

Company Registration No. 05801088 (England and Wales)

Creative Artists Agency UK Limited
Annual report and financial statements
For the year ended 30 September 2018

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CREATIVE ARTISTS AGENCY UK LIMITED

COMPANY INFORMATION

Directors	R Light M Rubel J Freedman J Burtson
Secretary	M Rubel
Company number	05801088
Registered office	12 Hammersmith Grove Hammersmith London United Kingdom W6 7AP
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Bankers	Barclays Bank Plc Business Services Level 27 1 Churchill Place London E14 5HP

CREATIVE ARTISTS AGENCY UK LIMITED

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CREATIVE ARTISTS AGENCY UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present the strategic report for the year ended 30 September 2018.

Fair review of the business

The company made a pre-tax profit of £6,196,899 (2017: £153,155) for the year. The principal activity of the company continues to be that of booking agents for artists within the entertainment industry.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are primarily those inherent in the entertainment and media sector. As well as underlying economic factors, its income is dependent on the continued popularity of the live music scene. This is a well established market which continues to expand globally.

See Directors Report for analysis of financial instruments risk.

Position of the company at the year end

The directors are confident about the future prospects for the company. The company continues to grow its client base and looks forward to its continuing profitability in the future.

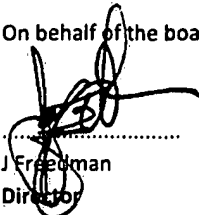
Key performance indicators

The directors monitor the performance of the business using various Key Performance Indicators ("KPIs"). The main KPIs were:

- Turnover increased by 75% (2017: increased by 12%) compared to the previous year.
- This allowed the company to achieve a profitable situation for the year affecting the other key performance indicators of gross profit and profit before tax compared to turnover.

Turnover in any year is susceptible to the activities of its clients, and there will be occasions where this can lead to significant fluctuations over the company's accounting years. The underlying client base is increasing and the company is able to withstand these movements.

On behalf of the board



J. Freedman
Director

CREATIVE ARTISTS AGENCY UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their annual report and financial statements for the year ended 30 September 2018.

Directors

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

R Light

M Rubel

J Freedman

J Burtson

(Appointed 15 March 2019)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Financial instruments

The company has a normal level of exposure to price, credit and cash flow risk arising from trading activities which are conducted in Sterling. The company does not enter into any lending transactions.

Liquidity risk

The directors monitor the monetary requirements of the company to ensure that sufficient funds are available to enable the company to meet its obligations as they fall due.

Future developments

The directors are continually exploring ways of exploiting the trends within the industry for the benefit of the company including increasing its portfolio of artists within the entertainment industry.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The entity has received a letter from the parent company stating their intention to provide support as and when required. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Auditor

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

CREATIVE ARTISTS AGENCY UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

Statement of disclosure to auditor

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

On behalf of the board


Jeffrey Freedman (Jun 28, 2019)

J Freedman

Director

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CREATIVE ARTISTS AGENCY UK LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CREATIVE ARTISTS AGENCY UK LIMITED

Opinion

We have audited the financial statements of Creative Artists Agency UK Limited (the 'company') for the year ended 30 September 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including 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 state of the company's affairs as at 30 September 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.

CREATIVE ARTISTS AGENCY UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CREATIVE ARTISTS AGENCY UK LIMITED

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Stuart Darrington (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP

Statutory Auditor

London

28/6/19

CREATIVE ARTISTS AGENCY UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		2018	2017
	Notes	£	£
Turnover	3	23,511,732	13,441,211
Administrative expenses		(17,503,624)	(13,340,901)
Operating profit	4	6,008,108	100,310
Interest receivable and similar income	6	188,791	52,845
Profit before taxation		6,196,899	153,155
Taxation	7	(1,365,862)	(115,714)
Profit for the financial year		4,831,037	37,441
Other comprehensive income		-	-
Total comprehensive income for the year		4,831,037	37,441

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

There are no recognised gains and losses other than those passing through the statement of comprehensive income.


CREATIVE ARTISTS AGENCY UK LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	8		3,291,452		1,270,112
Current assets					
Debtors	9	1,368,393		766,520	
Cash at bank and in hand		24,596,501		13,595,848	
		<u>25,964,894</u>		<u>14,362,368</u>	
Creditors: amounts falling due within one year	10	<u>(23,628,344)</u>		<u>(15,112,912)</u>	
Net current assets/(liabilities)			2,336,550		(750,544)
Total assets less current liabilities			<u>5,628,002</u>		<u>519,568</u>
Creditors: amounts falling due after more than one year	11		(107,318)		-
Provisions for liabilities	13		(170,079)		-
Net assets			<u>5,350,605</u>		<u>519,568</u>
Capital and reserves					
Called up share capital	16		1		1
Retained earnings			5,350,604		519,567
Total equity			<u>5,350,605</u>		<u>519,568</u>

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


 Jeffrey Freedman (Jun 28, 2019)

J Freedman
 Director

Company Registration No. 05801088

CREATIVE ARTISTS AGENCY UK LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Share capital	Retained earnings	Total
Notes	£	£	£
Balance at 1 October 2016	1	482,126	482,127
Year ended 30 September 2017:			
Profit and total comprehensive income for the year	-	37,441	37,441
Balance at 30 September 2017	1	519,567	519,568
Year ended 30 September 2018:			
Profit and total comprehensive loss for the year	-	4,831,037	4,831,037
Balance at 30 September 2018	1	5,350,604	5,350,605

CREATIVE ARTISTS AGENCY UK LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	20	13,399,104		2,281,099	
Income taxes (paid)/refunded		(154,571)		179,177	
Net cash inflow from operating activities		13,244,533		2,460,276	
Investing activities					
Purchase of tangible fixed assets		(2,639,052)		(1,063,180)	
Interest received		188,791		52,845	
Net cash used in investing activities		(2,450,261)		(1,010,335)	
Financing activities					
Increase in finance leases obligations		206,381		-	
Net cash generated from/(used in) financing activities		206,381		-	
Net increase in cash and cash equivalents		11,000,653		1,449,941	
Cash and cash equivalents at beginning of year		13,595,848		12,145,907	
Cash and cash equivalents at end of year		24,596,501		13,595,848	

CREATIVE ARTISTS AGENCY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

Company information

Creative Artists Agency UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 12 Hammersmith Grove, Hammersmith, London, United Kingdom, W6 7AP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The entity has received a letter from the parent company stating their intention to provide support as and when required. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable for services net of Value Added Tax. Income is recognised based on the date a show is performed.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Land and buildings leasehold	Over the life of the lease
Fixtures and fittings	20% straight line
Office equipment	25% straight line

Construction in progress and not in use is not depreciated until the assets are placed in service and are in a condition to be used.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

CREATIVE ARTISTS AGENCY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.6 Cash and cash equivalents

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

1.7 Financial instruments

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

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

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

Impairment of financial assets

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

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

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

CREATIVE ARTISTS AGENCY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.8 Equity instruments

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

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

CREATIVE ARTISTS AGENCY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

(Continued)

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

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

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

CREATIVE ARTISTS AGENCY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(183,691)	(17,870)
Fees payable to the company's auditor for the audit of the company's financial statements	19,000	18,000
Depreciation of owned tangible fixed assets	617,712	740,518
Operating lease charges - land and buildings	847,915	582,064
	<u> </u>	<u> </u>

5 Employees

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

	2018	2017
	Number	Number
Total staff	78	73
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	12,907,276	9,291,323
Social security costs	1,782,504	1,385,432
Pension costs	78,694	33,035
	<u> </u>	<u> </u>
	14,768,474	10,709,790
	<u> </u>	<u> </u>

The directors and key management are not remunerated by the company and the value of services provided to the company is negligible.

6 Interest receivable and similar income

	2018	2017
	£	£
Interest income		
Interest on bank deposits	188,791	52,845
	<u> </u>	<u> </u>

Total interest income for financial assets that are not held at fair value through profit or loss is £188,791 (2017: £52,845).

CREATIVE ARTISTS AGENCY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

7 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	1,179,323	160,933
Adjustments in respect of prior periods	(53,370)	(6,716)
	<u>1,125,953</u>	<u>154,217</u>
Deferred tax		
Origination and reversal of timing differences	239,909	(38,503)
	<u>239,909</u>	<u>(38,503)</u>
Total tax charge	<u>1,365,862</u>	<u>115,714</u>

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

	2018 £	2017 £
Profit before taxation	<u>6,196,899</u>	<u>153,155</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	1,177,411	29,865
Tax effect of expenses that are not deductible in determining taxable profit	241,821	92,579
Unutilised tax losses carried forward	-	(14)
Adjustments in respect of prior years	(53,370)	(6,716)
Taxation charge for the year	<u>1,365,862</u>	<u>115,714</u>

The Finance Act 2015 included legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. These changes were substantively enacted on 26 October 2015. In its 2016 Budget announced on 16 March 2016, the UK Government announced its intention to further lower the main rate of corporation tax to 17% from 1 April 2020, which was substantively enacted on 15 September 2016. The company has recognised its deferred tax balances at the rates at which these are expected to be utilised.

CREATIVE ARTISTS AGENCY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

8 Tangible fixed assets

	Land and buildings leasehold	Construction in progress	Fixtures and fittings	Office equipment	Total
	£	£	£	£	£
Cost					
At 1 October 2017	1,272,076	1,026,359	561,088	791,878	3,651,401
Additions	1,802,034	-	296,005	541,013	2,639,052
Disposals	(1,272,076)	-	(291,204)	(615,462)	(2,178,742)
Transfers	1,026,359	(1,026,359)	-	-	-
At 30 September 2018	2,828,393	-	565,889	717,429	4,111,711
Depreciation and impairment					
At 1 October 2017	1,137,160	-	532,459	711,670	2,381,289
Depreciation charged in the year	394,186	-	66,216	157,310	617,712
Eliminated in respect of disposals	(1,272,076)	-	(291,204)	(615,462)	(2,178,742)
At 30 September 2018	259,270	-	307,471	253,518	820,259
Carrying amount					
At 30 September 2018	2,569,123	-	258,418	463,911	3,291,452
At 30 September 2017	134,916	1,026,359	28,629	80,208	1,270,112

9 Debtors

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	402,068	11,644
Other debtors	51,501	27,635
Prepayments and accrued income	914,824	657,411
	1,368,393	696,690
Deferred tax asset (note 14)	-	69,830
	1,368,393	766,520

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

CREATIVE ARTISTS AGENCY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

10 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	12	99,063	-
Trade creditors		76,355	381,977
Amounts owed to group undertakings		1,143,271	700,700
Corporation tax		1,179,323	207,941
Other taxation and social security		1,801,182	790,018
Other creditors		12,169,172	9,911,104
Accruals and deferred income		7,159,978	3,121,172
		<u>23,628,344</u>	<u>15,112,912</u>

Included in bank balances are £12,074,054 (2017: £10,726,950) of funds held in client fund bank accounts. The balances which are included in other creditors shown above in relation to the client funds are £12,007,531 (2017: £9,894,885).

11 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	12	<u>107,318</u>	<u>-</u>

12 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	99,063	-
In two to five years	107,318	-
	<u>206,381</u>	<u>-</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

13 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	14	<u>170,079</u>	<u>-</u>

CREATIVE ARTISTS AGENCY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
Balances:				
Accelerated capital allowances	170,079	-	-	-
Deferred tax asset	-	-	-	69,830
	<u>170,079</u>	<u>-</u>	<u>-</u>	<u>69,830</u>

15 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>78,694</u>	<u>33,035</u>

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

16 Share capital

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

17 Operating lease commitments

Lessee

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

	2018 £	2017 £
Within one year	1,231,785	1,481,785
Between two and five years	4,927,138	4,927,138
In over five years	<u>4,721,841</u>	<u>5,953,625</u>
	<u>10,880,764</u>	<u>12,362,548</u>

CREATIVE ARTISTS AGENCY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

18 Related party transactions

During the year CAA Sports UK Limited, a company which is a related party due to common ownership, received services from Creative Artists Agency UK Limited worth £2,232,337 (2017: £1,324,818). At the year end, CAA Sports UK Limited owed Creative Artists Agency UK Limited £1,283 (2017: Creative Artists Agency UK Limited owed CAA Sports UK Limited £240,644).

The company has taken advantage of the exemption available in FRS 102 Section 33 'Related party disclosures' not to disclose transactions entered into between two or more members of a group where a subsidiary which is a party to the transaction is wholly owned by such a member.

19 Controlling party

The immediate parent undertaking is CAIC, LLC, whose address is 2000 Avenue of the Stars, Los Angeles, CA90067, United States of America.

The ultimate parent company is TPG VI Constellation, L.P., a Delaware Limited Partnership (LP), whose address is 301 Commerce Street, Suite 3300, Fort Worth, TX 76102, United States of America.

20 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	4,831,037	37,441
Adjustments for:		
Taxation charged	1,365,862	115,714
Investment income	(188,791)	(52,845)
Depreciation and impairment of tangible fixed assets	617,712	740,518
Movements in working capital:		
(Increase) in debtors	(671,703)	(100,931)
Increase in creditors	7,444,987	1,541,202
Cash generated from operations	13,399,104	2,281,099