

Registered number: 02187286

SHOWSEC INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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SHOWSEC INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors

M Harding
S Battersby
M Logan
G van Duijkeren

Company secretary

G van Duijkeren

Registered number

02187286

Registered office

Regent House
16 West Walk
Leicester
LE1 7NA

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
Regent House
80 Regent Road
Leicester
LE1 7NH

Bankers

HSBC Bank PLC
60 Queen Victoria Street
London
EC4N 4TR

SHOWSEC INTERNATIONAL LIMITED

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SHOWSEC INTERNATIONAL LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

Principal activity

The principal activity of the company is the provision of security and crowd management services for high profile and public events such as music concerts and sporting events.

Business review

Turnover increased by 10.60% to £31,088,381 (2018: £28,107,954) while profit before tax increased by 32.92% to £1,433,609 (2018: £1,078,545).

The increase in turnover is due to continued strong demand for Showsec International Limited's services at major events.

The Board of Directors is confident in the company's ability to achieve further success through phased growth. Showsec continues to be recognised as the leading organisation in event security.

Principal risks and uncertainties

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the company. Monitoring exposure to risk and uncertainty is an integral part of the company's structured management processes. The principal risks that the company faces are operational risk, competition, regulatory and legislative impacts, recruitment and retention of staff and maintenance of reputation.

Of these, the largest risk facing Showsec is the potential impact of the shortage of SIA workers in the UK. Showsec is working to help develop possible solutions to this problem, in the interests of itself, the SIA, and the government. A reduction in supply of licence holders could lead to a significant increase in wages, and a more measured approach by Showsec regarding which contracts it can maintain, especially at times of peak demand.

Covid-19 currently presents significant risks which are being addressed by the board of directors on an ongoing basis. Risks include cashflow pressures caused by the cancellation and postponement of events, the non-availability of employees to perform their roles due to illness or self-isolation, and the company's potential inability to retain workers without having sufficient work available to offer them. A range of activities are being undertaken to minimise costs, conserve cash and maintain operational effectiveness during this period of disruption.

SHOWSEC INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Key performance indicators

Financial KPIs:

Profit before tax: £1,433,609 (2018: £1,078,545)

Gross profit: 25.0% (2018: 24.7%)

Whilst Showsec maintains strong controls over administrative expenses, gross profit is recognised as the most significant driver of the company's profitability. Detailed gross profit reports are analysed by management on a project-by-project basis, compared to forecasts and budgets, and decisions affecting the components of gross profit (for example changes to wage rates) are taken by the board of directors.

Operational KPIs:

Staff given SIA training: 301 (2018: 259)

Use of subcontractors, measured as subcontracting cost as % of turnover: 7.24% (2018: 8.9%)

Shifts booked electronically: 40.1% (2018: 38.1%)

Each department within Showsec has its own KPIs which are reported to the board of directors on a monthly basis, and reviewed at each board meeting. The KPIs listed above are considered the most important as they are intended to address the availability of casual workers, and also the key risk of the potential shortage of SIA workers in the UK. Showsec is providing SIA training to increasing numbers of its own workers, whilst expanding the use of electronic booking of workers with the aim of increasing staff retention.

This report was approved by the board on 23/6/2020 and signed on its behalf.



M Harding
Director

SHOWSEC INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The profit for the year, after taxation, amounted to £1,259,156 (2018: £961,920).

Dividends of £1,429,728 (2018: £400,000) were paid during the year.

Directors

The directors who served during the year were:

M Harding
S Battersby
M Logan
G van Duijkeren

Directors' responsibilities statement

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 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, 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 and 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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Political contributions

The company made no political contributions during the year (2018: £Nil).

SHOWSEC INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Financial Risk Management

The company is managed on a group basis and the principal risks and uncertainties facing it are therefore integrated with those facing the Live Nation group as a whole. Accordingly, the nature of risk and its management are further detailed in the annual review and accounts of Live Nation Entertainment, Inc., which are available from the Live Nation website (www.livenation.com).

Going concern

The financial statements have been prepared on a going concern basis and under the historical cost convention. Subsequent to the year end, the Company obtained a letter of support from Live Nation Entertainment Inc, which is the Company's ultimate parent undertaking and controlling party. This letter confirms that, if required by the Company, Live Nation will provide at least £523k to support the ongoing operations of the Company.

After considering the year end cash position, the availability of the Group credit facility available, and after making appropriate enquiries and reviewing budgets and profit and cash flow forecasts for the foreseeable future (and in any event for a period of at least 12 months from the approval date of these financial statements), the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider the adoption of the going concern basis in preparing the financial statements is appropriate. The future prospects of the business are further detailed in the Strategic Report.

Future developments

During 2020 Showsec aims to continue upskilling its workforce through SIA training, to address the significant issue of the potential shortage of SIA workers. IT will continue to change how the industry operates, and Showsec will further develop its IT systems to better match its workers with the work that is being made available to them, to provide a more efficient booking system and to improve retention of the casual workforce.

Employee involvement

The employees of the company are systematically provided with information on matters which concern them as employees. Employees or their representation are regularly consulted when decisions are taken which are likely to affect their interests. The directors continue to provide information to employees in order to achieve employee awareness of financial and economic factors affecting the company.

Disabled employees

The company maintains a policy of giving fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, the company uses its best endeavours to ensure continued employment. The company also ensures it provides appropriate training, career development and promotion opportunities for disabled persons employed by the company.

Disclosure of information to auditor

The directors confirm that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SHOWSEC INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Post balance sheet events

The COVID-19 pandemic is complex and rapidly evolving. To date, the major impacts on Showsec have been:

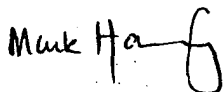
- the closure of offices in March 2020, under guidance from the UK government, has required the majority of our staff to work remotely using our existing computer and network technology
- the disruption to the operations of many of our customers, due to government guidance and social distancing requirements, has led Showsec management to seek to replace lost work with alternative work from new customers where such opportunities have arisen
- the health and safety of our frontline workers is paramount, and significant steps have been taken to ensure the risks posed by COVID-19 have been properly addressed and mitigated whilst carrying out their duties
- the company is actively engaged with a range of industry organisations and lobby groups to request the government provide continued and increased financial support for the industry, and to re-open entertainment establishments on a graduated basis when safe to do so

At this stage, the directors cannot reasonably estimate the duration or severity of the pandemic. Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the company's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The pandemic did not have any impact on the measurement of assets and liabilities as at 31 December 2019 as it is non adjusting event.

Auditor

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

This report was approved by the board on 23/6/2020 and signed on its behalf.



M Harding
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOWSEC INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Showsec International Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with a course of action such as Brexit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOWSEC INTERNATIONAL LIMITED
(CONTINUED)**

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOWSEC INTERNATIONAL LIMITED
(CONTINUED)**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



Grant Thornton

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOWSEC INTERNATIONAL LIMITED
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Jane Jones BSc(Hons) FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leicester
Date: 23/6/2020

SHOWSEC INTERNATIONAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	31,088,381	28,107,954
Cost of sales		(23,325,444)	(21,178,547)
Gross profit		7,762,937	6,929,407
Administrative expenses		(6,329,328)	(5,850,862)
Operating profit	5	1,433,609	1,078,545
Tax on profit	8	(174,453)	(116,625)
Total comprehensive income for the year		1,259,156	961,920

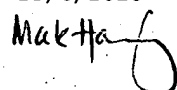
The notes on pages 13 to 27 form part of these financial statements.

SHOWSEC INTERNATIONAL LIMITED
REGISTERED NUMBER: 02187286

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Intangible assets		43,483	45,454
Tangible assets	11	5,832	92,452
		<u>49,315</u>	<u>137,906</u>
Current assets			
Debtors: amounts falling due after more than one year	12	41,638	43,806
Debtors: amounts falling due within one year	12	5,249,234	4,672,588
Cash at bank and in hand	13	2,383,644	2,400,414
		<u>7,674,516</u>	<u>7,116,808</u>
Creditors: amounts falling due within one year	14	(5,446,986)	(4,807,297)
Net current assets		<u>2,227,530</u>	<u>2,309,511</u>
Total assets less current liabilities		<u>2,276,845</u>	<u>2,447,417</u>
Net assets		<u><u>2,276,845</u></u>	<u><u>2,447,417</u></u>
Capital and reserves			
Called up share capital	16	106	106
Share premium account	17	196,203	196,203
Profit and loss account	17	2,080,536	2,251,108
		<u>2,276,845</u>	<u>2,447,417</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23/6/2020



M Harding
Director

The notes on pages 13 to 27 form part of these financial statements.

SHOWSEC INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	106	196,203	2,251,108	2,447,417
Comprehensive income for the year				
Profit for the year	-	-	1,259,156	1,259,156
Total comprehensive income for the year	-	-	1,259,156	1,259,156
Dividends: Equity capital	-	-	(1,429,728)	(1,429,728)
Total transactions with owners	-	-	(1,429,728)	(1,429,728)
At 31 December 2019	106	196,203	2,080,536	2,276,845

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	106	196,203	1,689,188	1,885,497
Comprehensive income for the year				
Profit for the year	-	-	961,920	961,920
Total comprehensive income for the year	-	-	961,920	961,920
Dividends: Equity capital	-	-	(400,000)	(400,000)
Total transactions with owners	-	-	(400,000)	(400,000)
At 31 December 2018	106	196,203	2,251,108	2,447,417

The notes on pages 13 to 27 form part of these financial statements.

SHOWSEC INTERNATIONAL LIMITED

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

1. General information

Showsec International Limited is a private company limited by shares. It was incorporated in England and its registered office is Regent House, 16 West Walk, Leicester, LE1 7NA. The principal activity of the company is the provision of security and crowd management services for high profile and public events such as music concerts and sporting events.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements have been prepared on a going concern basis and under the historical cost convention. Subsequent to the year end, the Company obtained a letter of support from Live Nation Entertainment Inc, which is the Company's ultimate parent undertaking and controlling party. This letter confirms that, if required by the Company, Live Nation will provide at least £523k to support the ongoing operations of the Company.

After considering the year end cash position, the availability of the Group credit facility available, and after making appropriate enquiries and reviewing budgets and profit and cash flow forecasts for the foreseeable future (and in any event for a period of at least 12 months from the approval date of these financial statements), the Directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has sufficient resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider the adoption of the going concern basis in preparing the financial statements is appropriate. The future prospects of the business are further detailed in the Strategic Report.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

SHOWSEC INTERNATIONAL LIMITED

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

2. Accounting policies (continued)**2.3 Revenue**

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Rendering of services

Turnover from the supply of services is recognised on delivery of those services. Where turnover represents the value of services provided under contracts it is phased equally over the duration of the contract at the value of the consideration date.

Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year or after more than one year.

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	2	years
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2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Equipment, furniture & fittings	-	2 - 4	years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

SHOWSEC INTERNATIONAL LIMITED

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

2. Accounting policies (continued)**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Foreign currency translation**Functional and presentation currency**

The company's functional and presentational currency is GBP.

Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.11 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

SHOWSEC INTERNATIONAL LIMITED

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

2. Accounting policies (continued)**2.12 Pensions****Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SHOWSEC INTERNATIONAL LIMITED

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Many of the amounts included in the financial statements involve the use of judgement and / or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements, and estimation is contained in the accounting policies and / or the notes to the financial statements and the key areas are summarised below:

Key judgements

Key judgements made by the directors in the preparation of these financial statements are:

- Determining when all conditions described in note 2.3 have been met for the recognition of revenue.

Sources of estimation uncertainty:

- Bad debt provisions are based on the likely recovery of debtor balances. The bad debts provision is disclosed in note 12.
- Legal claims provisions and other provisions are estimated based upon the available information, these amounts are included in accruals as disclosed in note 14.

4. Turnover

The whole of the turnover is attributable to the principal activity of the entity.

	2019 £	2018 £
United Kingdom	31,088,381	28,107,954

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	66,574	84,788
Amortisation of intangible assets, including goodwill	36,200	20,917
Exchange differences	1,140	2,216
Auditor's remuneration - audit services	25,900	22,145
Operating lease rentals - land and buildings	312,355	194,929
Operating lease rentals - plant and machinery	12,384	9,036
Auditors fee: other non-audit services	2,200	2,030

SHOWSEC INTERNATIONAL LIMITED

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

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	23,124,356	20,708,633
Social security costs	1,062,974	1,003,145
Cost of defined contribution scheme	267,062	202,700
	<u>24,454,392</u>	<u>21,914,478</u>

The average monthly number of casual workers and employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Casual workers	3,475	2,761
Administration staff (including directors)	140	131
	<u>3,615</u>	<u>2,892</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	446,257	418,241
Company contributions to defined contribution pension schemes	44,453	41,126
	<u>490,710</u>	<u>459,367</u>

During the year retirement benefits were accruing to 3 directors (2018: 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £140,794 (2018: £148,936).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20,302 (2018: £19,011).

Key management personnel costs excluding directors remuneration amounted to £636,561 (2018: £598,305).

SHOWSEC INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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8. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	209,194	110,200
Adjustments in respect of previous periods	(68,609)	-
Adjustments in respect of previous years in respect of group relief	65,332	-
	<u>205,917</u>	<u>110,200</u>
Total current tax	<u>205,917</u>	<u>110,200</u>
Deferred tax		
Origination and reversal of timing differences	(27,158)	(2,589)
Changes to tax rates	-	9,013
Under/(over) provision in respect of previous years	(4,306)	1
Total deferred tax	<u>(31,464)</u>	<u>6,425</u>
Taxation on profit on ordinary activities	<u>174,453</u>	<u>116,625</u>

SHOWSEC INTERNATIONAL LIMITED

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

8. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018: *lower than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,433,609</u>	<u>1,078,545</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	272,386	204,923
Effects of:		
Income not taxable and corresponding adjustments	(93,545)	(97,616)
Difference in tax rates	3,195	9,318
Adjustments to tax charge in respect of previous years	(7,583)	-
Total tax charge for the year	<u><u>174,453</u></u>	<u><u>116,625</u></u>

Factors that may affect future tax charges

The corporation tax rate was due to reduce to 17% with effect from 1 April 2020, however, at the Budget in March 2020 it was announced that the rate of corporation tax will remain at 19%. As substantive enactment of the 19% corporation tax rate is after the balance sheet date, the deferred tax balances provided in these financial statements (if applicable) reflect the enacted rate of 17%.

9. Dividends

	2019 £	2018 £
Dividends paid in the year	<u><u>1,429,728</u></u>	<u><u>400,000</u></u>

SHOWSEC INTERNATIONAL LIMITED

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

10. Intangible assets

	Software £
Cost	
At 1 January 2019	90,677
Additions - internal	36,707
Disposals	(51,234)
At 31 December 2019	<u>76,150</u>
Amortisation	
At 1 January 2019 (as previously stated)	32,189
Prior Year Adjustment	13,034
At 1 January 2019 (as restated)	<u>45,223</u>
Charge for the year	36,200
On disposals	(48,756)
At 31 December 2019	<u>32,667</u>
Net book value	
At 31 December 2019	<u><u>43,483</u></u>
At 31 December 2018 (as restated)	<u><u>45,454</u></u>

Amortisation on intangible assets is charged to administrative expenses.

The prior year adjustment relates to reclass of depreciation for items that should be classified as intangible assets.

SHOWSEC INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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11. Tangible fixed assets

	Equipment and fixtures and fittings £
Cost or valuation	
At 1 January 2019	261,854
Additions	35,309
Disposals	(288,269)
At 31 December 2019	<u>8,894</u>
Depreciation	
At 1 January 2019 (as previously stated)	182,436
Prior Year Adjustment	(13,034)
At 1 January 2019 (as restated)	<u>169,402</u>
Charge for the year on owned assets	66,574
Disposals	(232,914)
At 31 December 2019	<u>3,062</u>
Net book value	
At 31 December 2019	<u><u>5,832</u></u>
At 31 December 2018 (as restated)	<u><u>92,452</u></u>

The prior year adjustment relates to reclass of depreciation for items that should be classified as intangible assets.

SHOWSEC INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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12. Debtors

	2019 £	2018 £
Due after more than one year		
Prepayments and accrued income	41,638	43,806
	<u>41,638</u>	<u>43,806</u>
Due within one year		
Trade debtors	3,693,833	3,501,670
Amounts owed by group undertakings	774,376	468,227
Other debtors	6,191	6,505
Prepayments and accrued income	664,168	616,984
Deferred taxation	110,666	79,202
	<u>5,249,234</u>	<u>4,672,588</u>

Trade debtors are stated net of a provision of doubtful debts of £133,525 (2018: £143,693).

13. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	2,383,644	2,400,414
	<u>2,383,644</u>	<u>2,400,414</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	549,347	531,885
Amounts owed to group undertakings	66,775	3,982
Corporation tax	137,327	81,648
Other taxation and social security	1,627,143	1,442,760
Other creditors	1,514,094	1,316,486
Accruals and deferred income	1,552,300	1,430,536
	<u>5,446,986</u>	<u>4,807,297</u>

15. Deferred taxation

	2019 £	2018 £
At beginning of year	79,202	85,627
Income statement credit/(debit)	31,464	(6,425)
At end of year	<u>110,666</u>	<u>79,202</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Depreciation in excess of capital allowances	64,766	51,236
Short term timing differences	45,900	27,966
	<u>110,666</u>	<u>79,202</u>

Following enactment of Finance Bill 2020, the deferred tax balances provided are expected to change by £9k and this should be reflected in the financial statements for the year ended 31 December 2020.

SHOWSEC INTERNATIONAL LIMITED

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

16. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,063,831 (2018: 1,063,831) Ordinary shares of £0.0001 each	106	106

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital

17. Reserves**Share premium account**

This represents amounts paid for share capital above par value.

Profit and loss account

This includes all current and prior periods retained profits and losses.

18. Pension commitments

The company operates a defined contribution scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year-end, included in accruals and deferred income are £Nil (2018: £Nil).

19. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Buildings and properties		
Not later than 1 year	138,405	80,848
Later than 1 year and not later than 5 years	315,497	38,505
	<u>453,902</u>	<u>119,353</u>
Other		
Not later than 1 year	<u>7,733</u>	<u>7,733</u>

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20. Related party transactions

All of the related parties are other undertakings under the common control of Live Nation Entertainment, Inc. The aggregate value of transactions with related parties during the year were as follows:

	2019 £	2018 £
Sales		
Live Nation (Music) UK Limited	1,136,439	2,887,993
The Academy Music Group Limited	4,504,285	2,231,728
DF Concerts Limited	20,960	37,455
MAMA Group	1,039,579	785,785
Ticketmaster UK Limited	-	930
C.I. Events Limited	479,046	446,086
Cuffe & Taylor	467,493	192,458
Metropolis Music Limited	697	7,243
SJM Limited	732,432	265,565
Roseclaim Limited	-	109,478
Parklife	410,585	-
	8,791,516	6,964,721
Purchases/Management Charges		
The Security Company Utrecht Holland Holding BV	48,691	62,987
Live Nation (Music) UK Limited	116,068	144,307
The Academy Music Group Limited	1,103	204
Ticketmaster UK Limited	3,764	19,105
	169,626	226,603
Balances as at 31 December: included in debtors		
Live Nation (Music) UK Limited	125,099	188,588
The Academy Music Group Limited	601,145	269,238
DF Concerts Limited	10,787	8,784
Ticketmaster UK Limited	66	-
Cuffe & Taylor	37,280	-
	774,376	466,610
Balances as at 31 December: included in creditors		
The Security Company Utrecht Holland Holding BV	-	3,892
Ticketmaster UK Limited	30	914
Live Nation (Music) UK Limited	65,332	-
C.I. Events Limited	1,413	-
	66,775	4,806

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Controlling party

The company's immediate parent undertaking is The Security Company Utrecht Holland Holding BV. The company's shares are owned as follows: The Security Company UHH BV (94%), Mark Harding (2%), Mark Logan (2%), Simon Battersby (2%).

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Live Nation Entertainment, Inc., which is incorporated in the United States of America. Copies of the consolidated financial statements for Live Nation Entertainment, Inc. are available from 9348 Civic Center Drive, Beverly Hills, California, 90210, United States of America.

22. Subsequent events

The COVID-19 pandemic is complex and rapidly evolving. To date, the major impacts on Showsec have been:

- the closure of offices in March 2020, under guidance from the UK government, has required the majority of our staff to work remotely using our existing computer and network technology
- the disruption to the operations of many of our customers, due to government guidance and social distancing requirements, has led Showsec management to seek to replace lost work with alternative work from new customers where such opportunities have arisen.
- the health and safety of our frontline workers is paramount, and significant steps have been taken to ensure the risks posed by COVID-19 have been properly addressed and mitigated whilst carrying out their duties.
- the company is actively engaged with a range of industry organisations and lobby groups to request the government provide continued and increased financial support for the industry, and to re-open entertainment establishments on a graduated basis when safe to do so.

At this stage, the directors cannot reasonably estimate the duration or severity of the pandemic. Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the company's financial position and results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The pandemic did not have any impact on the measurement of assets and liabilities as at 31 December 2019 as it is non adjusting event.