss on ordinary activities multiplied by blended rate in the UK of 21.5% (2013: 24.5%)	<u>(364,224)</u>	<u>(203,647)</u>
Expenses not deductible for tax purposes	41,750	44,779
Difference between capital allowances and depreciation	(81,239)	(13,188)
Utilisation of tax losses	405,097	173,313
Tax losses not recognised		
Differences due to small companies tax rate	(97)	(231)
<b>Current tax Charge</b>	<u>1,287</u>	<u>1,026</u>

	2014 £	2013 £
<b>Unrecognised deferred tax asset</b>	<u>893,097</u>	<u>1,048,248</u>

The company's tax expense for the period is based on a blended rate of the UK statutory rates of corporation tax for the year of 21.5% (2013: 24.5%) and reflects the reduction in the UK Corporation tax rate from 23% to 21% from April 2014. The UK government has enacted further reductions in the main corporation tax rate of 1% down to 20% from April 1 2015.

The deferred tax asset is disclosed at 20% (2013: 24%) of the temporary differences, due to losses, in the financial statements for the year and will be recoverable against future profits. The effect of the reduction in the tax rate to 20% on the Company's deferred tax asset would be to reduce the value of the unrecognised deferred tax asset. The rate change will also impact the amount of the future cash tax payment to be made by the company.

The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statement in future years, as appropriate, once the proposals have been substantively enacted.

## Notes to the Financial Statements Year ended 31 December 2014

### 6 TANGIBLE FIXED ASSETS

	Short-term leasehold property	Fixtures, fittings, and equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2014	724,715	321,466	1,046,181
Additions	1,408,536	521,369	1,929,905
At 31 December 2014	<u>2,133,251</u>	<u>842,835</u>	<u>2,976,086</u>
<b>Accumulated depreciation</b>			
At 1 January 2014	291,972	290,968	582,940
Charge for the year	178,388	57,117	235,505
At 31 December 2014	<u>470,360</u>	<u>348,085</u>	<u>818,445</u>
<b>Net book amount</b>			
At 31 December 2014	<u>1,662,891</u>	<u>494,750</u>	<u>2,157,641</u>
At 31 December 2013	<u>432,743</u>	<u>30,498</u>	<u>463,241</u>

### 7 DEBTORS

	2014 £	2013 £
Trade debtors	437,852	389,915
Other debtors	36,984	226,676
Prepayments and accrued income	98,615	161,500
	<u>573,451</u>	<u>778,091</u>

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade creditors	7,240,210	7,093,924
Amounts owed to group undertakings	9,400,520	6,628,777
Taxation and social security	534,801	706,481
Accruals and deferred income	1,907,569	968,373
	<u>19,083,100</u>	<u>15,397,555</u>

## Notes to the Financial Statements Year ended 31 December 2014

### 9 CALLED UP SHARE CAPITAL

	2014 £	2013 £
Called up, allotted and fully paid		
1,000 (2013:1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

### 10 RECONCILIATION OF MOVEMENTS IN PROFIT AND LOSS ACCOUNT

	Profit and loss account £
At 1 January 2014	(5,811,280)
Loss for the financial year	(1,695,353)
At 31 December 2014	<u>(7,506,633)</u>

### 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2014 £	2013 £
Opening shareholders' deficit	(5,810,280)	(4,978,040)
Loss for the financial year	(1,695,353)	(832,240)
Closing shareholders' deficit	<u>(7,505,633)</u>	<u>(5,810,280)</u>

### 12 OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and building 2014 £	Land and building 2013 £
Expiry date:		
Less than one year	-	144,196
In over five years	4,478,840	-
	<u>4,478,840</u>	<u>144,196</u>

The company has entered into a new long term lease during this year. The lease expires in over five years and the 2014 Profit and Loss account charges incurred were £895,768.



## Notes to the Financial Statements Year ended 31 December 2014

### 13 CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of operating loss to net cash inflow/(outflow) from operating activities:

	2014	2013
	£	£
Operating loss	(1,700,503)	(836,343)
Depreciation charge	235,505	74,651
Decrease in debtors	204,640	3,268
Increase/(decrease) in creditors	3,685,284	(1,340,164)
<b>Net cash inflow/(outflow) from continuing operations</b>	<b><u>2,424,926</u></b>	<b><u>(2,098,588)</u></b>

All cash flows are from continuing operations

### 14 ANALYSIS OF NET CASH

	At 1 January 2014	Cash flow	At 31 December 2014
	£	£	£
Cash in hand and at bank	8,345,943	500,432	8,846,375
	<b><u>8,345,943</u></b>	<b><u>500,432</u></b>	<b><u>8,846,375</u></b>

### 15 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under Financial Reporting Standard No. 8 ("Related party disclosures") not to disclose related party transactions with wholly owned group companies.

### 16 ULTIMATE PARENT COMPANY AND CONTROLLING COMPANY

William Morris Endeavor Entertainment LLC, incorporated in the United States of America, is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of William Morris Endeavor Entertainment LLC are available from our corporate offices located at 9601 Wilshire Blvd Beverly Hills California 90210.