

# ELECTRICLAND LIMITED

Report and Financial Statements

31 December 2018

Registered No. 05142633

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COMPANIES HOUSE

# Electricland Limited

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## COMPANY INFORMATION

### **DIRECTORS**

J M Hands  
S R Douglas  
S Emeny

### **SECRETARY**

S Emeny

### **AUDITOR**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

### **BANKERS**

HSBC Bank plc  
Global Banking & Markets  
8 Canada Square  
London  
E14 5HQ

### **REGISTERED OFFICE**

211 Stockwell Road  
London  
SW9 9SL

# Electricland Limited

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## **STRATEGIC REPORT** for the year ended 31 December 2018

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The principal activity of the company is that of a holding company.

The profit for the financial year ended 31 December 2018 was £33,118,518 (2017 - loss of £2,216,713). The company received a dividend during the year of £35,000,000 (2017 - £nil) and paid a dividend of £19,330,775 (2017 - £nil).

The dividend received during the year of £35,000,000 was a result of the re-financing activity across the group and reflects distribution of historical retained earnings from the principal trading subsidiary.

The statement of financial position on page 8 shows the company's financial position at the year end. Net liabilities have decreased by 92% to £1,225,314. This is as a result of the dividend received as described above.

In March 2018, the company underwent a refinancing of its bank loans. The old facility which was due to expire in November 2020 was replaced by a new 5 year facility of £32,500,000, comprising a main loan facility instrument of £25,000,000 and a £7,500,000 revolver credit facility. The loan facility instrument is repayable in quarterly instalments of £500,000 in 2019 and £1,250,000 from 2020 with a final £5,000,000 instalment in March 2023.

During the year ended 31 December 2018, £2,000,000 was repaid leaving a balance on the loan facility instrument of £23,000,000. £nil of the new revolving facility was drawn down at 31 December 2018.

Interest on these instruments is charged at normal commercial rates as agreed with the lenders from time to time. The bank loans are secured by a fixed and floating charge over the assets of the company and its subsidiary undertakings.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the company. Monitoring exposure to risk and uncertainty is an integral part of the company's structured management processes. The principal risks that the company faces are financial risks (see note 18) as well as regulatory and legislative impacts.

By order of the Board



J M Hands  
Director  
Date 4/4/19

# Electricland Limited

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## **DIRECTORS' REPORT**

The directors who served during the year ended 31 December 2018 were as follows:

J M Hands  
S R Douglas  
P R Latham (resigned 20 August 2018)  
S Emeny (appointed 20 August 2018)

## **FUTURE DEVELOPMENTS**

Notwithstanding the risk and uncertainties outlined below and in the Strategic Report, the directors do not anticipate any significant change in the activities and results of the company in the foreseeable future.

## **GOING CONCERN**

In March 2018, the company underwent a refinancing of its bank loans. The old facility which was due to expire in November 2020 was replaced by a new 5 year £32,500,000 facility comprising of £25,000,000 loan facility instrument repayable in quarterly instalments with a final £5,000,000 instalment in March 2023 and a £7,500,000 revolving credit facility. The quarterly instalments are as follows: Years 1 and 2 - £500,000 per quarter; Years 3 and 4 - £1,250,000 per quarter; Year 5 - £1,500,000 per quarter.

The company is able to generate profits via dividends from its subsidiary Academy Music Group Limited.

Management forecasts for the Academy Music Group, show future cash inflows from operating activities to be sufficient to cover the company's debt servicing requirements.

Based on the above the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

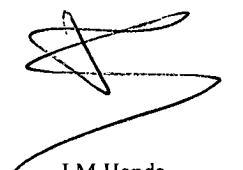
## **FINANCIAL RISK MANAGEMENT**

The company forms part of a larger group and the principal risks and uncertainties facing it are therefore integrated with those facing the Live Nation Entertainment, Inc. group as a whole. Accordingly, the nature of risk and its management are further detailed in the Annual Review and accounts of Live Nation Entertainment, Inc. which are available from the Live Nation website ([www.livenation.com](http://www.livenation.com)).

## **AUDITOR**

During the year, in accordance with section 485 of the Companies Act 2006, the directors appointed Ernst & Young LLP as auditor of the company. An ordinary resolution is to be proposed for reappointment of Ernst & Young LLP for the next financial year.

By order of the Board



J M Hands  
Director  
Date 17/4/19

# Electricland Limited

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## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICLAND LIMITED**

### **Opinion**

We have audited the financial statements of Electricland Limited for the year ended 31 December 2018 which comprise the Statement of income and retained earnings, the statement of financial position and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELECTRICLAND LIMITED

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

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

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

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

### Use of our report

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

*Ernst & Young LLP*

Louise Pennell (Senior Statutory Auditor)  
for and behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 5/4/2019

# Electricland Limited

## STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Administrative expense		(274)	(268)
<b>OPERATING LOSS</b>	4	(274)	(268)
Dividends received		35,000,000	-
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX</b>		34,999,726	(268)
Interest receivable on group undertaking loans		344,318	38,147
Interest payable and similar charges	6	(2,225,526)	(2,254,592)
<b>PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX</b>		33,118,518	(2,216,713)
Tax on profit / (loss) on ordinary activities	7	-	-
<b>PROFIT / (LOSS) FOR THE FINANCIAL YEAR</b>		33,118,518	(2,216,713)
Retained losses at 1 January		(15,513,056)	(13,296,343)
Dividends paid	8	(19,330,775)	-
<b>RETAINED LOSS AT 31 DECEMBER</b>		(1,725,313)	(15,513,056)

All the company's operations are continuing.

There are no other items of comprehensive income other than as stated in the income statement.

The accompanying accounting policies and notes form part of the financial statements.

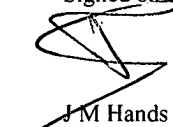


# Electricland Limited

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
<b>FIXED ASSETS</b>			
Investments	9	27,608,056	27,608,056
<b>CURRENT ASSETS</b>			
Debtors	10	8,501,116	1,199,822
Cash at bank and in hand		2,399	13,991
		<u>8,503,515</u>	<u>1,213,813</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(2,506,498)</u>	<u>(22,159,426)</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>5,997,017</u>	<u>(20,945,613)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>33,605,073</u>	<u>6,662,443</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12	<u>(34,830,386)</u>	<u>(21,675,499)</u>
<b>NET LIABILITIES</b>		<u><u>(1,225,313)</u></u>	<u><u>(15,013,056)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	500,000	500,000
Profit and loss account		<u>(1,725,313)</u>	<u>(15,513,056)</u>
<b>EQUITY SHAREHOLDER'S DEFICITS</b>		<u><u>(1,225,313)</u></u>	<u><u>(15,013,056)</u></u>

Signed on behalf of the Board of Directors:

  
J M Hands  
Director  
Date 4/4/19

Registered No.05142633

The accompanying accounting policies and notes form part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

### 1 COMPANY INFORMATION

Electricland Limited is a private company limited by shares incorporated in England and Wales. The registered office is 211 Stockwell Road, London, SW9 9SL.

### 2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

#### **Group financial statements**

The company is exempt from preparing Group financial statements under Section 400 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking. Accordingly, these financial statements present information about the company and not its Group.

#### **Disclosure exemptions within FRS 102:**

The company has adopted the disclosure exemption within FRS 102 Section 1 paragraph 12 in relation to the requirement to present a statement of cash flows and related notes.

#### **Going Concern**

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report on pages 2 and 3.

In March 2018, the company underwent a refinancing of its bank loans. The old facility which was due to expire in November 2020 was replaced by a new 5 year £32,500,000 facility comprising of £25,000,000 loan facility instrument repayable in quarterly instalments with a final £5,000,000 instalment in March 2023 and a £7,500,000 revolving credit facility. The quarterly instalments are as follows: Years 1 and 2 - £500,000 per quarter; Years 3 and 4 - £1,250,000 per quarter; Year 5 - £1,500,000 per quarter.

The company is able to generate profits via dividends from its subsidiary Academy Music Group Limited.

Management forecasts for the Academy Music Group, show future cash inflows from operating activities to be sufficient to cover the company's debt servicing requirements.

Based on the above the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Accounting judgements and key sources of estimation uncertainty**

In the preparation of the financial statements management make certain judgements that impact these statements. While these judgements are continually reviewed, the facts and circumstances underlying these judgements may change, resulting in a change to the estimate that could impact the results of the Company. In particular:

##### *Carrying value of investments*

Determining whether investments in subsidiaries are impaired requires an assessment of impairment indicators and, if indicators exist, the estimation of their recoverable amounts. The calculation of recoverable amount requires the entity to estimate the future cash flows expected to arise from the investments and select a suitable discount rate in order to calculate present value.

### 3 PRINCIPAL ACCOUNTING POLICIES

#### **Revenue recognition**

##### *Interest income*

Revenue is recognised as interest accrues using the interest rate determined by the loan agreement or the prevailing interest rate.

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

### 3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

#### Revenue recognition

##### *Income from fixed asset investments*

Revenue is recognised when the company's right to receive payment is established.

#### Investments

Investments are recognised initially at fair value which is normally the transaction price. Subsequently, they are recognised at cost less impairment unless a reliable measure of fair value becomes available.

#### Debtors

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

#### Creditors

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

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### Taxation

Taxation expense for the year comprises current and deferred tax recognised in the year. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

### 4 OPERATING LOSS

The operating loss for the year was derived from the company's principal continuing activity which was carried out wholly in the UK.

The 2018 auditor's remuneration of £2,400 is borne by Academy Music Group Limited, a wholly owned subsidiary (2017 - £1,780).

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

### 5 DIRECTORS AND EMPLOYEES

Directors' emoluments have been borne by various other companies within the Group. The directors are also directors or officers of a number of companies within the Live Nation Entertainment, Inc. Group. The directors services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2018 and 31 December 2017.

The company had no employees for the years ended 31 December 2018 and 31 December 2017.

### 6 INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	£
Interest payable on bank borrowing	601,247	466,855
Interest payable on loan notes	768,390	942,222
Interest payable on group undertaking loans	617,556	775,515
Amortisation of loan issue expenses	238,333	70,000
	<u>2,225,526</u>	<u>2,254,592</u>

### 7 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

#### (a) Analysis of tax charge in the year

	2018	2017
	£	£
Current tax:		
UK Corporation Tax on profit / (loss) for the year	-	-
	<u>-</u>	<u>-</u>
Total tax charge for the year (note 7 (b))	<u>-</u>	<u>-</u>

#### (b) Factors affecting the total tax charge for the year

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax of 19% (2017 - 19.25%) to the profit / (loss) before tax is as follows:

	2018	2017
	£	£
Profit / (Loss) on ordinary activities before taxation	33,118,518	(2,216,713)
Profit / (Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	6,292,518	(426,641)
Effects of:		
Income not taxable and corresponding adjustments	(456)	(343)
Group relief surrendered not paid for	357,938	426,984
Dividend not taxable	(6,650,000)	-
	<u>-</u>	<u>-</u>
Total tax charge for the year (note 7 (a))	<u>-</u>	<u>-</u>

#### c) Tax rate changes

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

A further reduction to the UK Corporation tax rate was enacted as part of the Finance Act 2016. As such the main rate will fall from 19% to 17% from 1 April 2020.

# Electricland Limited

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

### 8 DIVIDENDS

	2018	2017
	£	£
Paid during the year	19,330,775	-

An interim dividend was paid in February 2018 based on the accounts for the year ended 31 December 2017 and the management accounts for the period to the date of the dividend which showed sufficient profits available at that time for distribution. The company has subsequently made a loss in the period from payment of the dividend to the year end date.

### 9 FIXED ASSET INVESTMENTS

	Investments in subsidiaries
	£
Cost:	
At 1 January 2018 and 31 December 2018	27,608,056
Net book value at 31 December 2017 and 31 December 2018	27,608,056

The company assesses at each reporting date whether there is an indication that an investment may be impaired. If any such indications exists, the company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The following were subsidiary undertakings of the company:

<i>Name of company</i>	<i>Holding</i>	<i>Class of shares</i>	<i>Nature of business</i> Management of music venues Holding company Venue operator	<i>Country of incorporation and operation</i>
Academy Music Group Limited	100%	Ordinary		England
ABC3 Limited*	100%	Ordinary		Scotland
Tecjet Limited*	77.5%	Ordinary		Scotland

\*companies where the share capital is held indirectly

### 10 DEBTORS

	2018	2017
	£	£
Amounts owed from group undertakings	8,491,993	1,190,699
Prepayments	9,123	9,123
	8,501,116	1,199,822

Included within amounts owed from group undertakings falling due within one year is £8,491,993 (2017 - £1,190,699) of interest bearing loans. Interest is charged at 3month GBP LIBOR plus 3%. All amounts owed by group undertakings are unsecured.

# Electricland Limited

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

### 11 CREDITORS: amounts falling due within one year

	2018	2017
	£	£
Bank loans and overdrafts	1,952,000	3,930,000
Amounts owed to group undertakings	302,338	17,961,015
Accruals	244,605	217,919
Withholding tax payable	7,555	50,492
	<u>2,506,498</u>	<u>22,159,426</u>

Included within amounts owed to group undertakings falling due within one year is £302,338 (2017 - £17,961,015) of interest bearing loans. Interest is charged at 3month GBP LIBOR plus 3%. All amounts owed to group undertakings are unsecured.

### 12 CREDITORS: amounts falling due after more than one year

	2018	2017
	£	£
Bank loans	20,848,000	9,030,036
Loan notes	13,982,386	12,645,463
	<u>34,830,386</u>	<u>21,675,499</u>

### 13 LOANS

Creditors include finance capital which is due for repayments as follows:

	2018	2017
	£	£
Amounts repayable:		Re-stated
In one year or less	2,000,000	4,000,000
In more than one year but not more than two years	5,000,000	4,000,000
In more than two years but not more than five years	29,982,386	17,803,832
	<u>36,982,386</u>	<u>25,803,832</u>
Unamortised loan issue expenses within one year	(48,000)	(70,000)
Unamortised loan issue expenses after more than one year	(152,000)	(128,333)
	<u>36,782,386</u>	<u>25,605,499</u>

The prior year re-statement relates to reclassification of £12,645,463 of amounts due in more than two years but not more than five years that were incorrectly classified as amounts due in more than five years.

The loan instruments at the end of the year comprise the following:

#### Bank loans

In March 2018, the company underwent a refinancing of its bank loans. The old facility which was due to expire in November 2020 was replaced by a new 5 year £32,500,000 facility comprising of a £25,000,000 loan facility instrument repayable in quarterly instalments with a final £5,000,000 instalment in March 2023 and a £7,500,000 revolver credit facility. The quarterly instalments are as follows: Years 1 and 2 - £500,00 per quarter; Years 3 and 4 - £1,250,000 per quarter; Year 5 - £1,500,000 per quarter.

The bank loans are secured by a fixed and floating charge over the assets of the company and its subsidiary undertakings.

#### Loan notes

Loan notes of £10,637,176 which are due for repayment in August 2023 and accrued interest of £3,345,208. These loan notes are unsecured and have a fixed interest rate of 11%.

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

### 14 SHARE CAPITAL

	2018 Number	2017 Number	2018 £	2017 £
<i>Allotted, called up and fully paid</i>				
Equity ordinary shares of £1 each	500,000	500,000	500,000	500,000

### 15 RESERVES

Called up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior periods retained profits and losses.

### 16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 102 not to disclose transactions with group undertakings as a subsidiary which is 100% owned by its immediate parent undertaking.

There were no other related party transactions.

### 17 CONTINGENCIES AND CAPITAL COMMITMENTS

The company is included in a group VAT registration and is therefore jointly and severally liable for all the other group companies' unpaid debts in this connection.

The company had no other capital commitments and contingent liabilities at 31 December 2018 and 31 December 2017.

### 18 FINANCIAL RISK MANAGEMENT

The company has exposure to two main area of risk - liquidity risk and interest rate risk.

#### Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows of its principal subsidiary. In the event that the operating cash flows would not cover all the financial obligations the company has credit facilities available from group companies.

#### Interest rate risk

Interest rate risk is the risk that the fair value of, or future cash flows associated with, a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk on its floating rate borrowings as these are periodically based on the short-term interbank rate, LIBOR. The company mitigates this risk using forecasting and financial modelling to assess the impact of any future changes in this rate.

### 19 IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The company's immediate parent company is Academy Music Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and ultimate controlling party of this company is Live Nation Entertainment Inc., incorporated in the state of Delaware, United States of America.

The largest group of undertakings for which group accounts have been drawn up is that headed by Live Nation Entertainment Inc. Copies of the consolidated financial statements for Live Nation Entertainment, Inc. are available from 9348 Civic Center Drive, Beverly Hills, California, 90210, United States of America.

The smallest group of undertakings for which group accounts have been drawn up is that headed by Academy Music Holdings Limited, incorporated in England and Wales. Copies of the consolidated financial statements for Academy Music Holdings Limited are available from 2nd Floor, Regent Arcade House, 19-25 Argyll Street, London, W1F 7TS.