

YM&U Topco Limited

Report and Financial Statements

Year ended

31 December 2020

Company Number 11563654

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YM&U Topco Limited

Report and financial statements for the year ended 31 December 2020

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YM&U Topco Limited

Company information

Registered office

180 Great Portland Street, London, W1W 5QZ

Company number

11563654

Directors

M Bekhail
J Cohen
L Felisati
H Goldsmith
C Hughes
D Lovegrove
D Worsley

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Lloyds Bank plc
7 Norfolk House
Manchester
M2 1DW

Solicitors

DLA Piper UK LLP
1 St. Peter's Square
Manchester
M2 3DE

YM&U Topco Limited

Strategic report

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2020 for YM&U Topco Limited (the "Company"), which is the holding company of a number of subsidiary companies (together the "Group"). The prior accounting period for the Company was from the date of incorporation of the Company on 11 September 2018 to 31 December 2019 and represented 16 months; in 2020 these accounts are a 12 month period.

Results and dividend

The principal activities of the Group are the provision of management and professional services to clients in the Sport, Music, Drama & Comedy, Arts and Entertainment industries.

The Group's results for the year are set out in the Consolidated Income Statement and are discussed in detail on the Business Review.

The directors do not recommend the payment of a dividend on ordinary shares (2019 - £nil). There are unpaid preference dividends of £2,754,000, which have been accrued as at 31 December 2020 (2019 - £1,431,000).

Business review and future developments

In light of the impact of COVID-19, the directors are pleased with the performance of the Group during this period of uncertainty and disruption, with operations performing in line with the forecasts revised for the impact of COVID-19. For the year turnover was £37,619,000 (2019 - £61,328,000) and EBITDA for the year was £1,544,000 (2019 - £9,197,000). EBITDA is defined as operating (loss)/profit before depreciation and amortisation. Adjusted EBITDA further excludes exceptional costs and certain other one-off or non-trading items and is used by the directors as an indicator of on-going trading profitability of the Group (the calculation of Adjusted EBITDA is set out in detail in key performance indicators section below) and was £6,834,000 (2019 - £14,994,000).

Since March 2020, the significant disruption resulting from the global measures taken to contain the spread of COVID-19 led to a material reduction in the Group's income. These reductions have impacted the divisions of the Group that orientate more towards live events / large social gatherings to generate their income whereas some of the Group's other divisions such as Sport and UK Entertainment have proved to be resilient to the impact of COVID-19. Despite the significant challenges to these revenue streams, the Group has sought to increase and develop its income generation from all digital platforms. These are increasingly important and will remain post COVID-19. The Group also took steps to control its overheads in light of the reduced turnover and focus on controlling working capital and maximising its cash flow. In the year the Group also applied for and received governmental support in the US of £816,000 and to a lesser extent, the UK of £222,000. COVID-19 has impacted the recoverability of goodwill and an impairment charge of £30,477,000 has been recognised.

Although there is still some uncertainty when live events will return, the Directors believe the Group is diversified enough to operate based on this level of reduced income for the short to medium term.

During the year, the Company incurred exceptional costs totalling £3,513,000 (2019 - £3,878,000). These exceptional costs are costs relating to the buy out of commission schemes for certain employees, costs relating to restructuring of certain of the Group's operations, finance transformation costs, process improvement project, one-off legal costs, costs associated with the termination of a niche music management start up business and the professional fees incurred on an aborted acquisition. Further details on these costs are set out in note 7 to the financial statements.

Although the Group generated an adjusted EBITDA for the year of £6,834,000 (2019 - £14,994,000), it has made a loss after taxation of £52,838,000 (2019 - loss of £35,600,000). This is mainly due to the impact of the amortisation and impairment of goodwill totalling £40,709,000 and net interest costs of £12,188,000.

The Group has net current assets of £10,964,000 as at 31 December 2020, which has increased from £1,231,000 at 31 December 2019. This is partly due to an additional capital injection from the funds managed by Trilantic Europe, through Talent International S.A. and its affiliates, of £5,000,000 in December 2020 and the pay down of deferred consideration during the year through the drawdown on a long term acquisition facility.

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Strategic report (continued)

Business review and future developments (continued)

The Group also has net liabilities of £85,703,000 as at 31 December 2020 (2019 - £33,933,000) largely as a result of the Group's long term borrowings, which are not repayable until 2025 and beyond.

During the year, a review of the operational and legal structure of the Group has been undertaken in a corporate simplification exercise. As a result of this review the trade and assets of certain subsidiary companies have been transferred to other Group companies in order to simplify reporting and consolidate trading into key subsidiary companies. Following the year end, it is planned to remove and strike off any company that no longer trades.

On 31 December 2020, Mary Bekhait was promoted from UK CEO to Group CEO, replacing Neil Rodford the former Group CEO.

With the restructure of the Group during the period and having dealt with the challenges from COVID-19 whilst retaining its key employees, the Group is well positioned for a post-COVID 19 economic recovery. The Group continues to look for growth both organically and through acquisitions in both the UK, North America and increasingly mainland Europe. The further development of the Group's overseas operations is a key strategic focus for the Group. The Group is also focussed on further developing its intellectual property portfolio.

After the year end, the Group launched YM&U Arts, which will specialise in representing digital artists and traditional artists. A key area of focus for the division and its clients is the growing non-fungible tokens (NFTs) market.

Principal risks and uncertainties

The directors have assessed the main risk facing the Group as being the retention of key clients and employees. The directors try to mitigate this risk by creating an environment which is based on a set of core values and principles of business and a collective approach to decision making. We reward colleagues via local divisional and Group wide medium and long-term bonus and incentive schemes. Finally the Group prides itself on being client first and never seeking to compromise itself on the services and advice it provides.

Another risk facing the Group is the financial risk related to finance costs associated with loan facilities held in YM&U Group Services Limited. The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Business continuity risk can arise from a loss of access to the Group's workplace locations or operating systems. To mitigate these risks, the Group has a disaster recovery plan. We have also invested so that our employees can work remotely, which has proved particularly beneficial during COVID-19 with a significant increase in home and remote working.

As explained in the business review and future developments, the business has been impacted by the spread of COVID-19. The business has sought to mitigate this risk by increasing and developing its income generation from all digital platforms and appropriately managing its cost base and working capital to enhance cash generation.

Financial risk management

The Group finances its operations through the use of various financial instruments including a bank rolling credit and loan facility, cash, shareholder loan facility and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the Group 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. Short term flexibility is managed through the revolving credit facility. The Group also closely monitors its cash flows.

After making enquiries and reviewing forecasted cash flow information for the Group, the directors have a

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Strategic report (continued)

Financial risk management (continued)

Liquidity risk (continued)

reasonable expectation that the Company and the Group have adequate resources to meet their financial obligations for the foreseeable future.

As part of the loan facilities with Permira Credit Solutions III G.P. Limited, Permira Managed Account GP S.A.R.L. and Lloyds Bank plc, the Company has issued a cross guarantee secured on the assets held by the Company and certain other companies within the Group. The cross guarantee relates to borrowings of YM&U Group Services Limited, comprising a loan facility of £37,500,000 and a drawn acquisition facility of £15,713,000 with Permira, and with Lloyds Bank a loan facility of £5,888,000 and \$12,000,000 and a revolving credit facility of £4,000,000. As at 31 December 2020 the amounts owed on the facilities including interest were £70,706,000 (2019 - £63,121,000). In January 2021 the balance on the rolling credit facility of £2,300,000 was repaid. During the year, the Group amended its existing debt facilities and the associated covenants due to the impact of COVID-19 and also cancelled the remaining acquisition facility of £19,707,000 on 7 May 2020. March 2021 is the first period of covenant testing under the revised banking agreement. The revised banking covenants include, over the debt facility period, a combination of a minimum liquidity cover, a minimum EBITDA and a net debt ratio.

The Permira loan facilities are repayable on 28 September 2025. The revolving credit facility and the Lloyds Bank facility are repayable on 28 March 2025.

Finance cost risk

The Group pays finance costs on its shareholder loan facility, which accrues at 10% per annum. Finance costs on the Permira facilities accrue interest at 7.125% over LIBOR and on the Lloyds Bank facilities at 2.50% over LIBOR, which includes the revolving credit facility.

Credit risk

The Group's principal financial assets are trade debtors. In order to manage credit risk, limits for customers are set based on payment history. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. The Group has an active treasury function and an executive dedicated to the management of the Group's treasury positions. With the uncertainty caused by COVID-19, debtor management and cash collection has been a key focus of the Group.

Foreign exchange risk

The Group's main operations are in the UK and the US, and their trading is predominantly in Sterling and US dollars respectively and as such the Group has limited foreign exchange exposure.

Key performance indicators

The directors monitor the following key performance indicators on a monthly basis which are set out below. The performance for the 12 months ended 31 December 2019 have been included for a like for line comparison to the current year:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000	16 month period ended 31 December 2019 £'000
Turnover	37,619	52,141	61,328
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1,544	8,824	9,197
Adjusted EBITDA	6,834	13,916	14,994
Cash balances as at 31 December	12,510	2,252	2,252

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Strategic report (continued)

Key performance indicators (continued)

Adjusted EBITDA is used by the directors as an indicator of the ongoing trading profitability of the Group, as described below, this includes a number of items the directors consider are outside of normal trading:

	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000	16 month period ended 31 December 2019 £'000
Earnings before interest, tax, depreciation and amortisation	1,544	8,824	9,197
Exceptional items (note 7)	3,513	3,527	3,878
Share based payment accounting charge (note 23)	1,333	1,203	1,490
Earnings before interest, tax, depreciation and amortisation, exceptional items and share based payment related expenses	6,390	13,554	14,565
Start-up costs	-	58	58
Pre-occupation property costs	-	77	97
Share scheme costs	52	107	107
Board costs	392	120	167
Adjusted EBITDA	6,834	13,916	14,994

During the year the Group received £816,000 (\$1,110,000) of Payment Protection Program (PPP) income from the Small Business Administration, a branch of the USA Government, of which before 31 December 2020, £83,000 (\$110,000) was forgiven for repayment. Should the remaining balance of £733,000 (\$1,000,000) be forgiven in the future this would have a positive impact on the Adjusted EBITDA of £733,000.

Share scheme costs are the professional fees on the implementation of a share scheme, which is open to all qualifying employees in the Group.

Board costs relate to certain members of the Board who are not involved in the operational running of the Group and the costs relating to the contractual notice period for a director.

Exceptional items are detailed in note 7 and the share-based payment accounting charges are detailed in note 23.

Directors' performance of their statutory duties in accordance with s172(1) Companies Act 2006

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the likely consequences of any decisions in the long term, the interests of the Group's employees and other stakeholders, the impact of its activities on the community and environment and the Group's reputation for good business conduct when making decisions. In this context the Directors consider what is most likely to promote the success of the Group for its stakeholders, acting in good faith and fairly at all times.

The Directors are fully aware of their responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006. The Board reviews the Group's principal stakeholders and how it engages with them. This is achieved through information provided by management and by direct engagement with stakeholders themselves.

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Strategic report (continued)

Directors' performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

The owners of the Group are considered key stakeholders and have representatives on the Board of Directors. The Directors are also in regular contact providing monthly updates on the performance of the Group.

The lenders to the Group are also considered key stakeholders and the Directors meet regularly with the lenders to provide business strategy updates and provide monthly information on business performance.

The wellbeing and engagement of the Group's employees is deemed to be critical to the long term success of the Group. The Directors provide regular updates to employees on the performance of the Group and other key business issues. There are a number of forums through which employees are briefed and can also raise questions and discuss any issues, including monthly question and answer sessions with the Group CEO and other senior managers. Surveys are undertaken throughout the year to obtain the views of employees on key business culture issues and the result of these are communicated and actions committed to by the Directors and management. An example survey undertaken in 2020 was on returning to office-based working and the cultural and environment considerations.

The Directors aim to attract and retain talented employees from diverse backgrounds by building a culture based on integrity, respect and inclusion. All employees receive equal opportunities for their career development. An individual is selected and promoted solely due to the suitability of that individual for that position of employment. The Group supports the employment of disabled persons and actively pursues a policy of having a diverse workforce. The Group's Inclusion Initiatives on BIPOC, Mental Health and Wellbeing, LGBTQ and access for those affected by disability can be found at <https://www.ymugroup.com/culture>.

The Group provides share-based payment arrangements to certain employees. This encourages employee involvement in the Group's performance.

The Group aims to work responsibly and fairly with its stakeholders, including suppliers. The Group also maintains anti-corruption and anti-bribery, equal opportunities and whistleblowing policies.

The Directors ensure they have suitable access to information to allow them to make informed business decisions and the Directors consider whether they possess sufficient information regarding the stakeholder interests which are affected by their actions. In instances when the Directors do not have all the information relevant to a decision, they consider the expertise of others and care is taken to assess the source, quality and quantity of all information available.

The key Board decisions made in the year are set out below:

Significant events/decisions: Temporary closure of all Group offices due to COVID-19 for part of 2020.

Key s172 matters affected: Employees and suppliers.

Actions and impact:

- Discussions with landlords and councils on the deferral of costs.
- Re-negotiation of lease incentives and lease terms.
- Investment in equipment and IT infrastructure to support remote home working.
- Wellbeing support for employees including regular contact with managers and availability of external professional support.

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Strategic report (*continued*)

Directors' performance of their statutory duties in accordance with s172(1) Companies Act 2006 (*continued*)

Significant events/decisions: Downturn in income due to COVID-19.

Key s172 matters affected: Employees and suppliers.

Actions and impact:

- Furloughing of a small number of UK employees.
- Group-wide salary reduction scheme.
- Redundancy and restructuring in various parts of the Group.
- Wellbeing support for employees including access to external professional support and a wellness fund.
- Discussions with certain suppliers and stakeholders on deferral of costs.
- Accessing appropriate government grants for COVID-19 support; both in the UK and USA.
- Increasing and developing income generation from all digital platforms.

Significant events/decisions: Amending the terms of the existing bank facilities.

Key s172 matters affected: Banking partners and shareholders.

Actions and impact:

- Discussions with banking partners and shareholders.
- Renegotiation of the term of the banking facilities and banking covenants.
- Additional capital injection from the funds managed by Trilantic Europe of £5,000,000.
- Cancellation of the remaining undrawn acquisition facility of £19,707,000.

Significant events/decisions: Restructuring of the Drama division.

Key s172 matters affected: Employees and clients.

Actions and impact:

- Discussions with employees.
- Negotiation of the terms for the employees and clients leaving the business.
- Rebranding the retained business from Troika to YMU.
- Transferring some of the retained employees and clients to the Group's main trading company.

Significant events/decisions: Review of the operational and legal structure of the Group.

Key s172 matters affected: Employees, suppliers and landlords.

Actions and impact:

- Engagement of corporate finance, tax and legal advisers.
- Production of a corporate simplification plan.
- Engagement with the key parties including landlords, employees and suppliers.
- Transfer of employees and assignment of third party contracts between Group companies.
- Entering into new leases.
- Intra-Group transfers of assets and businesses.

Approval

This strategic report was approved on behalf of the Board on 30 June 2021.

D Lovegrove
Director

30 June 2021

YM&U Topco Limited

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2020. The prior accounting period for the Company was from the date of incorporation of the Company on 11 September 2018 to 31 December 2019 represented 16 months; in 2020 these accounts are a 12 month period.

Principal activities

The principal activities of the Group are the provision of management and professional services to clients in the Sport, Music, Drama & Comedy, Arts and Entertainment industries.

Results and dividends

The loss for the year after taxation was £52,838,000 (2019 - £35,600,000).

The net liabilities of the Group total £85,703,000 (2019 - £33,933,000).

The directors do not recommend the payment of a dividend. There are unpaid preference dividends of £2,754,000, which have been accrued as at 31 December 2020 (2019 - £1,431,000).

Political and charitable donations

The Group made no political donations (2019 - £nil) and made charitable donations of £52,000 in the year (2019 - £66,000).

Matters covered in the strategic report

The strategic report can be found on pages 2 to 7. This contains the business review, details of the Group's risks and uncertainties, future developments and post balance sheet events.

Going concern

The Directors have modelled various performance scenarios for the Group taking into account the performance of the Group through the COVID-19 pandemic, in the year ended 31 December 2020, latest COVID-19 government guidelines in the United Kingdom and the United States and the actual performance relative to forecast in the period up to May 2021. The Directors have stress tested the latest performance forecasts to include a plausible and severe scenario as well as a remote but severe scenario; which includes income from live events returning from September 2021 and July 2022; respectively in these scenarios.

The outcome of the modelled scenarios is that in all cases, the Group continues to be profitable on an Adjusted EBITDA basis, cash generative, able to service the interest and principal payments on its external borrowing and compliant with its borrowing covenants for a period to 30 June 2022. The Group has net current assets of £10,964,000 and net liabilities of £85,703,000. For the year ended 31 December 2020, the Group generated revenue of £37,619,000 and Adjusted EBITDA of £6,834,000, with net cash generated from operating activities of £9,678,000. The Group has sufficient liquidity in place, which is also underpinned by additional financing arrangements which mature from 2025 and beyond.

The Directors have considered the Group's results for the year ended 31 December 2020, the results to date in 2021, its projected losses and Adjusted EBITDA, the cash forecasts for an extended period through to 31 December 2022, the net current assets and net liabilities, the ongoing disruption from the COVID-19 pandemic and the Group's ongoing cash and financing requirements. As a result of these considerations and the performance scenarios modelled, the directors are confident that the Group has sufficient resources to continue as a going concern until at least 30 June 2022. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

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Directors' report (*continued*)

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR)

The following statement covers energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions for YM&U Topco Limited.

Utility and scope	2020 UK Consumption (Kg CO ₂ e)
Office Gas	11,316.94
Office Electricity	36,537.00
Staff Travel	111,580.67
Intensity Ratio (Kg CO ₂ e/Turnover)	0.0042

Energy efficiency improvements

The Company is committed to year on year improvements in their operational energy efficiency.

Measures ongoing and undertaken through 2020

Present business conditions have allowed the group to review its travel policy and reduce staff travel to necessary levels. This approach will be carried forward to future periods to ensure continued efficiency.

Measures prioritised for implementation in 2021

The Group will continue to explore energy efficiency improvements across their operations during 2021.

Reporting methodology

Consumption and CO₂e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance.

The emission factors used are consistent with the 2019 UK Government environmental reporting guidance, utilising the current published kgCO₂e conversion rates relevant for reporting year 01/01/2020 – 31/12/2020.

Intensity metrics have been calculated utilising the 2020 reportable figures, and Kg CO₂e for all sources and total emissions were then divided by the total turnover figure of £37,619,000 to determine the Kg Co₂e per metric.

Directors

The directors who served during the year and up to the date of this report were as follows:

M Bokhait
J Cohen
L Felisati (appointed 31 December 2020)
H Goldsmith
T Harris-Speid (appointed 10 February 2020, resigned 31 December 2020)
C Hughes
D Lovegrove
M Page (resigned 31 December 2020)
N Rodford (resigned 31 December 2020)
L Vavra (resigned 31 December 2020)
D Worsley (appointed 5 March 2020)
R Railhac (resigned 10 February 2020)
P Worsley (resigned 5 March 2020)

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Directors' report (continued)

Qualifying third party indemnity provisions

The Company has granted indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Independent auditors'

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Subsequent events

Events after the reporting date are detailed in note 30.

On behalf of the Board
D Lovegrove
Director
30 June 2021

YM&U Topco Limited

Independent auditor's report to the members of YM&U Topco Limited

Report on the audit of the financial statements

Opinion

In our opinion, YM&U Topco Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's and company's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and company balance sheet as at 31 December 2020; the consolidation income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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Independent auditor's report to the members of YM&U Topco Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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Independent auditor's report to the members of YM&U Topco Limited (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to but not limited to; applicable tax legislation and employment law in the relevant jurisdictions, health and safety legislation, anti-bribery legislation, general data protection regulation (GDPR), relevant legislation such as the Criminal Finances Act 2017 and legislation with regulatory bodies such as the Professional Managers Association, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of Adjusted EBITDA and financial statement line items through manual journal postings and potential management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Inquiries of management with consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Challenging assumptions and judgements made by management in respect of critical accounting estimates and assumptions;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations including unusual or unexpected journal postings to the income statement; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Gemma Clark

Gemma Clark (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

30 June 2021

YM&U Topco Limited

Consolidated income statement for year ended 31 December 2020

	Note	Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
Turnover	3	37,619	61,328
Cost of sales		(3,405)	(6,444)
Gross profit		34,214	54,884
Administrative expenses		(39,289)	(55,763)
Goodwill impairment	12	(30,477)	(13,010)
Exceptional items	7	(3,513)	(3,878)
Share based payment accounting charge – equity settled	23	(1,312)	(1,490)
Share based payment accounting charge – cash settled	23	(21)	-
Other operating income	8	305	-
Operating loss	4	(40,093)	(19,257)
Interest receivable and similar income	9	314	15
Interest payable and similar expenses	10	(12,502)	(15,652)
Loss before taxation		(52,281)	(34,894)
Tax on loss	11	(557)	(706)
Loss after taxation		(52,838)	(35,600)
Loss for the financial year/period		(52,838)	(35,600)
<i>Loss is attributable to:</i>			
Owners of the parent		(52,838)	(35,600)

<i>Reconciliation of operating loss to EBITDA and EBITDA adjusted for exceptional items and share based payment accounting charges</i>			
Operating loss		(40,093)	(19,257)
Depreciation	13	928	1,125
Goodwill amortisation	12	10,232	14,319
Goodwill impairment	12	30,477	13,010
EBITDA		1,544	9,197
Exceptional items	7	3,513	3,878
Share based payment accounting charge – equity settled	23	1,312	1,490
Share based payment accounting charge – cash settled	23	21	-
EBITDA adjusted for exceptional items and share based payment related charges		6,390	14,565

All amounts relate to continuing activities. The notes on pages 22 to 44 form an integral part of these financial statements.

YM&U Topco Limited

Consolidated statement of comprehensive income for year ended 31 December 2020

	Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
Loss for the financial year/period	(52,838)	(35,600)
Translation of foreign subsidiaries	(270)	(293)
Total comprehensive expense for the financial year/period	(53,108)	(35,893)
<i>Total comprehensive expense is attributable to:</i>		
Owners of the parent	(53,108)	(35,893)

The notes on pages 22 to 44 form an integral part of these financial statements.

YM&U Topco Limited

Consolidated balance sheet as at 31 December 2020

<i>Company number 11563654</i>	<i>Note</i>	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Intangible assets	12		50,187		91,176
Tangible assets	13		1,599		2,338
			<hr/>		<hr/>
			51,786		93,514
Current assets					
Debtors	15	10,657		14,775	
Cash at bank and in hand		12,510		2,252	
		<hr/>		<hr/>	
		23,167		17,027	
Creditors: amounts falling due within one year	16	(12,203)		(15,796)	
		<hr/>		<hr/>	
Net current assets			10,964		1,231
Total assets less current liabilities			<hr/>		<hr/>
			62,750		94,745
Creditors: amounts falling due after more than one year	17		(148,112)		(128,021)
Provisions for liabilities	19		(341)		(657)
			<hr/>		<hr/>
Net liabilities			(85,703)		(33,933)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	21		475		470
Share based payments reserve	23		2,823		1,490
Currency reserve			(563)		(293)
Profit and loss account			(88,438)		(35,600)
			<hr/>		<hr/>
Total shareholders' deficit			(85,703)		(33,933)
			<hr/>		<hr/>

The financial statements on pages 14 to 44 were approved by the Board of Directors and authorised for issue on 30 June 2021.

D Lovegrove
Director

The notes on pages 22 to 44 form an integral part of these financial statements.

YM&U Topco Limited

Consolidated statement of changes in equity for the year ended 31 December 2020

	Called up share capital £'000	Share based payments reserve £'000	Currency reserve £'000	Profit and loss account £'000	Total shareholders' deficit £'000
<i>Comprehensive expense for the period</i>					
Loss for the period	-	-	-	(35,600)	(35,600)
Translation of foreign subsidiaries	-	-	(293)	-	(293)
	-	-	-	-	-
Total comprehensive expense	-	-	(293)	(35,600)	(35,893)
<i>Contributions by owners:</i>					
Issue of share capital	470	-	-	-	470
Share based payment related expenses	-	1,490	-	-	1,490
	-	-	-	-	-
Balance at 31 December 2019 and 1 January 2020	470	1,490	(293)	(35,600)	(33,933)
<i>Comprehensive expense for the year</i>					
Loss for the year	-	-	-	(52,838)	(52,838)
Translation of foreign subsidiaries	-	-	(270)	-	(270)
	-	-	-	-	-
Total comprehensive expense	-	-	(270)	(52,838)	(53,108)
<i>Contributions by owners</i>					
Issue of share capital	5	-	-	-	5
Share based payment related expenses	-	1,333	-	-	1,333
	-	-	-	-	-
Balance at 31 December 2020	475	2,823	(563)	(88,438)	(85,703)

YM&U Topco Limited

Consolidated statement of cash flows for the year ended 31 December 2020

		Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
	Note		
Cash flows from operating activities			
Loss for the financial year		(52,838)	(35,600)
Adjustments for:			
Depreciation of fixed assets	13	928	1,125
Loss on sale of disposal of fixed assets	13	11	-
Goodwill amortisation	12	10,232	14,319
Goodwill impairment	12	30,477	13,010
Share based payment accounting charge	23	1,333	1,490
Other operating income	8	(305)	-
Interest payable	10	11,819	14,797
Amortisation of capitalised debt issue costs	10	683	855
Interest receivable	9	(314)	(15)
Taxation	11	557	706
Decrease in trade and other debtors		3,579	2,709
Increase/(decrease) in trade creditors and other creditors		3,482	(4,324)
Foreign exchange adjustments		34	(87)
Cash flow from operations		9,678	8,985
Interest paid (net of interest received)		(4,420)	(4,940)
Taxation paid		(61)	(2,227)
Net cash generated from operating activities		5,197	1,818
Cash flows from investing activities			
Purchases of tangible fixed assets	13	(150)	(1,463)
Costs incurred in respect of lease end dilapidations	19	(296)	-
Acquisition of subsidiaries net of cash received, including acquisition expenses		-	(35,556)
Deferred consideration paid		(8,797)	(9,529)
Net cash used in investing activities		(9,243)	(46,548)
Cash flows from financing activities			
Net proceeds from share capital issued	21	14	459
Proceeds from long-term bank debt	22	7,000	60,793
Drawdown on rolling credit facility	22	600	1,700
Proceeds from shareholder loan	22	4,444	49,070
Proceeds from issue of preference shares	22	1,299	11,089
Debt issue costs paid	16,17	(91)	(4,753)
Repayment of bank loans	22	-	(34,447)
Repayment of other loan facilities	22	-	(36,929)
Receipt of government grants	8, 16	1,038	-
Net cash generated from financing activities		14,304	46,982
Net increase in cash and cash equivalents		10,258	2,252

YM&U Topco Limited

Consolidated statement of cash flows for the year ended 31 December 2020 *(continued)*

	Note	Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
Net increase in cash and cash equivalents		10,258	2,252
Cash and cash equivalents at the beginning of the year		<u>2,252</u>	<u>-</u>
Cash and cash equivalents at the end of the year		<u>12,510</u>	<u>2,252</u>
Cash and cash equivalents at end of year:			
Cash at bank and in hand		<u>12,510</u>	<u>2,252</u>

The notes on pages 22 to 44 form an integral part of these financial statements.

YM&U Topco Limited

Company balance sheet as at 31 December 2020

<i>Company number 11563654</i>	<i>Note</i>	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Investments	14		3,327		1,990
Current assets					
Debtors	15	3	-	-	-
Cash at bank and in hand		-	-	-	-
		3	-	-	-
Creditors: amounts falling due within one year	16	(249)		(152)	
Net current liabilities			(246)		(152)
Total assets less current liabilities			3,081		1,838
Creditors: amounts falling due after more than one year	17		-		-
Net assets			3,081		1,838
Capital and reserves					
Called up share capital	21		505		500
Share based payments reserve	23		2,823		1,490
Retained earnings					
At beginning of year/period			(152)		-
Loss for the year/period			(95)		(152)
Profit and loss account			(247)		(152)
Total shareholders' funds			3,081		1,838

The loss after tax for the year for the parent Company YM&U Topco Limited was £95,000 (2019 – loss of £152,000).

The financial statements on pages 14 to 44 were approved by the Board of Directors and authorised for issue on 30 June 2021.

D Lovegrove
Director

The notes on pages 22 to 44 form an integral part of these financial statements

YM&U Topco Limited

Company statement of changes in equity for the year ended 31 December 2020

	Called up share capital £'000	Share based payments reserve £'000	Profit and loss account £'000	Total £'000
Comprehensive expense for the period:				
Loss for the period	-	-	(152)	(152)
Other comprehensive income	-	-	-	-
Total comprehensive expense	-	-	(152)	(152)
Contributions by owners:				
Issue of share capital	500	-	-	500
Share based payment related expenses	-	1,490	-	1,490
Balance as at 31 December 2019 and 1 January 2020	500	1,490	(152)	1,838
Comprehensive expense for the year:				
Loss for the year	-	-	(95)	(95)
Other comprehensive income	-	-	-	-
Total comprehensive expense	-	-	(95)	(95)
Contributions by owners:				
Issue of share capital	5	-	-	5
Share based payment related expenses	-	1,333	-	1,333
31 December 2020	505	2,823	(247)	3,081

The notes on pages 22 to 44 form an integral part of these financial statements

YM&U Topco Limited

Notes to the financial statements

1 Accounting policies

YM&U Topco Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act. The principal activities of the Group are the provision of management and professional services to clients in the Sport, Music, Drama & Comedy, Arts and Entertainment Industries. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in Directors' report. These financial statements have been prepared on a going concern basis 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.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The Company made a loss after taxation of £95,000 in the year (2019 – loss of £152,000).

The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from disclosing share-based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments, as the company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein; and
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The Company early adopted the amendments to FRS 102 which became mandatory for all accounting periods beginning on 1 January 2019. Specifically, the Company has not recognised separate intangibles that are not contractual.

The following principal accounting policies have been applied:

Going concern

The Directors have modelled various performance scenarios for the Group taking into account the performance of the Group through the COVID-19 pandemic, in the year ended 31 December 2020, latest COVID-19 government guidelines in the United Kingdom and the United States and the actual performance relative to forecast in the period up to May 2021. The Directors have stress tested the latest performance forecasts to include a plausible and severe scenario as well as a remote but severe scenario; which includes income from live events returning from September 2021 and July 2022; respectively in these scenarios.

The outcome of the modelled scenarios is that in all cases, the Group continues to be profitable on an Adjusted EBITDA basis, cash generative, able to service the interest and principal payments on its external borrowing and compliant with its borrowing covenants for a period to 30 June 2022. The Group has net current assets of £10,964,000 and net liabilities of £85,703,000. For the year ended 31 December 2020, the Group generated revenue of £37,619,000 and Adjusted EBITDA of £6,834,000, with net cash generated from operating activities of £9,678,000. The Group has sufficient liquidity in place, which is also underpinned by additional financing arrangements which mature from 2025 and beyond.

The Directors have considered the Group's results for the year ended 31 December 2020, the results to date in 2021, its projected losses and Adjusted EBITDA, the cash forecasts for an extended period through to 31 December 2022, the current assets and net liabilities, the ongoing disruption from the COVID-19 pandemic and the Group's ongoing cash and financing requirements. As a result of these considerations and the performance scenarios modelled, the directors are confident that the Group has sufficient resources to continue as a going concern until at least 30 June 2022. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

YM&U Topco Limited

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Basis of consolidation

The consolidated income statement and balance sheet include the financial statements of the Company and all of its subsidiary undertakings made up to the 31 December 2020. The results of subsidiaries acquired or disposed of during the year are included in the Group financial statements from their effective date of acquisition or disposal, as appropriate. The acquisition method of accounting has been used for all acquisitions in the year.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

Turnover

Turnover represents amounts receivable for services provided during the year, exclusive of Value Added Tax.

Revenue for sport, music, drama & comedy, arts and entertainment management is recognised in accordance with the provision of services under the terms and conditions of the contract.

Revenue for business management services is recognised based on a percentage of completion basis, which at the balance sheet date for services provided not yet billed to client, there is an asset recognised for unbilled amounts for client work in Debtors. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the entity.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. Costs incurred in the year which are classified as exceptional are those which are material in nature and derive from events or transactions that do not fall within the ordinary activities of the Company and which are individually, or in aggregate, of such size or incidence to require specific disclosure.

Goodwill

Goodwill, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight-line basis over its estimated useful life, which is estimated at ten years.

It is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition intangible assets are measured at cost, less any accumulated amortisation and any accumulated impairment losses. The assets are amortised on a straight-line basis over its estimated useful life, which is estimated at ten years.

It is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

YM&U Topco Limited

Notes to the financial statements (continued)

Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value over their expected useful lives on the following basis:

Leasehold improvements	-	over the life of lease
Furniture, fixtures and fittings	-	3 to 5 years straight line

Investments

Fixed asset investments are recorded at cost, less any provisions for impairment.

The carrying value of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Interest-bearing loans and borrowings, including preference shares

All interest-bearing loans and borrowings (including preference shares) are initially recognised at net proceeds. After initial recognition, debt is increased by the finance cost amortised through profit and loss in respect of the reporting period and reduced by payments made in respect of debts in the year.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the lease, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

Other operating income - government grants

A government grant is recognised only when there is reasonable assurance that the Company complies with any conditions attached to the grant and the grant will be received. The grant is recognised as other operating income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

YM&U Topco Limited

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Taxation

The tax expense for the year comprises current and deferred tax.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Pensions

The Group contributes to a number of defined contribution personal and self-administered pension schemes for employees. The assets of the schemes are held separately from those of the Group. The annual contributions payable are charged to the income statement.

Share-based payments

The Group provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

On 14 February 2020 the Group issued shares under a cash settled share-based payment arrangement where holders of the issued shares are entitled to receive a cash payment equivalent to the value. Cash-settled share options are measured at fair value at the date of grant and at each balance sheet date. The Group recognises a liability at the balance sheet date based on these fair values, taking into account the estimated number of options that will actually vest and the current proportion of the vesting period. Changes in the value of this liability are recognised in the income statement.

The Company has no employees and thus there is no charge in the income statement for share-based payments.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

YM&U Topco Limited

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Finance costs

Finance costs are charged to the profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reserves

Share premium

Share premium includes the premium on issue of equity shares, net of any issue costs.

Currency reserve

Currency reserve represents amounts relating to exchange differences arising on translation of foreign operations.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Share based payment reserve

This comprises all accumulated losses associated with the Group's share-based payments.

The Company has no employees and thus there is no charge in the income statement for share-based payments. The grant of share options to the employees of subsidiary undertakings is treated as a capital contribution and is recognised as an increase of cost of investment, with a corresponding adjustment to reserves.

YM&U Topco Limited

Notes to the financial statements (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- In determining whether there are indicators of impairment of the Company's intangible assets, including goodwill, factors taken into consideration include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit (CGU), the viability and expected future performance of that unit. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. The directors judge that the Group is a single CGU based on their opinion that there is central management oversight and the divisional and central teams work cross border and so cash flows are not distinct at a divisional level. The directors have used a discount rate of 8.3%, measured performance over a 10 year period with a growth rate of 2% per annum for the CGU from 31 December 2022; resulting in an impairment of £30,477,000 in the year.

The key sensitivities in impairment assessment of goodwill is the discount rate, the speed of recovery post pandemic and the terminal growth rate. An increase in the discount rate of 1.7% to 10% would cause a further decrease of £4,477,000 in the valuation of goodwill. A decrease in the terminal growth rate of 2% would cause a further decrease of £2,493,000 in the valuation of goodwill. The assessment is also sensitive to assumed revenue growth, with the judgement in the pace of recovery and long term demand, for example the impairment model assumes that live events returns from September 2021, which is considered reasonable. See note 12 for the carrying amount of goodwill.

- Judgements are required in setting the level of bad and doubtful debts provisions recognised against the carrying value of trade debtors, after taking into account ageing of debts, collection history, and other relevant information in relation to expected future cash flows from customers. During the year there was an increase in bad debt provision of £42,000 and a bad debt charge relating to pre-2020 debtors of £443,000.
- Judgements are required in setting the level of provisions recognised against the carrying value of unbilled amounts for client work, after taking into account ageing of balances, billing history, and other relevant information in relation to additional costs to complete client work and expected future cash flows from customers.

Other key sources of estimation uncertainty:

- Goodwill is amortised over its estimated useful life of 10 years, with no residual value. Remaining useful lives are assessed annually.
- The Group has issued shares to key management personnel. The directors are required to measure the fair value of the shares at the date of issue using an appropriate methodology in accounting for these equity settled arrangements. The directors use a Black-Scholes pricing model and apply their judgement to the various inputs into the model including estimates of the exit date of five years (September 2023) and forfeiture rates (2% per annum).
- The directors have included in Provisions for Liabilities their estimates of dilapidation liabilities on the leasehold properties. These are based on the directors' judgements of the expected liability.
- The Group has lodged a claim against a former employee regarding a breach of contract. The matter had been referred to arbitration and the Group had a favourable outcome. This is now being pursued through the US Courts and, having received legal advice, the directors believe a favourable outcome is probable. Any amount received is however dependent on the outcome of the legal process, which is not completed at the date of signing these financial statements. A contingent asset has been disclosed in note 27 of these financial statements.
- The Group has an unprovided deferred tax asset of £3,963,000 (2019: £1,736,000) relating to certain carried forward losses in the US and corporate interest restrictions in the UK. No deferred tax asset is recognised on these amounts as it is not regarded as more likely than not that there will be suitable taxable profits/gains against which they can be deducted in the foreseeable future.

YM&U Topco Limited

Notes to the financial statements (continued)

3 Turnover

Analysis of turnover by country of destination:

	Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
UK	29,944	43,160
Rest of world	7,675	18,168
	37,619	61,328

Analysis of turnover by category:

	Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
Management services	31,118	52,586
Professional services	6,501	8,742
	37,619	61,328

4 Operating loss

	Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
The operating loss is stated after charging:		
Goodwill amortisation (note 12)	10,232	14,319
Goodwill impairment (note 12)	30,477	13,010
Share based payment accounting charge (note 23)	1,333	1,490
Depreciation of tangible fixed assets (note 13)	928	1,125
Loss on disposal of fixed assets (note 13)	11	-
Operating lease rentals – property (note 24)	2,056	2,465
Foreign exchange losses	23	35
Exceptional items (note 7)	3,513	3,878
Auditors' remuneration:		
- for statutory audit services	237	235
- for tax compliance	63	135
- for tax advisory	61	55
- for financial due diligence services	75	-
- for other advisory services	106	-

YM&U Topco Limited

Notes to the financial statements (continued)

5 Employees

	Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
Staff costs consist of:		
Wages and salaries	16,818	22,913
Social security costs	1,881	2,489
Other pension costs	668	664
Share based payment accounting charge (note 23)	1,333	1,490
Redundancy and settlement costs	629	-
	21,329	27,556
	Number	Number
Average monthly number of employees, including directors:	300	308

The Company has no employees (2019 – nil).

6 Key management personnel

The directors are considered to be the key management personnel and their remuneration is set out below:

	Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
Remuneration	1,739	1,980
Company pension contributions to defined contribution pension schemes	44	47

During the year, retirement benefits were accruing to 6 (2019 – 4) directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £544,000 (2019 - £750,000), including accrued retirement benefits totalling £6,000 (2019 - £15,000) in respect of defined contribution pension schemes and share based payment accounting charge of £273,000 (2019 - £343,000).

The remuneration of certain of the directors are paid by other Group entities. Some of these directors were also directors of a number of fellow group companies and their total remuneration is disclosed in the financial statements of these companies. Four (2019 – two) of the directors are paid by Trilantic Europe during the year.

YM&U Topco Limited

Notes to the financial statements (continued)

7 Exceptional items

	Year ended 31 December	16 month period ended 31 December
	2020 £'000	2019 £'000
Costs relating to one-off strategic deals	-	1,016
Costs of buying out employee commission schemes	972	2,169
Restructuring costs	936	428
Finance transformation costs	462	-
Process improvement project	186	-
Legal costs	436	265
Professional fees incurred in connection with an aborted acquisition	305	-
Costs associated with the termination of a niche music management start up business	216	-
	3,513	3,878

Costs incurred in relation to one-off strategic deals related to deals entered into in the US music management business and the UK sports management business in the prior period of £1,016,000.

Costs of buying out employee commission schemes of £972,000 (2019 - £2,169,000) relates to agreements entered into with certain employees whereby their rights to ongoing commission payments relating to their income generation have been bought out by the Company.

Restructuring costs of £936,000 in the year relate to the reorganisation of the Group's Central and Drama businesses and the costs of implementing permanent changes to the overhead base of the Group in response to the reduction in income caused by the disruption from COVID-19. The Drama business was fundamentally restructured during 2020. The costs relate to people costs of £629,000 and professional fees of £307,000. Restructuring costs in the prior year of £428,000 were the termination and on-boarding costs of senior new positions relating to the reorganisation of the Group's Central, Drama, Music and Entertainment businesses. The costs are employee-related costs.

The Group has also undertaken a finance transformation project, incurring costs of £462,000 (2019 - £nil), related to the development and delivery of plans to ensure that the Group optimises its investment in resources, the investments and processes are aligned to the Group's corporate objectives, and that there is efficiency and effectiveness in the use of Group resources. The primary purpose of the project is to streamline and reduce the number of companies within the Group to improve efficiency, accountability and reporting. The cost relates to professional fees of £445,000 and write downs of £17,000.

The process improvement project costs of £186,000 (2019 - £nil) relate to a one off project for the development of automation processes for client work in the Business Management division.

The legal costs of £436,000 (2019 - £265,000) relate to costs incurred in a claim against a former employee of the Group for breach of contract, a claim against a former client also for a breach of contract and the costs of settling a claim from the former agent of one of the Group's clients. These are deemed one-off and outside the normal course of business.

The termination costs of £216,000 (2019 - £nil) relate to employee and other direct termination costs incurred, in relation to the termination of a niche music management start-up business in the US, which as a result of COVID-19 did not succeed.

YM&U Topco Limited

Notes to the financial statements (continued)

8 Other operating income	Year ended	16 month
	31 December	period ended
	2020	31 December
	£'000	2019
		£'000
Governmental assistance received -Coronavirus Job Retention Scheme	222	-
Governmental assistance received -Paycheck Protection Program (PPP)	83	-
	305	-
<hr/>		
9 Interest receivable and similar income	Year ended	16 month
	31 December	period ended
	2020	31 December
	£'000	2019
		£'000
Bank interest receivable	4	15
Foreign exchange revaluation on borrowings	310	-
	314	15
<hr/>		
10 Interest payable and similar expenses	Year ended	16 month
	31 December	period ended
	2020	31 December
	£'000	2019
		£'000
Shareholder loan facility interest	5,570	6,311
Bank interest	4,639	5,323
Interest on deferred consideration	263	1,691
Preference share dividends	1,323	1,431
Amortisation of debt issue costs	683	855
Other charges	24	17
Foreign exchange revaluation on borrowings	-	24
	12,502	15,652
<hr/>		

YM&U Topco Limited

Notes to the financial statements (*continued*)

11 Tax on loss

	Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
a) Analysis of tax charge for the year		
<i>Current tax (note 11b)</i>		
UK corporation tax on loss for the year	197	674
Adjustment for prior periods	203	-
Total current tax	400	674
<i>Deferred tax (note 20)</i>		
Origination and reversal of timing differences	513	32
Adjustment for prior periods	(347)	-
Effect of changes in tax rate	(9)	-
Taxation charge on loss	557	706

b) Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Year ended 31 December 2020 £'000	16 month period ended 31 December 2019 £'000
Loss before tax	52,281	34,894
Loss at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	(9,933)	(6,630)
Effects of:		
Expenses not deductible for tax purposes	8,913	6,488
Effects of overseas tax rates	(45)	-
Adjustment for prior periods	(144)	-
Effect of changes in tax rate	(9)	(67)
Deferred tax not recognised (note 20)	1,775	915
Total tax charge for the year (see note 11a)	557	706

YM&U Topco Limited

Notes to the financial statements *(continued)*

11 Tax on loss (continued)

c) Future tax rate changes

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to decrease the tax expense for the period by £46,000 and to increase the deferred tax asset by £46,000.

12 Intangible assets

Group	Goodwill £'000	Total £'000
<i>Cost</i>		
At 1 January 2020	118,471	118,471
Changes	(54)	(54)
Foreign currency translation	(350)	(350)
	<hr/>	<hr/>
At 31 December 2020	118,067	118,067
	<hr/>	<hr/>
<i>Accumulated amortisation</i>		
At 1 January 2020	27,295	27,295
Amortisation	10,232	10,232
Impairment	30,477	30,477
Foreign currency translation	(124)	(124)
	<hr/>	<hr/>
At 31 December 2020	67,880	67,880
	<hr/>	<hr/>
<i>Net book value</i>		
At 31 December 2020	50,187	50,187
	<hr/>	<hr/>
At 31 December 2019	91,176	91,176
	<hr/>	<hr/>

The changes to goodwill primarily relates to revised estimates of the net assets acquired with James Grant Topco Limited, an acquisition completed in the 16 month period ended 31 December 2019.

Impairment of goodwill relates to the impact of COVID-19 on the business.

The Company had no intangible assets at 31 December 2020 (2019 - £nil).

YM&U Topco Limited

Notes to the financial statements (*continued*)

13 Tangible assets

Group	Leasehold improvements £'000	Furniture, fixtures and fittings £'000	Total £'000
<i>Cost</i>			
At 1 January 2020	2,660	803	3,463
Additions	21	129	150
Disposals	-	(14)	(14)
Foreign exchange translation	(4)	(12)	(16)
At 31 December 2020	2,677	906	3,583
<i>Accumulated depreciation</i>			
At 1 January 2020	707	418	1,125
Charge for the year	678	250	928
On disposals	-	(3)	(3)
Foreign exchange translation	(17)	(49)	(66)
At 31 December 2020	1,368	616	1,984
<i>Net book value</i>			
At 31 December 2020	1,309	290	1,599
At 31 December 2019	1,953	385	2,338

The Company had no tangible assets at 31 December 2020 (2019 - £nil).

YM&U Topco Limited

Notes to the financial statements (continued)

14 Investments

The Company has the following subsidiary undertakings:

Companies with registered office of 180 Great Portland Street, London, W1W 5QZ

Name	Holding	Class of shares	Nature of business
YM&U Midco 1 Ltd	100%	Ordinary	Holding company
YM&U Midco 2 Ltd*	100%	Ordinary	Holding company
YM&U Group Services Ltd*	100%	Ordinary	Holding company
YM&U Group Ltd*	100%	Ordinary	Holding company
YM&U Holdings Ltd*	100%	Ordinary	Holding company
YM&U (UK) Limited*	100%	Ordinary	Talent, music and sport management
YM&U Business Management Ltd*	100%	Ordinary	Business management
Troika Talent Agents LLP*	100%	Partnership	Drama and comedy management
Impact SM Limited*	100%	Ordinary	Sports management
Strike Management Limited*	100%	Ordinary	Sports management
Machine Music Management Ltd*	100%	Ordinary	Music management
Machine Music Rights Ltd*	100%	Ordinary	Music rights
YM&U Central Services Ltd*	100%	Ordinary	Group support company
James Grant Bidco Ltd*	100%	Ordinary	Holding company
James Grant Rights Ltd*	100%	Ordinary	Rights holder
James Grant I.P. Ltd*	100%	Ordinary	Rights holder
Industry Media Limited*	100%	Ordinary	Dormant
JG Music Publishing Ltd*	100%	Ordinary	Dormant
Gallowgate Productions Ltd*	100%	Ordinary	Television rights
Hall or Nothing Limited*	100%	Ordinary	Dormant
James Grant Productions Ltd*	100%	Ordinary	Dormant
Rabbit Vocal Management Ltd*	100%	Ordinary	Dormant
James Grant Music Publishing Ltd*	100%	Ordinary	Dormant
James Grant Music Ltd*	100%	Ordinary	Dormant
James Grant Sports Ltd*	100%	Ordinary	Dormant
YM&U Nominees Ltd*	100%	Ordinary	Nominees company

Companies with registered office of 9100 Wilshire Blvd., Suite 100W, Beverly Hills CA 90212

Name	Holding	Class of shares	Nature of business
YM&U Holdings USA Inc.*	100%	Ordinary	Holding company
YM&U Music LLC*	100%	Ordinary	Music management
YM&U Entertainment Inc.*	97%	Ordinary	Talent management
YM&U Arts LLC*	76.5%	Ordinary	Art management
MFN Music LLC*	50%	Ordinary	Music distribution
Self-Released Records LLC	100%	Ordinary	Record label

YM&U Topco Limited

Notes to the financial statements (continued)

14 Investments

Companies with registered office of 3233 M Street NW, Washington DC 20007

Name	Holding	Class of shares	Nature of business
YM&U Sports Ltd*	100%	Ordinary	Sport management

* - held indirectly

The Company's voting rights in respect of the investments are held in the same proportion as the Company's share of the ordinary share capital of each company

The entities that the Company has given a guarantee under section 479a of the Companies Act in relation to an exemption from audit are set out in note 26.

Company	£'000
<i>Cost of investment in subsidiary companies</i>	
At 1 January 2020	1,990
Changes	1,337
	<hr/>
At 31 December 2020	3,327
	<hr/>

The changes in the year primarily relate to the share based payment charge on the equity issued by the Company to employees of its subsidiary companies.

YM&U Topco Limited

Notes to the financial statements (continued)

15 Debtors

Amounts due within one year:

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Trade debtors	4,742	-	7,685	-
Unbilled amounts for client work	1,685	-	2,214	-
Other debtors	1,216	3	1,576	-
Corporation tax recoverable	152	-	546	-
Deferred tax asset (note 20)	147	-	349	-
Prepayments and accrued income	2,715	-	2,405	-
	<u>10,657</u>	<u>3</u>	<u>14,775</u>	<u>-</u>

Trade debtors are stated after provisions for impairment of £907,000 (2019 - £865,000).

16 Creditors: amounts falling due within one year:

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Bank loans and overdrafts (note 17)	-	-	-	-
- less unamortised debt issue costs	(697)	-	(680)	-
Trade creditors	1,773	6	1,145	-
Amounts owed to Group undertakings	-	191	-	152
Other taxation and social security	3,287	-	797	-
Deferred consideration	2,226	-	9,843	-
Grant liabilities	733	-	-	-
Other creditors	1,452	-	558	-
Accruals and deferred income	3,429	52	4,133	-
	<u>12,203</u>	<u>249</u>	<u>15,796</u>	<u>152</u>

Amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Deferred consideration relates to the remaining deferred consideration creditor from those acquisitions that the Group inherited when it acquired James Grant Topco Limited in 2019 and the remaining deferred consideration creditor relating to the acquisition of Strike Management Limited also in 2019. The deferred consideration is not dependent on performance.

YM&U Topco Limited

Notes to the financial statements (continued)

17 Creditors: amounts falling due after more than one year

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Amounts falling due between one and two years				
Deferred consideration	-	-	913	-
- less unamortised debt issue costs	(697)	-	(678)	-
	(697)	-	235	-
Amounts falling due between two and five years				
Unamortised debt issue costs	(1,913)	-	(2,037)	-
Amounts falling due after more than five years				
Bank loans and overdrafts (note 18)	70,185	-	62,425	-
Shareholder loan facility (note 18)	65,395	-	55,381	-
- less unamortised debt issue costs	-	-	(503)	-
10% convertible cumulative redeemable preference A shares (note 18)	6,070	-	6,070	-
10% convertible cumulative redeemable preference B shares (note 18)	4,910	-	4,167	-
10% convertible cumulative redeemable preference C shares (note 18)	852	-	852	-
10% convertible cumulative redeemable preference A1 shares (note 18)	556	-	-	-
Accrued preference dividends (note 18)	2,754	-	1,431	-
	150,722	-	129,823	-
Total creditors falling due after more than one year	148,112	-	128,021	-

The 10% convertible cumulative redeemable preference shares is disclosed in the consolidated financial statements net of preference shares in the Group held by the Group's Employee Benefit Trust of £nil (2019 - £41,000).

YM&U Topco Limited

Notes to the financial statements (continued)

18 Loans and other borrowings

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Senior loans	67,885	-	60,725	-
Revolver loan	2,300	-	1,700	-
Shareholder loan facility	65,395	-	55,381	-
Preference shares	12,388	-	11,089	-
Accrued preference dividends	2,754	-	1,431	-
	<u>150,722</u>	<u>-</u>	<u>130,326</u>	<u>-</u>

Senior loans

As part of loan facilities with Permira Credit Solutions III G.P. Limited, Permira Managed Account GP S.A.R.L. and Lloyds Bank plc, the Company issued a cross guarantee secured on the assets held by the Company and certain other companies within the Group. The cross guarantee relates to borrowings of YM&U Group Services Limited, comprising a loan facility of £37,500,000 and a drawn acquisition facility of £15,713,000 with Permira, and with Lloyds Bank a loan facility of £5,888,000 and \$12,000,000 and a revolving credit facility of £4,000,000. The Group drew down £7,000,000 on the acquisition facility in January 2020.

Finance costs on the Permira facilities accrue interest at 7.125% over LIBOR and on the Lloyds Bank facilities at 2.50% over LIBOR.

The Permira loan facility is repayable on 28 September 2025 and the Lloyds Bank facility on 28 March 2025.

During the year the banking covenants with Permira and Lloyds were revised on these senior loans. However there were no changes to their repayment date or interest rates. The Group cancelled the remaining undrawn acquisition facility of £19,707,000 on 7 May 2020.

Revolver credit facility

The Group's financing facility also includes a revolving credit facility of £4,000,000 to cover working capital and liquidity commitments. The facility drawdown at the 31 December 2020 is £2,300,000 (2019 - £1,700,000). The facility was repaid in January 2021. Interest is charged at LIBOR plus 2.50% on the drawn-down amount. A commitment fee of 0.75% is charged on the undrawn amount. The facility is repayable on 28 March 2025.

Shareholder loan facility

The shareholder loan facility is repayable on 28 September 2028. Interest accrues on the principal at 10% per annum.

Preference shares

The preference shares are repayable on 30 September 2028. Interest accrues on the principal at 10% per annum. These are treated as debt given the terms.

YM&U Topco Limited

Notes to the financial statements (continued)

19 Provisions for liabilities

Group	Property provisions £'000
At 1 January 2020	657
Amounts utilised	(296)
Unused amounts reversed to profit and loss account	(20)
At 31 December 2020	341

Property provisions relate to the directors' estimate of dilapidations payable on expiry of property leases held by the Group.

20 Deferred taxation

	Group 2020 £'000
At 1 January 2020	349
Foreign currency translation	(45)
Income statement movement (note 11)	(513)
Adjustment for prior periods (note 11)	347
Effect of changes in tax rate (note 11)	9
At 31 December 2020	147
The provision for deferred taxation is made up as follows:	
Excess of taxation allowances over depreciation on fixed assets	(158)
Other timing differences	305
At end of year	147

The Group has an unprovided deferred tax asset of £3,963,000 (2019: £1,736,000) relating to certain carried forward losses in the US and corporate interest restrictions in the UK. No deferred tax asset is recognised on these amounts as it is not regarded as more likely than not that there will be suitable taxable profits/gains against which they can be deducted in the foreseeable future.

21 Called up share capital

	Allotted, issued and called up during the year			
	2020 Number	2019 Number	2020 £	2019 £
'A1' Ordinary shares of £0.01 each	34,348,097	34,348,097	343,481	343,481
'A2' Ordinary shares of £0.01 each	3,496,734	3,059,043	34,967	30,590
'A3' Ordinary shares of £0.01 each	92,860	92,860	929	929
'B' Ordinary shares of £0.01 each	10,750,000	10,750,000	107,500	107,500
'C' Ordinary shares of £0.01 each	1,750,000	1,750,000	17,500	17,500
	50,437,691	50,000,000	504,377	500,000

YM&U Topco Limited

Notes to the financial statements (continued)

21 Called up share capital (continued)

Share capital is disclosed in the consolidated financial statements net of shares in the Company held by the Group's Employee Benefit Trust of £29,000 (2019 - £30,000). At the year end £1,000 (2019 - £11,000) of share capital was unpaid.

Additionally, the Group has authorised, issued and fully paid 607,016,132 redeemable cumulative A preference shares of £0.01 each, 491,030,369 redeemable cumulative B preference shares of £0.01 each, 85,218,951 redeemable cumulative C preference shares of £0.01 each and 55,555,556 redeemable cumulative A1 preference shares of £0.01 each, classified as liabilities. These shares carry a fixed dividend of 10% per annum. These shares do not carry voting rights. On a winding up of the Company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £0.01 per share plus any accrued dividend. The redeemable cumulative preference shares have been classified as financial liabilities (note 16). At 31 December 2020, there are £nil (2019 - £41,000) of B preference shares held by the Group's Employee Benefit Trust.

In the event of a winding-up of the Company or other return of capital, the assets of the Company remaining after payment of its debts and liabilities shall be applied in the following manner and order of priority.

- Firstly, in paying the holders of the Redeemable A1 preference Shares all unpaid arrears and accruals of any dividends.
- Secondly, in paying the holders of the Redeemable A1 preference Shares an amount equal to the subscription price paid for such shares.
- Thirdly, in paying the holders of the other Redeemable preference Shares all unpaid arrears and accruals of any dividends.
- Fourthly, in paying the holders of the other Redeemable preference Shares an amount equal to the subscription price paid for such shares.
- Fifthly, in paying the holders of Ordinary Shares all unpaid arrears and accruals of any dividends;
- Sixthly, in paying the issue price of the Ordinary Shares.
- Lastly in distributing the balance amongst the holders of the A, B and C shares *pari passu* as if the A Shares, the B Shares and C shares constituted one class.

The holders of the A, B and C ordinary shares shall be entitled to receive notice of and to attend and vote at general meetings of the Company. At 31 December 2020, unpaid preference dividends amounted to £2,754,000 (2019 - £1,431,000).

22 Analysis of net debt

Group	At 1 January 2020 £'000	Drawdowns £'000	Repayments £'000	Other non- cash changes £'000	At 31 December 2020 £'000
Cash at bank #	2,252	10,258	-	-	12,510
Senior loans	(60,725)	(7,000)	-	(160)	(67,885)
Revolver loan	(1,700)	(600)	-	-	(2,300)
Shareholder loan facility	(55,381)	(4,444)	-	(5,570)	(65,395)
Preference shares	(11,089)	(1,299)	-	-	(12,388)
Accrued preference dividends	(1,431)	-	-	(1,323)	(2,754)
Total	(128,074)	(3,085)	-	(7,053)	(138,212)

includes all cashflows in the year

YM&U Topco Limited

Notes to the financial statements (continued)

23 Share based payments

The following shares were issued to employees of the Group:

	14 February 2020 £'000	16 May 2020 £'000
A2 ordinary shares	-	128,157
B preference shares	-	20,573,501
Units in C ordinary shares	1,245,000	-

The ordinary shares and preference shares were issued at a price of £0.01 per share (2019 - £0.01 per share). The units issued to the employees of the Group are linked to C ordinary shares and are cash-settled arrangements.

At 31 December 2020, the Group's Employee Benefit Trust held 2,895,000 (2019 - 3,045,835) ordinary and no preference shares (2019 - 4,147,507) in the Group.

The equity-settled issued shares are required to be measured at their fair value at their respective issue date. Cash-settled share options are measured at fair value at the date of grant and at each balance sheet date.

The fair value of the shares is influenced by different factors such as the timing of when the shares are to be sold. The model Black-Scholes model was used to determine the fair value of the shares issued by modelling uncertain future outcomes and eventualities associated with the shares based on market inputs at the respective issue dates.

The fair value of the cash-settled shares issued during the year and allocated to employees at the balance sheet date is £89,000 (£nil) and for the equity-settled shares issued is £96,000 (2019 - £4,810,000). The fair value is accounted for on a straight line basis over the period to exit, which is assumed to be September 2023.

The total amount charged to the Consolidated Statement of Comprehensive Income in the year to 31 December 2020 was £1,312,000 for the equity-settled arrangements (2019 - £1,490,000) and £21,000 for the cash-settled arrangements (2019 - £nil).

24 Commitments under operating leases

The fair value of minimum lease payments payable on the Group's operating leases were as follows:

	2020 Land and buildings £000	2019 Land and buildings £000
Within one year	1,494	1,422
In two to five years	4,925	5,322
In more than five years	4,586	3,157
	11,005	9,901

YM&U Topco Limited

Notes to the financial statements (*continued*)

25 Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and is further detailed at note 5. Other creditors include £74,000 (2019 - £47,000) in respect of pension contributions committed but not yet paid at the year end.

26 Other financial commitments

Cross guarantee

Certain companies with the YM&U Topco Limited group operate under an intercompany guarantee of unlimited security which is secured over the assets within the YM&U Topco Limited group. The total amount outstanding including interest at 31 December 2020 was £70,706,000 (2019 - £63,121,000).

Guarantee of subsidiaries

YM&U Topco Limited has given a guarantee under section 479a of the Companies Act relating to the liabilities of the following subsidiaries for the year ended 31 December 2020:

YM&U Group Limited	09180330
YM&U Business Management Limited	03045156
James Grant Rights Limited	05972389
James Grant Bidco Limited	09123638
Gallowgate Productions Limited	04336706
JG Music Publishing Limited	05866190
James Grant Music Publishing Limited	07219595
YM&U Holdings Limited	06928966
Strike Management Limited	05177799
James Grant I.P. Limited	09858095
YM&U Central Services Limited	06898710
Industry Media Limited	05005272
Machine Music Management Limited	04587724
Machine Music Rights Limited	06833961
Hall or Nothing Management Limited	06058640
James Grant Production Limited	04603985
James Grant Music Limited	05866206
Rabbit Vocal Management Limited	04534193
James Grant Sports Limited	06980486

27 Contingent assets and liabilities

Contingent assets

The Group has lodged a claim against a former employee regarding a breach of contract. The matter had been referred to arbitration and the Group had a favourable outcome in January 2021. This is now being pursued through the US Courts and, having received legal advice, the directors believe a favourable outcome is probable. However, an asset has not been recognised as a receivable at 31 December 2020, because any amount received is dependent on the outcome of the legal process, which is not completed at the date of signing these financial statements.

YM&U Topco Limited

Notes to the financial statements *(continued)*

27 Contingent assets and liabilities *(continued)*

Contingent assets (continued)

The Group has submitted a claim to the Small Business Authority (SBA) in the United States to apply for the grants received in relation to the Payment Protection Program to be forgiven, whilst a favourable outcome expected. However, an asset has not been recognised as a receivable at 31 December 2020, because any grant received is dependent on the Small Business Authority's approval process, which is not completed at the date of signing these financial statements and it is not deemed that the Group has reasonable assurance that the entity will meet the terms of forgiveness of the loan until the SBA formally responds.

Contingent liabilities

From time to time, the Group is engaged in litigation in the ordinary course of business. There are no material contingent liabilities requiring disclosure at 31 December 2020.

28 Related party transactions

Group

The shareholder loan facility of £65,395,000 (2019 - £55,381,000) and preference shares of £6,626,000 (2019 - £6,070,000) are payable to Talent International S.A., the parent undertaking.

The Group's Employee Benefit held £29,000 (2019 - £30,000) of ordinary and £nil (2019 - £41,000) of preference shares in the Group at 31 December 2020.

29 Ultimate parent undertaking and controlling party

The directors regard Talent International S.A. as the ultimate parent undertaking and controlling party. The smallest and largest group in which the results of the company are consolidated is that headed by YM&U Topco Limited. Copies of the financial statements are available from 180 Great Portland Street, London, W1W 5QZ.

30 Subsequent events

After the year end, the Group incorporated a new company in the US, YM&U Arts LLC. YM&U Arts specialises in representing digital artists and traditional artists. A key area of focus for this new company and its clients is the growing non-fungible tokens (NFTs) market.

No other subsequent events noted.