

Company Registration No. 05801088 (England and Wales)

**Creative Artists Agency UK Limited**  
**Annual report and financial statements**  
**For the year ended 30 September 2021**



55 Loudoun Road  
St John's Wood  
London NW8 0DL

## CREATIVE ARTISTS AGENCY UK LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	R Light J Freedman J Burtson
<b>Secretary</b>	M Rubel
<b>Company number</b>	05801088
<b>Registered office</b>	12 Hammersmith Grove Hammersmith London United Kingdom W6 7AP
<b>Auditor</b>	MGR Weston Kay LLP 55 Loudoun Road St John's Wood London NW8 0DL
<b>Bankers</b>	Barclays Bank Plc Business Services Level 27 1 Churchill Place London E14 5HP

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# CREATIVE ARTISTS AGENCY UK LIMITED

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# CREATIVE ARTISTS AGENCY UK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

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The directors present the strategic report for the year ended 30 September 2021.

#### **Fair review of the business**

The company made a pre-tax loss of £7,446,959 (2020: £6,882,369) for the year. The principal activity of the company continues to be that of booking agents for artists within the live music industry.

#### **Risks to the business and the wider industry**

The principal risks and uncertainties facing the Company are primarily those inherent in the Media and Entertainment industry. As well as underlying economic factors, the Company's income is dependent on the continued popularity of the live music scene. Prior to COVID-19 this was a well-established market which has historically continued to expand globally.

#### **COVID-19 Pandemic risk**

On January 30, 2020, the World Health Organization declared the outbreak of COVID-19 to be a public health emergency of international concern. The COVID-19 pandemic has severely restricted the level of economic activity around the world. In response to the COVID-19 pandemic, the governments of many countries, states, cities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations and advising or requiring individuals to limit or forego their time outside of their homes. COVID-19 has also resulted in the postponement and cancellation of live events.

In response to this, the Company closed its offices and implemented business continuity plans for staff to work from home, which, due to the nature of the business, has caused minimal disruption and has in fact led to cost savings.

The directors have assessed the impact of COVID-19 on the Company, including a review of revenue, cost base and working capital requirements. A significant reduction in revenue has been observed since live events were cancelled or postponed, although the Company has been able to pivot and adapt where possible to virtual or socially distanced gigs and complementary revenue opportunities for our clients. The Company has the financial support of its intermediate parent Company, CAA Holdings, LLC which has sufficient cash and liquidity to fund the Company's operations if necessary.

The Company has prioritised managing its costs and financial position during this time, which has included taking advantage of UK Government schemes such as the temporary deferral of PAYE payments, and the Coronavirus Job Retention Scheme.

The Company has reviewed and updated its forecasts and has a more positive outlook for fiscal year 2022 with expectations that the summer period of 2022 will bring increased revenues once again.

Despite the difficulties that COVID-19 has placed on the industry and the wider economy, CAA Holdings, LLC and its subsidiaries are well placed market leaders given both the diversified portfolio of divisions spanning the Media and Entertainment industry and the Company's presence across multiple geographical locations. The directors are confident that the Company and the wider CAA Holdings, LLC group are well placed to perform 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 decreased by 38% (2020: decreased by 77%) compared to the previous year.
- Operating loss increased by 6% to £7,421,209 (2020: increased by 235% to £6,986,199) compared to the previous year.

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.

**CREATIVE ARTISTS AGENCY UK LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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On behalf of the board

J Freedman  
**Director**

20 June 2022

# CREATIVE ARTISTS AGENCY UK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

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The directors present their annual report and financial statements for the year ended 30 September 2021.

#### **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

(Resigned 13 April 2022)

J Freedman

J Burtson

#### **Results and dividends**

The results for the year are set out on page 9.

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**

As noted in the strategic report, the COVID-19 pandemic has had an adverse impact on the company's revenues as a result of the cancellation of live music events. The company has revised and updated its financial forecasts in light of the impact seen and the future uncertainty. The directors have concluded that the commitment of the wider CAA group to provide financial support is required in order to provide the assurance needed over the company's ability to continue as a going concern. The directors have received a letter from CAA Holdings, LLC, the company's intermediate parent undertaking, indicating that it will provide the company with such financial support as is necessary in order to allow the company to meet its obligations as they fall due, for a period of at least 12 months from the date of this report.

CAA Holdings, LLC has updated its consolidated financial forecasts in light of the pandemic. These forecasts show that the CAA Holdings LLC group will continue to generate profits and positive cash inflows for a period of at least 12 months from the date of this report, including in stress-test scenarios with plausible reductions in revenue.

Taking into account the position of the intermediate parent CAA Holdings, LLC and their assessment of the impact on the Company summarised in the COVID-19 Pandemic risk section of the Strategic report, the directors have a reasonable expectation that the Company has adequate resources and support to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **Auditor**

MGR Weston Kay LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

## **CREATIVE ARTISTS AGENCY UK LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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##### **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

J Freedman

**Director**

20 June 2022

# CREATIVE ARTISTS AGENCY UK LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CREATIVE ARTISTS AGENCY UK LIMITED

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#### Opinion

We have audited the financial statements of Creative Artists Agency UK Limited for the year ended 30 September 2021 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 22, 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 2021 and of its loss 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.

#### Emphasis of matter - Going Concern

We draw attention to Note 1.2 to the financial statements which describes the impact the COVID-19 pandemic has had on live music events and therefore the revenues of the Company. Our opinion is not modified in respect of this matter.

#### 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 and financial statements, 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.



## **CREATIVE ARTISTS AGENCY UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF CREATIVE ARTISTS AGENCY UK LIMITED**

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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 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.

#### **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.

## CREATIVE ARTISTS AGENCY UK LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

#### TO THE MEMBERS OF CREATIVE ARTISTS AGENCY UK LIMITED

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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.

We considered the nature of the Company's industry and its control environment, and reviewed the group's documentation relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- Have a direct effect on the determination of material amounts and disclosures in the financial statements. These include UK Companies Act, pensions legislation, and tax legislation; and
- Do not have a direct effect on the financials but on compliance which may be fundamental to the Company's ability to operate or to avoid a material penalty.

We discussed amongst the audit engagement team the opportunities and incentives that may exist within the organisation for fraud and how and where the fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas and set out specific procedures as described below:

*Deliberate manipulation of revenue to improve the perception of the Company's performance.*

- *We have addressed this risk through specific testing, on a sample basis, of current year invoices and subsequent sales returns to ensure validity.*

*Overstatement of intercompany transactions to improve the Company's position.*

- *We addressed this risk through specific testing and verification, on a sample basis, of the current year management charges, recharge workings and agreement of all intercompany balances.*

In addition to the above, our procedures to respond to the risks identified included the following:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- Reading minutes of meetings of those charged with governance.

No significant issues were identified during our testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgments made in making accounting estimates are indicative of potential bias; and evaluated the business rationality of any significant transactions that are unusual or outside the normal course of business.

## **CREATIVE ARTISTS AGENCY UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF CREATIVE ARTISTS AGENCY UK LIMITED**

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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.

**Nicholas Muir BA (Econ) FCA (Senior Statutory Auditor)**

**for and on behalf of MGR Weston Kay LLP**

**Chartered Accountants**

**Statutory Auditor**

55 Loudoun Road

St John's Wood

London

NW8 0DL

30 June 2022

# CREATIVE ARTISTS AGENCY UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021	2020
	Notes	£	£
Turnover	3	3,348,301	5,377,878
Administrative expenses		(11,414,167)	(12,689,675)
Other operating income		644,657	325,598
<b>Operating loss</b>	4	<b>(7,421,209)</b>	<b>(6,986,199)</b>
Interest receivable and similar income	6	-	103,830
Interest payable and similar expenses	7	(25,750)	-
<b>Loss before taxation</b>		<b>(7,446,959)</b>	<b>(6,882,369)</b>
Taxation	8	1,414,465	1,261,258
<b>Loss for the financial year</b>		<b>(6,032,494)</b>	<b>(5,621,111)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(6,032,494)</b>	<b>(5,621,111)</b>

The statement of comprehensive income 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 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	9		1,925,847		2,416,010
<b>Current assets</b>					
Debtors	10	4,489,316		4,063,482	
Cash at bank and in hand		1,957,897		2,141,232	
Cash held on behalf of clients		14,961,942		12,155,818	
		<u>21,409,155</u>		<u>18,360,532</u>	
<b>Creditors: amounts falling due within one year</b>	11		(24,207,697)		(16,530,657)
<b>Net current (liabilities)/assets</b>			<u>(2,798,542)</u>		<u>1,829,875</u>
<b>Total assets less current liabilities</b>			<u>(872,695)</u>		<u>4,245,885</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(983,306)		(21,121)
<b>Provisions for liabilities</b>			<u>(95,060)</u>		<u>(143,331)</u>
<b>Net (liabilities)/assets</b>			<u><u>(1,951,061)</u></u>		<u><u>4,081,433</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		1		1
Retained earnings			<u>(1,951,062)</u>		<u>4,081,432</u>
<b>Total equity</b>			<u><u>(1,951,061)</u></u>		<u><u>4,081,433</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20 June 2022 and are signed on its behalf by:

J Freedman  
Director

Company Registration No. 05801088

# CREATIVE ARTISTS AGENCY UK LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Share capital	Retained earnings	Total
Notes	£	£	£
Balance at 1 October 2019	1	9,702,543	9,702,544
Year ended 30 September 2020:			
Loss and total comprehensive income for the year	-	(5,621,111)	(5,621,111)
Balance at 30 September 2020	1	4,081,432	4,081,433
Year ended 30 September 2021:			
Loss and total comprehensive loss for the year	-	(6,032,494)	(6,032,494)
Balance at 30 September 2021	1	(1,951,062)	(1,951,061)

# CREATIVE ARTISTS AGENCY UK LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

		2021	2020
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	22	(4,286,632)	(11,096,617)
Interest paid		(25,750)	-
Income taxes refunded/(paid)		986,194	(593,810)
<b>Net cash outflow from operating activities</b>		<b>(3,326,188)</b>	<b>(11,690,427)</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(42,708)	(97,464)
Interest received		-	103,830
<b>Net cash (used in)/generated from investing activities</b>		<b>(42,708)</b>	<b>6,366</b>
<b>Financing activities</b>			
Payment of finance leases obligations		(8,255)	(99,063)
Loan financing received		5,999,940	-
<b>Net cash generated from/(used in) financing activities</b>		<b>5,991,685</b>	<b>(99,063)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,622,789</b>	<b>(11,783,124)</b>
Cash and cash equivalents at beginning of year		14,297,050	26,080,174
<b>Cash and cash equivalents at end of year</b>		<b>16,919,839</b>	<b>14,297,050</b>

# CREATIVE ARTISTS AGENCY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

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#### 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 (Impact of COVID-19)

As noted in the strategic report, the COVID-19 pandemic has had an adverse impact on the company's revenues as a result of the cancellation of live music events, and there is continued uncertainty as to when and the extent to which the live music industry will return to pre-pandemic levels of activity. The company has revised and updated its financial forecasts in light of the impact seen and the future uncertainty. The directors have concluded that the commitment of the wider CAA group to provide financial support is required in order to provide the assurance needed over the company's ability to continue as a going concern. The directors have received a letter from CAA Holdings, LLC, the company's intermediate parent undertaking, indicating that it will provide the company with such financial support as is necessary in order to allow the company to meet its obligations as they fall due, for a period of at least 12 months from the date of this report.

CAA Holdings, LLC has updated its consolidated financial forecasts in light of the pandemic. These forecasts show that the CAA Holdings LLC group will continue to generate profits and positive cash inflows for a period of at least 12 months from the date of this report, including in stress-test scenarios with plausible reductions in revenue.

Taking into account the position of the intermediate parent CAA Holdings, LLC and their assessment of the impact on the Company summarised in the COVID-19 Pandemic risk section of the Strategic report, the directors have a reasonable expectation that the Company has adequate resources and support to continue in operational existence for the foreseeable future. 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. Turnover is recognised once a show has been performed or stage of a contract has been completed. The following criteria must also be met before revenue is recognised.

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

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



# CREATIVE ARTISTS AGENCY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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### 1 Accounting policies

(Continued)

#### 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).

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.

# CREATIVE ARTISTS AGENCY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial 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.

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Other financial assets*

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### *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.

##### *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.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# CREATIVE ARTISTS AGENCY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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### 1 Accounting policies

(Continued)

#### *Financial liabilities*

##### *Other financial liabilities*

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### *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.

### 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.

# CREATIVE ARTISTS AGENCY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 1 Accounting policies

(Continued)

#### *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.

#### 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 profit or loss 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 profit or loss 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 leases asset are consumed.

# CREATIVE ARTISTS AGENCY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.14 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 in the period are included in profit or loss.

### 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. There were no such judgements, estimates or assumptions required in the financial statements for the year ended 30 September 2021.

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 and other revenue

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Commissions	3,348,301	5,377,878
	<u>          </u>	<u>          </u>
	2021	2020
	£	£
<b>Other significant revenue</b>		
Interest income	-	103,830
Grants received	239,698	325,598
Management fee	404,959	-
	<u>          </u>	<u>          </u>

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 2021

#### 4 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(21,956)	134,539
Government grants	(239,698)	(325,598)
Fees payable to the company's auditor for the audit of the company's financial statements	31,700	23,300
Depreciation of owned tangible fixed assets	532,871	535,474
Operating lease charges	606,560	653,447
	<u>          </u>	<u>          </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £21,956 (2020 - £134,539 credit).

#### 5 Employees

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

	2021	2020
	Number	Number
Total staff	77	93
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	8,032,809	8,640,684
Social security costs	1,040,682	1,133,551
Pension costs	73,956	87,290
	<u>          </u>	<u>          </u>
	9,147,447	9,843,697
	<u>          </u>	<u>          </u>

The directors are not remunerated by the company and they provide negligible qualifying services.

#### 6 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	-	103,830
	<u>          </u>	<u>          </u>

Total interest income for financial assets that are not held at fair value through profit or loss is £Nil (2020: £103,830).

# CREATIVE ARTISTS AGENCY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

### 7 Interest payable and similar expenses

	2021	2020
	£	£
<b>Other finance costs:</b>		
Other interest	25,750	-
	<u>25,750</u>	<u>-</u>

### 8 Taxation

	2021	2020
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	(1,366,194)	(1,252,258)
Adjustments in respect of prior periods	-	2,260
	<u>(1,366,194)</u>	<u>(1,249,998)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(48,271)	(11,260)
	<u>(48,271)</u>	<u>(11,260)</u>
<b>Total tax credit</b>	<u>(1,414,465)</u>	<u>(1,261,258)</u>

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

	2021	2020
	£	£
Loss before taxation	<u>(7,446,959)</u>	<u>(6,882,369)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(1,414,922)	(1,307,650)
Tax effect of expenses that are not deductible in determining taxable profit	101,702	127,685
Adjustments in respect of prior years	-	2,260
Capital allowances	(52,974)	(72,293)
Deferred tax timing differences	(48,271)	(11,260)
	<u>(1,414,465)</u>	<u>(1,261,258)</u>
<b>Taxation credit for the year</b>	<u>(1,414,465)</u>	<u>(1,261,258)</u>

### Tax losses surrendered

Tax losses of £5,190,495 have been surrendered to a group company. As Creative Artists Agency UK Limited are being compensated for the losses surrendered at the 19% tax rate, the full tax charge is being shown in the Profit and Loss of Creative Artists Agency UK Limited.

# CREATIVE ARTISTS AGENCY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 8 Taxation

(Continued)

##### Factors that may affect future tax charges

Deferred tax has been calculated at the tax rate of 19%.

A proposed change in the standard rate of UK corporation tax received Royal Assent on 14 June 2021 to increase the rate from 19% to 25% with effect from 1 April 2023. There has been no re-measurement and there is no material effect following the increase.

#### 9 Tangible fixed assets

	Land and buildings leasehold £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 October 2020	2,828,393	573,558	901,710	4,303,661
Additions	-	-	42,708	42,708
At 30 September 2021	2,828,393	573,558	944,418	4,346,369
<b>Depreciation and impairment</b>				
At 1 October 2020	839,454	437,953	610,244	1,887,651
Depreciation charged in the year	290,095	64,197	178,579	532,871
At 30 September 2021	1,129,549	502,150	788,823	2,420,522
<b>Carrying amount</b>				
At 30 September 2021	1,698,844	71,408	155,595	1,925,847
At 30 September 2020	1,988,939	135,605	291,466	2,416,010

#### 10 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	85,115	15,363
Corporation tax recoverable	1,632,257	1,252,257
Amounts due from fellow group undertakings	1,942,268	2,462,466
Other debtors	18,037	131,989
Prepayments and accrued income	811,639	201,407
	4,489,316	4,063,482

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

Amounts due from group undertakings are interest free and are repayable on demand.



# CREATIVE ARTISTS AGENCY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

	Notes	2021 £	2020 £
Obligations under finance leases	13	-	8,255
Trade creditors		465,593	489,622
Amounts owed to group undertakings		7,028,573	258,345
Taxation and social security		604,161	1,745,132
Deferred income	15	134,329	-
Other creditors		14,983,845	12,246,136
Accruals		991,196	1,783,167
		<u>24,207,697</u>	<u>16,530,657</u>

Included in bank balances are £14,961,942 (2020: £12,155,818) 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 £14,961,942 (2020: £12,155,818).

Amounts owed to group undertakings are interest free and are repayable on demand.

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

	2021 £	2020 £
Taxation and social security	-	21,121
Accruals and deferred income	983,306	-
	<u>983,306</u>	<u>21,121</u>

#### 13 Finance lease obligations

	2021 £	2020 £
Future minimum lease payments due under finance leases:		
Within one year	-	8,255

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.

## CREATIVE ARTISTS AGENCY UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 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:

	2021	2020
Balances:	£	£
Accelerated capital allowances	95,060	143,331

An estimated amount of approximately £18,884 of the deferred tax liability as at 30 September 2021 is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

#### 15 Deferred income

	2021	2020
	£	£
Other deferred income	134,329	-

#### 16 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	73,956	87,290

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.

#### 17 Share capital

	2021	2020
Ordinary share capital	£	£
Issued, authorised, allotted and fully paid		
100 Ordinary shares of 1p each	1	1

## CREATIVE ARTISTS AGENCY UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 18 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:

	2021 £	2020 £
Within one year	1,231,785	1,231,785
Between two and five years	4,927,138	4,927,138
In over five years	980,130	2,211,914
	<u>7,139,053</u>	<u>8,370,837</u>

#### 19 Post balance sheet events

Post year end there continues to be issues around the COVID-19 Pandemic. Please refer to the strategic report on page 1 for an evaluation of its impact on the business since the year end.

#### 20 Related party transactions

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.

#### 21 Ultimate 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.

## CREATIVE ARTISTS AGENCY UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 30 SEPTEMBER 2021

#### 22 Cash generated from operations

	2021 £	2020 £
Loss for the year after tax	(6,032,494)	(5,621,111)
<b>Adjustments for:</b>		
Taxation credited	(1,414,465)	(1,261,258)
Finance costs	25,750	-
Investment income	-	(103,830)
Depreciation and impairment of tangible fixed assets	532,871	535,474
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(45,834)	552,507
Increase/(decrease) in creditors	2,513,211	(5,198,399)
Increase in deferred income	134,329	-
<b>Cash absorbed by operations</b>	<b>(4,286,632)</b>	<b>(11,096,617)</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.