

**LAGARDERE SPORTS UK LTD**  
**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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# LAGARDERE SPORTS UK LTD

## COMPANY INFORMATION

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<b>Directors</b>	A Georgiou C Woodman T Birt U Valensi P O'Dowd
<b>Secretary</b>	T Birt
<b>Auditor</b>	Ernst & Young LLP 2 St Peter's Square Manchester M2 3EY
<b>Bankers</b>	Lloyds TSB Bank plc 53 King Street Manchester M2 4LQ  HSBC plc Mall Level 1 Canada Place Canary Wharf London E14 5AH
<b>Registered office</b>	2nd Floor 40 Water Lane Wilmslow Cheshire SK9 5AP

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# LAGARDERE SPORTS UK LTD

## CONTENTS

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	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Income statement	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 22

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# LAGARDERE SPORTS UK LTD

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report and the financial statements for the year ended 31 December 2018.

### Principal activity and review of the business

The principal activity of the company is the purchasing and sale of domestic and international sports rights as well as brokering sponsorship deals and providing marketing and advisory services within the sports sector.

The directors are optimistic about the future prospects of the company. The company has continued to perform in line with expectations of the Group.

Both financial key performance indicators (turnover, profitability and working capital) and non-financial key performance indicators are used to manage overall business performance against targets for the year. As disclosed in note 23 to the financial statements, the company restated its prior year financial statements (following a change of accounting policy) and increased the prior period turnover by £610k. During the year, as compared to the prior period restated figures, the company achieved turnover growth of £3.1m to £31.4m. Pre-tax profitability increased to £5.4m, from £5.0m in 2017, this still represents a strong pre-tax profit margin of 17%. Working capital has improved in the year, with cash increasing from £0.5m in 2017 to £0.8m in 2018, whilst the net current asset position have also increased by £3.8m on a restated basis to £16.7m, reflecting the overall robustness of the company's financial position.

The assessment of risk and uncertainty and the allocation of resource to manage the impact of this on the strategic and operational performance of the company forms a key part of management activity.

The goal for the future is to consolidate the recent growth for the company and to continue to grow where market opportunities exist.

### Principal risks and uncertainties

#### Financial instrument risks

The company uses financial instruments including cash, trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below.

#### Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably.

#### Credit risk

The company's principal financial assets are cash deposits, cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk arises, therefore, from its trade debtors. Management closely monitors the credit risk associated with each of its customers in order to minimise any risk of non-payment from any of the trade debtors.

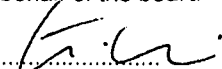
#### Interest rate risk

The company does not have any third party borrowing, therefore, is not exposed to any interest rate risk.

#### Foreign exchange risk

Where the company is exposed to changes in foreign exchange rates, for example through trade debtors in foreign currency, the company is able to mitigate this risk through available hedging facilities provided by the Group. While this facility is available, the company's primary aim is to invoice in the functional currency (GBP) so as to avoid any exposure to this risk. The majority of sales are completed in the functional currency.

On behalf of the board



T Birt

Director

22/5/19

# LAGARDERE SPORTS UK LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their annual report and financial statements for the year ended 31 December 2018.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Georgiou

C Woodman

T Birt

D Pearce

(Appointed 24 August 2018 and resigned 24 December 2018)

U Valensi

(Appointed 23 January 2019)

P O'Dowd

(Appointed 24 August 2018 and resigned 1 April 2019)

#### Results and dividends

The profit for the year after taxation amounted to £5,447,265 (2017 – profit (as restated) of £5,180,653). A final dividend of £2,285,430 was paid in the year (2017 – £2,363,806).

#### Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including liquidity risk, credit risk, interest rate risk and foreign exchange risk of which further details are provided in the Strategic Report on page 1.

#### Going Concern

The company's business activities are profitable and cash generative. The company has a number of multi-year contracts with a number of businesses in a variety of geographical locations. Moreover, the company has the financial support of the Group via a central treasury function. These factors provide the directors with an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

# LAGARDERE SPORTS UK LTD

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



T Birt

Director

Date: 22/5/19

# **LAGARDERE SPORTS UK LTD**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF LAGARDERE SPORTS UK LTD**

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#### **Opinion**

We have audited the financial statements of Lagerdere Sports UK Limited for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Comprehensive income, the Statement of Financial Position, the Statement of Changes in Equity, and the related notes 1 to 23, 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

#### **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.

#### **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.

# LAGARDERE SPORTS UK LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF LAGARDERE SPORTS UK LTD

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#### Opinions on other matters prescribed by the Companies Act 2006

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

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

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 and the Directors' Report.

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.

#### Responsibilities of directors

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, 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.

#### 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: <http://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.

Ernst & Young LLP

Anne Wong (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP  
Statutory Auditor

23 May 2019

2 St Peter's Square  
Manchester  
M2 3EY



# LAGARDERE SPORTS UK LTD

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Notes	£	as restated* £
Revenue	3	31,424,290	28,256,685
Cost of sales		(20,494,051)	(18,872,540)
<b>Gross profit</b>		<b>10,930,239</b>	<b>9,384,145</b>
Administrative expenses	4	(5,557,447)	(4,386,592)
<b>Operating profit</b>	5	<b>5,372,792</b>	<b>4,997,553</b>
Other finance (expense) / income	9	(87,897)	113,378
Interest income	10	116,277	55,590
<b>Profit before taxation</b>		<b>5,401,172</b>	<b>5,166,521</b>
Tax on profit	11	46,093	14,132
<b>Profit for the financial year</b>		<b>5,447,265</b>	<b>5,180,653</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

\* Restated for the change in accounting policy - see note 23.

**LAGARDERE SPORTS UK LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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	2018	2017 as restated*
	£	£
Profit for the year	5,447,265	5,180,653
Other comprehensive income		
Cash flow hedges gain arising in the year	-	63,506
	<hr/>	<hr/>
<b>Total comprehensive Income for the year</b>	<b>5,447,265</b>	<b>5,244,159</b>
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\* restated for the change in accounting policy - see note 23.

**LAGARDERE SPORTS UK LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

		2018		2017 as restated*	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	13		444,352		310,956
Property, plant and equipment	14		1,933,677		2,685,244
			<u>2,378,029</u>		<u>2,996,200</u>
<b>Current assets</b>					
Trade and other receivables	15	34,747,193		30,280,520	
Cash and cash equivalents		783,523		479,567	
		<u>35,530,716</u>		<u>30,760,087</u>	
<b>Current liabilities</b>	16	(18,782,516)		(17,791,893)	
<b>Net current assets</b>			<u>16,748,200</u>		<u>12,968,194</u>
<b>Total assets less current liabilities</b>			<u>19,126,229</u>		<u>15,964,394</u>
<b>Equity</b>					
Called up share capital	19		4		4
Retained earnings			19,126,225		15,964,390
<b>Total equity</b>			<u>19,126,229</u>		<u>15,964,394</u>

\* restated for the change in accounting policy - see note 23.

The financial statements were approved by the board of directors and authorised for issue on 27 MAY 2019 and are signed on its behalf by:



C Woodman  
Director

Company Registration No. 03599986

# LAGARDERE SPORTS UK LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Hedging reserve £	Retained earnings £	Total £
<b>As restated for the period ended 31 December 2017:</b>					
<b>Balance at 1 January 2017</b>		4	(63,506)	12,691,830	12,628,328
Effect of change in accounting policy	23	-	-	455,713	455,713
<b>As restated</b>		4	(63,506)	13,147,543	13,084,041
<b>Year ended 31 December 2017:</b>					
Profit for the year - as restated		-	-	5,180,653	5,180,653
Other comprehensive income:					
Cash flow hedges		-	63,506	-	63,506
Total comprehensive income for the year - as restated		-	63,506	5,180,653	5,244,159
Dividends	12	-	-	(2,363,806)	(2,363,806)
<b>Balance at 31 December 2017 - as restated</b>		4	-	15,964,390	15,964,394
<b>Year ended 31 December 2018:</b>					
Profit and total comprehensive income for the year		-	-	5,447,265	5,447,265
Dividends	12	-	-	(2,285,430)	(2,285,430)
<b>Balance at 31 December 2018</b>		4	-	19,126,225	19,126,229

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

Lagardère Sports UK Ltd is a company incorporated in United Kingdom under the Companies Act. The address of the registered office is given on the company information page. The nature of the company's operations and its principal activities are set out in the Strategic Report on page 1.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 ("FRS102") issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because it is the functional currency of the primary economic environment in which the company operates and these financial statements are presented in pounds sterling.

Lagardère Sports UK Ltd is a wholly owned subsidiary of Lagardère Sports Germany GmbH, incorporated in Germany and the results of the company are included in the consolidated financial statements of Lagardère Sports Germany GmbH which are available to the public and may be obtained from Nagelsweg 33-35, D-20097, Hamburg Germany.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of the presentation of a cash flow statement and certain related party disclosures.

During the year the company changed its accounting policy for revenue recognition. The company's continues to apply FRS 102 in the preparation of its statutory financial statements, but reports to its parent under International Financial Reporting Standards. For annual periods commencing on or after 1 January 2018, all IFRS reporters were required to adopt a new standard on revenue recognition, IFRS 15 Revenue from Contracts with Customers.

As a result, the company reviewed its revenue recognition policy for consistency with the requirements of IFRS 15 for group reporting purposes. In performing this review the company identified the need to change certain aspects of the revenue recognition policy for group reporting purposes in order to align the policy with the requirements of the new standard. For the purposes of the statutory financial statements the company has considered the revised group reporting policy, and assessed that it remains consistent with the requirements of FRS 102, and further that it provides reliable and more relevant information than the previous policy. As such, the company changed its accounting policy for revenue recognition.

The company now applies the income measurement principles of FRS15. In most cases this resulted in no change from the previous accounting policy, but has resulted in a restatement of prior period revenue in respect of some of the company's single rights income. The changes resulted from the earlier satisfaction of identified performance obligations, an assessment of the transaction price allocated to the contract at the date of recognition and were specifically adjusted for the probability of recover of the estimated revenue. The change in accounting policy has been accounted for as a prior period adjustment and further details of the financial impact are provided in note 23.

#### 1.1 Going concern

The company's business activities are profitable and cash generative. The company has a number of multi-year contracts with a number of businesses in a variety of geographical locations. Moreover, the company has the financial support of the Group via a central treasury function. These factors provide the directors with an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### 1.2 Revenue

Revenue from sales of goods is recognised when title is transferred to the buyer. Income earned under services contracts is recognised as the associated performance obligations in the contracts are satisfied.

Where revenues are associated with a long-term contract (i.e. one where the services span more than one accounting period), including those relating to sports rights, the amount of turnover recognised is the cost appropriate to their stage of completion or delivery plus any attributable profits (less amounts recognised in previous years). Profit on long term contracts is recognised when the outcome of the contract can be foreseen with reasonable certainty and provision is made for any losses as soon as they are foreseen.

The revenue recognised for contracts is estimated using such information as, the agreed contract price and the probability of significant reversal in future periods.

Income is accrued when it is recognised but not yet invoiced and deferred when invoiced but not yet recognised.

Income received from other members of the company's parent group is principally in respect of recharged administration expenses. Consequently such income is re-allocated against the related administration expenses (in other operating income/charges). In the year ended 31 December 2018 such recharged expenditure amounted to £590,339 (2017 – £182,674).

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom. Turnover of £8,578,512 derived was generated from sales to countries located outside of the EU.

##### 1.3 Goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which the directors have estimated at 10 years. Provision is made for any impairment in the period any such impairment is identified.

##### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Other intangibles - Sports rights	Over the length of the contract
Other intangibles - Web portal	Over 3 years

##### 1.5 Property, plant and equipment

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Technical equipment	3 to 6 years
Office equipment	3 to 5 years
Motor vehicles	3 years

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **1 Accounting policies**

Residual value represents the estimated amount which would currently be obtained from the disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### **1.6 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.7 Financial instruments**

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Financial instruments - hedge accounting***

The Group designates certain derivatives as hedging instruments in cash flow hedges. At inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at inception of the hedge the Company determines and documents causes for hedge ineffectiveness.

The effective portion of changes in the fair value of derivatives that are designated and qualifying as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss. Amounts previously recognised on other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods in which the hedged items affects the profit and loss or when the hedging relationship ends. Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised. Any gain or loss accumulated in equity at the time is reclassified to profit and loss.

#### ***Financial assets***

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### *Trade debtors, loans and other receivables*

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### *Impairment of financial assets*

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### *Financial liabilities*

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

##### *Other financial liabilities*

Other financial liabilities, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### *Operating leases*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.



# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

#### 1.9 Taxation

##### Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### 1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.11 Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the balance sheet date. Exchange differences are recognised in profit and loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks.

### 2 Judgements and key sources of estimation uncertainty

There were no critical judgements or key sources of estimation uncertainty that management have made in the process of applying the entity's accounting policies and that have had a significant effect on the amounts recognised in the financial statements.

### 3 Revenue

An analysis of the Company turnover is as follows:

	2018 £	2017 £
		as restated*
<b>Revenue analysed by class of business</b>		
Sale of sports rights	25,988,456	24,178,156
Commission and other income	5,435,834	4,078,529
	<u>31,424,290</u>	<u>28,256,685</u>

\* restated for a change in accounting policy - see note 23.

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 4 Administrative Expenses

	2018 £	2017 £
Administrative expenses	6,147,786	4,569,266
Recharges to group companies	(590,339)	(182,674)
	<u>5,557,447</u>	<u>4,386,592</u>

### 5 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(96,008)	(122,693)
Fees payable to the company's auditor for the audit of the company's financial statements	35,110	28,750
Depreciation of owned property, plant and equipment	810,858	767,383
Profit on disposal of property, plant and equipment	-	(90,000)
Amortisation of intangible assets	113,756	51,166
Operating lease charges	<u>119,899</u>	<u>107,399</u>

### 6 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	<u>35,110</u>	<u>28,750</u>

### 7 Employees

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

	2018 Number	2017 Number
Directors	3	3
Administration staff	45	41
Production staff	<u>4</u>	<u>4</u>
	<u>52</u>	<u>48</u>

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 7 Employees

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,948,786	3,178,349
Social security costs	385,102	342,742
Pension costs	98,885	78,094
	<u>3,432,773</u>	<u>3,599,185</u>

### 8 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	569,608	522,221
Company pension contributions to defined contribution schemes	35,000	35,000
	<u>604,608</u>	<u>557,220</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £	2017 £
Remuneration for qualifying services	351,355	303,939
Company pension contributions to defined contribution schemes	20,000	20,000
	<u>371,355</u>	<u>323,939</u>

### 9 Finance (expense) / income

	2018 £	2017 £
Net (loss)/gain on foreign currency translation - intercompany loan	<u>(87,897)</u>	<u>113,378</u>

### 10 Interest income

	2018 £	2017 £
Interest income		
Interest receivable from group companies	<u>116,277</u>	<u>55,590</u>

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 11 Taxation

	2018 £	2017 £
<b>Current tax</b>		
Adjustments in respect of prior periods	-	(16,559)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(46,725)	(12,831)
Adjustment in respect of prior periods	632	15,258
Total deferred tax	(46,093)	2,427
Total tax credit	(46,093)	(14,132)

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 * as restated £
Profit before taxation	5,401,172	5,166,521
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	1,026,223	994,378
Tax effect of expenses that are not deductible in determining taxable profit	28,327	4,061
Adjustments in respect of prior years	-	(16,559)
Effect of change in corporation tax rate	5,497	1,156
Group relief	(1,109,180)	(1,012,426)
Deferred tax adjustments in respect of prior years	632	15,258
Fixed asset differences	2,408	-
Taxation credit for the year	(46,093)	(14,132)

\* restated for a change in accounting policy - see note 23.

#### 12 Dividends

	2018 Per share £	2017 Per share £	2018 Total £	2017 Total £
<b>Ordinary</b>				
Final paid	571,357.50	590,951.50	2,285,430	2,363,806

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 13 Intangible fixed assets

	Goodwill	Other intangibles	Total
	£	£	£
<b>Cost</b>			
At 1 January 2018	924,505	386,311	1,310,816
Additions - separately acquired	-	247,152	247,152
Disposals	-	(9,811)	(9,811)
At 31 December 2018	924,505	623,652	1,548,157
<b>Amortisation and impairment</b>			
At 1 January 2018	924,505	75,355	999,860
Amortisation charged for the year	-	113,756	113,756
Disposals	-	(9,811)	(9,811)
At 31 December 2018	924,505	179,300	1,103,805
<b>Carrying amount</b>			
At 31 December 2018	-	444,352	444,352
At 31 December 2017	-	310,956	310,956

### 14 Property, plant and equipment

	Technical equipment	Office equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2018	7,098,683	413,414	145,449	7,657,546
Additions	-	59,291	-	59,291
Disposals	(1,389,249)	(229,038)	-	(1,618,287)
At 31 December 2018	5,709,434	243,667	145,449	6,098,550
<b>Depreciation and Impairment</b>				
At 1 January 2018	4,516,177	313,712	142,413	4,972,302
Depreciation charged in the year	749,640	58,182	3,036	810,858
Eliminated in respect of disposals	(1,389,249)	(229,038)	-	(1,618,287)
At 31 December 2018	3,876,568	142,856	145,449	4,164,873
<b>Carrying amount</b>				
At 31 December 2018	1,832,866	100,811	-	1,933,677
At 31 December 2017	2,582,506	99,702	3,036	2,685,244

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 15 Trade and other receivables

	2018	2017 as restated*
	£	£
Amounts falling due within one year:		
Trade receivables	9,126,710	4,607,953
Corporation tax recoverable	440,814	146,181
Amounts owed by group undertakings	17,202,040	19,268,939
Prepayments and accrued income	7,881,187	6,207,098
	<u>34,650,751</u>	<u>30,230,171</u>

	2018	2017
	£	£
Amounts falling due after more than one year:		
Deferred tax asset (note 17)	<u>96,442</u>	<u>50,349</u>
<b>Total debtors</b>	<u><b>34,747,193</b></u>	<u><b>30,280,520</b></u>

\* as restated for a change in accounting policy - see note 23.

### 16 Current liabilities

	2018	2017
	£	£
Trade payables	2,259,895	3,914,051
Amounts due to group undertakings	277,341	453,281
Other taxation and social security	1,164,380	1,212,167
Accruals and deferred income	<u>15,080,900</u>	<u>12,212,394</u>
	<u>18,782,516</u>	<u>17,791,893</u>

### 17 Deferred taxation

The following are the major deferred tax assets recognised within other receivables:

	Assets 2018	Assets 2017
	£	£
Balances:		
Fixed asset timing differences	<u>96,442</u>	<u>50,349</u>

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 17 Deferred taxation

	2018 £
Movements in the year:	
Asset at 1 January 2018	(50,349)
Credit to profit or loss	(46,093)
Asset at 31 December 2018	<u>(96,442)</u>

### 18 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>98,885</u>	<u>78,094</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
4 Ordinary of £1 each	<u>4</u>	<u>4</u>
	<u>4</u>	<u>4</u>

### 20 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	153,177	119,899
Between two and five years	124,906	159,497
	<u>278,083</u>	<u>279,396</u>

# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 21 Related party transactions

As a wholly owned subsidiary of the Group headed by Lagardere SCA, the company has taken advantage of the exemption under Financial Reporting Standard 102, from disclosing transactions between the company and other wholly owned members of the Group. There were no other related party transactions in the current or prior period year financial statements.

### 22 Controlling party

The company is a subsidiary undertaking of Lagardère Sports Germany GmbH, incorporated in Germany. The financial statements of Lagardère Sports Germany GmbH are available to the public and may be obtained from Nagelsweg 33-35, D-20097, Hamburg, Germany.  
The ultimate parent undertaking and controlling party is Lagardere SCA, a company incorporated in France.

### 23 Prior period adjustment

#### Changes to the statement of financial position

	As previously reported £	At 31 December 2017		As restated £
		Adjustment at 1 Jan 2017 £	Adjustment at 31 Dec 2017 £	
<b>Current assets</b>				
Debtors due within one year	29,215,015	455,713	609,794	30,280,522
Net assets	14,898,887	455,713	609,794	15,964,394
<b>Capital and reserves</b>				
Profit and loss	14,898,883	455,713	609,794	15,964,390
Total equity	14,898,887	455,713	609,794	15,964,394



# LAGARDERE SPORTS UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 23 Prior period adjustment

##### Changes to the income statement

	Period ended 31 December 2017		
	As previously reported	Adjustment	As restated
	£	£	£
Revenue	27,646,891	609,794	28,256,685
Profit for the financial period	<u>4,570,859</u>	<u>609,794</u>	<u>5,180,653</u>

During the year the company changed its accounting policy for revenue recognition. The company's continues to apply FRS 102 in the preparation of its statutory financial statements, but reports to its parent under International Financial Reporting Standards. For annual periods commencing on or after 1 January 2018, all IFRS reporters were required to adopt a new standard on revenue recognition, IFRS 15 Revenue from Contracts with Customers.

The company now applies the income measurement principles of FRS15. In most cases this resulted in no change from the previous accounting policy, but has resulted in a restatement of prior period revenue in respect of some of the company's single rights income. The changes resulted from the earlier satisfaction of identified performance obligations, an assessment of the transaction price allocated to the contract at the date of recognition and were specifically adjusted for the probability of recovery of the estimated revenue. The change in accounting policy has been accounted for as a prior period adjustment and the financial impact is stated above. Due to the receipt of group relief from fellow group companies no change in the prior period taxation provisions is required.

The information presented shows the financial adjustment affecting the previously reported periods. As the new accounting policy was adopted from 1 January 2018 then the company does not have the information on the current period had it adopted the old accounting policy throughout the year to 31 December 2018 and therefore the impact on the current period is not disclosed as permitted by FRS102 where impracticable to disclose.