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YM&U Topco Limited

Report and Financial Statements

16 month period ended

31 December 2019

Company Number 11563654

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YM&U Topco Limited

Report and financial statements for the 16 month period ended 31 December 2019

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YM&U Topco Limited

**Report and financial statements
for the 16 month period ended 31 December 2019 (continued)**

Registered office

180 Great Portland Street, London, W1W 5QZ

Company number

11563654

Directors

M Bekhait
J Cohen
H Goldsmith
T Harris-Speid
C Hughes
D Lovegrove
M Page
N Rodford
L Vavra
D Worsley

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Lloyds Bank plc
7 Norfolk House
Manchester
M2 1DW

Solicitors

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

YM&U Topco Limited

Strategic report

The directors present their strategic report together with the audited financial statements for the accounting period from the date of incorporation of YM&U Topco Limited (the "Company") on 11 September 2018 to 31 December 2019; "the 16 month period" ended 31 December 2019. The trading of the Group began on the 28 September 2018 following the acquisition of James Grant Topco Limited. The company is the holding company of a number of subsidiary companies (together the "Group"). As the Company is newly incorporated, this is the first accounting period for the Company and the Group.

Results and dividend

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

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

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

Business review and future developments

The directors are pleased with the performance of the Group, with both the UK and US operations performing well and in line with forecasts. In the period, turnover, operating costs and EBITDA were in line with expectations. For the 16 month period turnover was £61,328,000 and for the 12 months ended 31 December 2019 this was £52,141,000. EBITDA for the 16 month period was £9,197,000 and for the 12 months ended 31 December 2019 this was £8,824,000, which is a pleasing result. Adjusted EBITDA is used by the directors as an indicator of the ongoing trading profitability of the Group (this is described in more detail in key performance indicators section below), and was £14,994,000 for the period and £13,916,000 for the 12 month period ended 31 December 2019.

During the period, the Company incurred exceptional expenses totalling £3,878,000. These exceptional expenses are costs relating to one-off strategic deals, the buy out of commission schemes for certain employees, costs relating to restructuring of certain of the Group's operations and one-off legal costs. Further details on these costs are set out in note 7 to the financial statements.

Although the Group generated an adjusted EBITDA for the period of £14,994,000, it has made a loss after taxation of £35,600,000. This is mainly due to the impact of the amortisation and impairment of goodwill totalling £27,329,000 and net interest costs of £15,637,000.

The Group has net current assets of £1,231,000 as at 31 December 2019. Within these net current assets is a deferred consideration creditor of £9,843,000, the payment of this has been partly financed by a drawdown on the Group's acquisition facility following the year end of £7,000,000. As the acquisition facility is repayable after one year it forms part of the long term liabilities of the Group, which has further positively impacted the net current assets of the Group.

The Group also has net liabilities of £33,933,000 as at 31 December 2019 largely as a result of the Group's long term borrowings.

On 28 September 2018, the Company acquired the entire share capital of James Grant Topco Limited (later rebranded to YM&U Group Limited), which is the holding company for a number of subsidiary companies providing management and professional services to clients in the Sport, Music, Drama & Comedy and Entertainment industries.

On the same date, Trilantic Europe, a leading European private equity firm, became the majority shareholder in the Company and provided a loan facility as part of the financing of the acquisition of James Grant Topco Limited. Details of the loan facility are set out in note 17 to the financial statements.

YM&U Topco Limited

Strategic report (continued)

Business review and future developments (continued)

On this date, the Group also signed new loan facilities with Permira Credit Solutions III G.P. Limited, Permira Managed Account GP S.A.R.L. and Lloyds Bank plc. These comprise a loan facility of £37,500,000 and an acquisition facility commitment with Permira, and with Lloyds Bank a loan facility of £5,888,000 and \$12,000,000 and a revolving credit facility of £4,000,000.

On 18 December 2018, the Group acquired the entire share capital of Strike Management Limited, a football management company based in the UK.

During the period the Group rebranded all its trading entities to a single YM&U brand, with the exception of Troika Talent. Subsequent to the period end Troika Talent was also rebranded as YM&U.

The Group continues to look for growth both organically and through acquisitions in both the UK, North America and increasingly mainland Europe. The further development of the Group's overseas operations is a key strategic focus for the Group. The Group is also focussed on further developing its intellectual property portfolio.

However, since March 2020, the significant disruption resulting from the global measures taken to contain the spread of COVID-19 has led to a material reduction in the Group's income. All trading divisions have been impacted especially those orientating more towards live events / large social gatherings to generate their income. Despite the significant challenges to these revenue streams, the Group has sought to increase and develop its income generation from all digital platforms. These are increasingly important and will remain so post COVID-19. There is significant business continuity risk over with when live events will return. The Directors believe the Group is diversified enough to operate based on this level of reduced income for the short to medium term.

Principal risks and uncertainties

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

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

Business continuity risk can arise from a loss of access to the Group's workplace locations or operating systems. To mitigate these risks, the Group has a disaster recovery plan. We have also invested so that our employees can work remotely.

As explained in the Business Review and future developments, the business has been impacted by the spread of COVID-19. The business has sought to mitigate this risk by increasing and developing its income generation from all digital platforms.

Financial risk management

The Group finances its operations through the use of various financial instruments including a bank rolling credit and loan facility, cash, shareholder loan facility and various items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below.

YM&U Topco Limited

Strategic report (continued)

Financial risk management (continued)

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Short term flexibility is managed through the revolving credit facility. The Group also closely monitors its cash flows.

After making enquiries and reviewing forecasted cash flow information for the Group, the directors have a reasonable expectation that the Company and the Group have adequate resources to meet their financial obligations for the foreseeable future.

On 28 September 2018, as part of new loan facilities with Permira Credit Solutions III G.P. Limited, Permira Managed Account GP S.A.R.L. and Lloyds Bank plc, the Company issued a cross guarantee secured on the assets held by the Company and certain other companies within the Group. The cross guarantee relates to borrowings of YM&U Group Services Limited (formerly YM&U Bidco Limited), comprising a loan facility of £37,500,000 and an acquisition facility commitment with Permira, and with Lloyds Bank a loan facility of £5,888,000 and \$12,000,000 and a revolving credit facility of £4,000,000. As at 31 December 2019 the amounts owed on the facilities including interest were £63,121,000. In November 2020, the Group amended its existing debt facilities and the associated covenants due to the impact of COVID-19.

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

Finance cost risk

The Group pays finance costs on its shareholder loan facility, which accrues at 10% per annum. Finance costs on the Permira facilities accrue interest at 6.375% over LIBOR and on the Lloyds Bank facilities at 2.25% over LIBOR, which includes the revolving credit facility.

Credit risk

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

UK economic situation

The UK formally left the EU on 29 January 2020 and in the absence of a new trading deal, the transition period governing the UK's current trade with the EU expires on 31 December 2020. There is currently uncertainty over the terms of any trade deal between the UK and the EU. The Group currently generates 30% of its income from overseas. However, a significant proportion of this income is generated in the US by the Group's US operations. As such the business should not be significantly disrupted by the uncertainty over a new trade deal.

Foreign exchange risk

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

YM&U Topco Limited

Strategic report (continued)

Key performance indicators

The directors monitor the following key performance indicators on a monthly basis which are as follows:

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

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

	16 month period ended 31 December 2019 £'000	12 month period ended 31 December 2019 £'000
Earnings before interest, tax, depreciation and amortisation	9,197	8,824
Exceptional items (note 7)	3,878	3,527
Share based payment accounting charge (note 22)	1,490	1,203
Earnings before interest, tax depreciation and amortisation, exceptional items and share based payment related expenses	14,565	13,554
Start-up costs	58	58
Pre-occupation property costs	97	77
Share scheme costs	107	107
Board costs	167	120
Adjusted EBITDA	14,994	13,916

Start-up costs relate to the initial start-up costs of a new US Music Management joint venture.

Pre-occupation property costs relate to the running costs of the Group's new offices in London whilst the building was being fitted out and not available to be used as offices.

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

Board costs relate to certain members of the Board who are not involved in the operational running of the Group.

Exceptional items are detailed in note 7 and the share based payment accounting charges are detailed in note 22.

YM&U Topco Limited

Strategic report (*continued*)

Employees

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

The Group places considerable value on the involvement of its employees and informs them on matters that affect them as employees as well as those that affect the Group and regularly communicate the performance of the Group. This is achieved through formal and informal meetings and by the use of the Group's intranet. Employees are consulted regularly on a wide range of matters affecting their and the Group's current and future interests.

Approval

This strategic report was approved on behalf of the Board on 30 November 2020



D Lovegrove
Director

YM&U Topco Limited

Directors' report

The directors present their report together with the audited consolidated financial statements for the period ended 31 December 2019.

Principal activities

The Company was incorporated on 11 September 2018.

On 28 September 2018, the Company acquired the entire share capital of James Grant Topco Limited (later rebranded to YM&U Group Limited), which is the holding company for a number of subsidiary companies. The Group results reflect the 16 month accounting period from the date of incorporation of YM&U Topco Limited (the "Company") on 11 September 2018 to 31 December 2019; "the 16 month period" ended 31 December 2019. The trading of the Group began on the 28 September 2018 following the acquisition of James Grant Topco Limited.

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

Results and dividends

The loss for the period after taxation was £35,600,000.

The net liabilities of the Group total £33,933,000.

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

Political and charitable donations

The Group made no political donations and made charitable donations of £66,000 in the period.

Matters covered in the strategic report

The strategic report can be found on pages 2 to 6. This contains the business review, details of the Group's risks and uncertainties, future developments and post balance sheet events.

Going concern

The uncertainty as to the future Group impact of the COVID-19 outbreak has been considered as part of the Group's and Company's adoption of the going concern basis. For the period to 31 December 2019, the Group had generated revenue of £61,328,000 and adjusted EBITDA of £14,994,000, with cash flow from operations amounting to £8,985,000. The Group has sufficient liquidity and financing arrangements in place which mature in 2025.

The directors confirm that having reviewed the Group and parent company's cash requirements for a period of 12 months from the date of signing these financial statements they have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence and to meet its liabilities as and when they fall due. The directors have accordingly adopted the going concern basis in preparing these financial statements.

As explained in Note 1 to the financial statements, the forecasts which the directors have reviewed in their assessment of the going concern basis in preparing these financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

YM&U Topco Limited

Directors' report (*continued*)

Directors

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

M Bekhait	(appointed 1 September 2019)
J Cohen	(appointed 11 September 2018)
H Goldsmith	(appointed 28 September 2018)
T Harris-Speid	(appointed 10 February 2020)
C Hughes	(appointed 1 December 2019)
D Lovegrove	(appointed 1 October 2019)
M Page	(appointed 28 September 2018)
N Rodford	(appointed 28 September 2018)
L Vavra	(appointed 28 September 2018)
D Worsley	(appointed 5 March 2020)
R Railhac	(appointed 11 September 2018, resigned 10 February 2020)
P Worsley	(appointed 28 September 2018, resigned 5 March 2020)

Statement of Directors' Responsibilities

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

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

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

The directors 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

YM&U Topco Limited

Directors' report (*continued*)

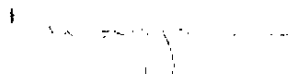
Independent auditors'

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

Subsequent events

Events after the reporting date are detailed in note 29.

On behalf of the Board



D Lovegrove
Director

30 November 2020

YM&U Topco Limited

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's loss and cash flows for the 16 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2019; the Consolidated income statement, Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statement of changes in equity for the 16 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern – Group and Company

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the YM&U Topco Limited Group and its subsidiaries (the "Group") and YM&U Topco Limited's (the "Company") ability to continue as a going concern.

The Group's forecasts assume that the Group's revenue and EBITDA is significantly reduced as compared to prior year due to significant disruption resulting from the global measures taken to contain the spread of COVID-19 which led to a reduction in Group turnover, especially in the Music division where the primary source of income is generated through live events - such as music festivals - and Drama where productions were delayed.

In November 2020, the Group amended its existing debt facilities and the associated covenants due to the impact of COVID-19. The ability of the Group to meet its banking covenants is based on forecasts where income from live events returns from July 2021, however due to COVID-19 restrictions there is difficulty in predicting with confidence when live events will return, resulting in significant uncertainty over the Group's ability to meet the terms of its banking covenants should the return of live events be materially delayed.

These conditions, along with other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

YM&U Topco Limited

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

Reporting on other information (*continued*)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

YM&U Topco Limited

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Gemma Clark

Gemma Clark (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 November 2020

YM&U Topco Limited
Consolidated income statement
16 month period ended 31 December 2019

	Note	16 month period ended 31 December 2019 £'000
Turnover	3	61,328
Cost of sales		(6,444)
Gross profit		54,884
Administrative expenses		(68,773)
Exceptional items	7	(3,878)
Share based payment accounting charge	22	(1,490)
Operating loss	4	(19,257)
Interest receivable and similar income	8	15
Interest payable and similar expenses	9	(15,652)
Loss before tax		(34,894)
Tax on loss	10	(706)
Loss after tax		(35,600)
Loss for the financial period		(35,600)
<i>Loss is attributable to:</i>		
Owners of the parent		(35,600)
<i>Reconciliation of operating loss to EBITDA and EBITDA adjusted for exceptional items and share based payment related expenses</i>		
Operating loss		(19,257)
Depreciation	12	1,125
Goodwill amortisation	11	14,319
Goodwill impairment	11	13,010
EBITDA		9,197
Exceptional items	7	3,878
Share based payment accounting charge	22	1,490
EBITDA adjusted for exceptional items and share based payment related expenses		14,565

All amounts relate to continuing activities.
The notes on pages 20 to 43 form part of these financial statements.

YM&U Topco Limited

Consolidated statement of comprehensive income for 16 month period ended 31 December 2019

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

The notes on pages 20 to 43 form part of these financial statements.

YM&U Topco Limited

Consolidated balance sheet as at 31 December 2019

Company number 11563654	Note	2019 £'000	2019 £'000
Fixed assets			
Intangible assets	11		91,176
Tangible assets	12		2,338
			<hr/>
			93,514
Current assets			
Debtors	14	14,775	
Cash at bank and in hand		2,252	
		<hr/>	
		17,027	
Creditors: amounts falling due within one year	15	(15,796)	
		<hr/>	
Net current assets			1,231
Total assets less current liabilities			<hr/>
			94,745
Creditors: amounts falling due after more than one year	16		(128,021)
Provisions for liabilities	18		(657)
			<hr/>
Net liabilities			(33,933)
			<hr/>
Capital and reserves			
Called up share capital	20		470
Share based payments reserve	22		1,490
Currency reserve			(293)
Profit and loss account			(35,600)
			<hr/>
Total shareholders' deficit			(33,933)
			<hr/>

The financial statements on pages 13 to 43 were approved by the Board of Directors and authorised for issue on 30 November 2020.



D Lovegrove
Director

The notes on pages 20 to 43 form part of these financial statements.

YM&U Topco Limited

Consolidated statement of changes in equity for the 16 month period ended 31 December 2019

	Share capital £'000	Share based payments reserve £'000	Currency reserve £'000	Profit and loss account £'000	Equity attributable to owners of the parent company £'000
<i>Comprehensive expense for the period</i>					
Loss for the period	-	-	-	(35,600)	(35,600)
Translation of foreign subsidiaries	-	-	(293)	-	(293)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive expense	-	-	(293)	(35,600)	(35,893)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Contributions by owners:</i>					
Issue of share capital	470	-	-	-	470
Share based payment related expenses	-	1,490	-	-	1,490
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2019	470	1,490	(293)	(35,600)	(33,933)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

YM&U Topco Limited

Consolidated statement of cash flows for the 16 month period ended 31 December 2019

	Note	16 month period ended 31 December 2019 £'000
Cash flows from operating activities		
Loss for the financial period		(35,600)
Adjustments for:		
Depreciation of fixed assets	12	1,125
Goodwill amortisation	11	14,319
Goodwill impairment	11	13,010
Share based payment accounting charge	22	1,490
Interest payable	9	14,797
Amortisation of capitalised debt issue costs	9	855
Interest receivable	8	(15)
Taxation	10	706
Decrease in trade and other debtors		2,709
Decrease in trade creditors and other creditors		(4,324)
Foreign exchange adjustments		(87)
Cash from operations		8,985
Interest paid (net of interest received)		(4,940)
Taxation paid		(2,227)
Net cash generated from operating activities		1,818
Cash flows from investing activities		
Purchases of tangible fixed assets	12	(1,463)
Acquisition of subsidiaries net of cash received	11	(35,556)
Deferred consideration paid		(9,529)
Net cash used in investing activities		(46,548)
Cash flows from financing activities		
Net proceeds from share capital issued	20	459
Proceeds from long-term bank debt	16	60,793
Drawdown on rolling credit facility	15	1,700
Proceeds from shareholder loan	16	49,070
Proceeds from issue of preference shares	16	11,089
Debt issue costs paid	15,16	(4,753)
Repayment of bank loans	21	(34,447)
Repayment of other loan facilities	21	(36,929)
Net cash generated from financing activities		46,982
Net increase in cash and cash equivalents		2,252
Cash and cash equivalents at end of period		
Cash at bank and in hand		2,252

The notes on pages 20 to 43 form part of these financial statements.

YM&U Topco Limited

Company balance sheet as at 31 December 2019

Company number 11563654	Note	2019 £'000	2019 £'000
Investments	13		1,990
Current assets			
Debtors	14	-	
Cash at bank and in hand		-	
Creditors: amounts falling due within one year	15	(152)	
Net current liabilities			(152)
Total assets less current liabilities			1,838
Creditors: amounts falling due after more than one year	16		-
Net assets			1,838
Capital and reserves			
Called up share capital	20		500
Share based payments reserve			1,490
Profit and loss account			(152)
Total shareholders' funds			1,838

The loss after tax for the period for the parent Company YM&U Topco Limited was £152,000.

The financial statements on pages 13 to 43 were approved by the Board of Directors and authorised for issue on 30 November 2020.

D Lovegrove
Director

The notes on pages 20 to 43 form part of these financial statements

YM&U Topco Limited

Company statement of changes in equity for the 16 month period ended 31 December 2019

	Share capital £'000	Share based payments reserve £'000	Profit and loss account £'000	Total £'000
Comprehensive expense for the period:				
Loss for the period	-	-	(152)	(152)
Other comprehensive income	-	-	-	-
Total comprehensive expense	-	-	(152)	(152)
Contributions by owners:				
Issue of share capital	500	-	-	500
Share based payment related expenses	-	1,490	-	1,490
31 December 2019	500	1,490	(152)	1,838

The notes on pages 20 to 43 form part of these financial statements

YM&U Topco Limited

Notes to the financial statements

1 Accounting policies

YM&U Topco Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in Directors' report. These financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

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

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

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

The Company decided to early adopt the amendments to FRS 102 which will become mandatory for all accounting periods beginning on or after 1 January 2019. Specifically, the Company has not recognised separate intangibles that are not contractual.

The following principal accounting policies have been applied:

Going concern

The uncertainty as to the future Group impact of the COVID-19 outbreak has been considered as part of the Group's and Company's adoption of the going concern basis.

The Directors confirm that having reviewed the Group and parent company's cash requirements for a period of 12 months from the date of signing these financial statements they have a reasonable expectation that the Group and parent company have adequate resources to continue in operational existence and to meet their liabilities as and when they fall due. The Directors have accordingly adopted the going concern basis in preparing these financial statements.

The Group has net current assets of £1,231,000 and net liabilities of £33,933,000. For the period to 31 December 2019, the Group had generated revenue of £61,328,000 and adjusted EBITDA of £14,994,000, with cash flow from operations amounting to £8,985,000. The Group has sufficient liquidity in place, which is also underpinned by additional financing arrangements which mature in 2025.

YM&U Topco Limited

Notes to the financial statements (continued)

1 Accounting policies (continued)

Going concern (continued)

The government's response to COVID-19 has had a significant impact on the Group's principal activity with postponement of live events in order to contain the spread of COVID-19. The uncertainty as to the future impact on the Group and Company of the COVID-19 pandemic, and resulting uncertainty in the global economy, has been considered as part of the Group and Company's adoption of the going concern basis. Management have performed a plausible and severe downside forecast taking into account the Group's trading results, net liabilities and cash flow forecasts in conjunction with the current and future financing availability. The forecasts assume that the Group's revenue, EBITDA and cash flows are significantly reduced as compared to previous forecasts and 2019 given the disruption to their business from COVID-19. The downside scenarios assume income from live events within the Music division return from July 2021. However there is a high level of uncertainty around when live events will return to normal and the impact this will have on revenue, EBITDA and cash flow position of the Group.

In November 2020, the Group amended its existing debt facilities and the associated covenants due to the impact of COVID-19. The Group has prepared revised forecasts considering the actual performance to October 2020, the continued impact expected of COVID-19 on the business and live events returning from July 2021, which management consider to be their plausible but severe scenario.

March 2021 is the first period of covenant testing under the revised banking agreement. The revised banking covenants include over the debt facility period a combination of a minimum liquidity cover, a minimum EBITDA and a net debt ratio. In addition, funds managed by Trilantic Europe, through the Talent International S.A. Group, have legally committed to inject an additional £5,000,000 of equity into the Group ahead of 31 December 2020.

However the ability of the Group to meet these banking covenants, during the going concern period, is based on income from live events returning from July 2021. Given COVID-19 restrictions it is difficult to predict with certainty when live events will return resulting in material uncertainty over the Group's ability to meet the terms of its banking covenants.

If there were to be a breach of one of more of the group's banking covenants, with no further mitigating actions or cure, it could result in an immediate repayment of banking facilities and therefore indicates the existence of a material uncertainty and cast significant doubt over the Group's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Basis of consolidation

The consolidated income statement and balance sheet include the financial statements of the Company and all of its subsidiary undertakings made up to the 31 December 2019. The results of subsidiaries acquired or disposed of during the period are included in the Group financial statements from their effective date of acquisition or disposal, as appropriate. The acquisition method of accounting has been used for all acquisitions in the period.

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

Turnover

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

Revenue for talent, music and sport management is recognised in accordance with the provision of services under the terms and conditions of the contract.

YM&U Topco Limited

Notes to the financial statements (*continued*)

Turnover (continued)

Business management services provided to clients during the period, which at the balance sheet date has not been billed to clients, has been recognised as unbilled amounts for client work in Debtors. Turnover recognised in this manner is based on an assessment of the fair value of services provided at the balance sheet date as a proportion of the total value of the engagement. Provision is made against unbilled amounts on those engagements where the right to receive payment is contingent on factors outside the control of the entity.

Exceptional items

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

Goodwill

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

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

Tangible fixed assets and depreciation

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

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

Investments

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

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

Interest-bearing loans and borrowings, including preference shares

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

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

Leases

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

YM&U Topco Limited

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Foreign currencies

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

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

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

Taxation

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

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

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

Deferred tax balances are not discounted.

Pensions

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

Share-based payments

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

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

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

The Group has no cash-settled arrangements.

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

YM&U Topco Limited

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Financial assets

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

Financial liabilities and equity

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

Finance costs

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

Share capital

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

Reserves

Share premium

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

Currency reserve

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

Profit and loss account

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

Share based payment reserve

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

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

YM&U Topco Limited

Notes to the financial statements (*continued*)

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

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

- In determining whether there are indicators of impairment of the Company's intangible assets, including goodwill, factors taken into consideration include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit (CGU), the viability and expected future performance of that unit. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows. The directors have used a discount rate of 8.4% and measured performance over a 10 year period. Growth rates for the CGUs vary from 3% to 20% per annum.
- Judgements are required in setting the level of bad and doubtful debts provisions recognised against the carrying value of trade debtors, after taking into account ageing of debts, collection history, and other relevant information in relation to expected future cash flows from customers.
- Judgements are required in setting the level of provisions recognised against the carrying value of unbilled amounts for client work, after taking into account ageing of balances, billing history, and other relevant information in relation to additional costs to complete client work and expected future cash flows from customers.

Other key sources of estimation uncertainty:

- Goodwill is amortised over its estimated useful life of 10 years, with no residual value. Remaining useful lives are assessed annually.
- The Group has issued shares to key management personnel. The directors are required to measure the fair value of the shares at the date of issue using an appropriate methodology. The directors use a Black-Scholes pricing model and apply their judgement to the various inputs into the model including estimates of the exit date (five years) and forfeiture rates (2% per annum).
- The directors have included in Provisions for Liabilities their estimates of dilapidation liabilities on the leasehold properties. These are based on the directors' judgements of the expected liability.
- The Group has lodged a claim against a former employee regarding a breach of contract. The matter has been referred to arbitration and, having received legal advice, the directors believe a favourable outcome is probable. At 31 December 2019 the receipt was not virtually certain. However, an amount for the contingent asset has not been disclosed, because whilst a favourable outcome is probable any amount to be received is totally dependent on the outcome of the arbitration process, which is not completed at the date of signing these financial statements.

YM&U Topco Limited

Notes to the financial statements (continued)

3 Turnover

Analysis of turnover by country of destination:

	16 month period ended 31 December 2019 £'000
UK	43,160
Rest of world	18,168
	<hr/> 61,328 <hr/>

Analysis of turnover by category:

	16 month period ended 31 December 2019 £'000
Management services	52,586
Professional services	8,742
	<hr/> 61,328 <hr/>

4 Operating loss

	16 month period ended 31 December 2019 £'000
The operating loss is stated after charging:	
Goodwill amortisation (note 11)	14,319
Goodwill impairment (note 11)	13,010
Share based payment accounting charge (note 22)	1,490
Depreciation of tangible fixed assets (note 12)	1,125
Operating lease rentals – property (note 23)	2,465
Foreign exchange losses	35
Exceptional expenses (note 7)	3,878
Auditors' remuneration:	
- for statutory audit services	235
- for tax compliance	135
- for tax advisory	55
	<hr/>

YM&U Topco Limited

Notes to the financial statements (continued)

5 Employees

16 month
period ended
31 December
2019
£'000

Staff costs consist of:

Wages and salaries	22,913
Social security costs	2,489
Other pension costs	664
Share based payment accounting charge (note 22)	1,490

27,556

Average monthly number of employees, including directors:

Number
308

The Company has no employees.

6 Key management personnel

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

16 month
period ended
31 December
2019
£'000

Remuneration	1,990
Company pension contributions to defined contribution pension schemes	47

During the period, retirement benefits were accruing to 4 directors in respect of defined contribution pension schemes.

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

The remuneration of certain of the directors are paid by other Group entities. Some of these directors were also directors of a number of fellow group companies and their total remuneration is disclosed in the financial statements of these companies. Two of the directors are paid by Trilantic Europe during the period.

YM&U Topco Limited

Notes to the financial statements (continued)

7 Exceptional expenses

	16 month period ended 31 December 2019
Costs relating to one-off strategic deals	1,016
Costs of buying out employee commission schemes	2,169
Restructuring costs	428
Legal costs in relation to a breach of contract	265
	<hr/>
	3,878
	<hr/>

Costs incurred in relation to strategic deals relate to deals entered into in the US music management business (£716,000) and the UK sports management business (£300,000) during the period. These strategic deals are not expected to recur and represent an exceptional strategic investment in the period.

Costs of buying out employee commission schemes relates to agreements entered into with certain employees whereby their rights to ongoing commission payments relating to their income generation have been bought out by the Company.

Restructuring costs are the termination and on-boarding costs of senior new positions relating to the reorganisation of the Group's Central, Drama, Music and Entertainment businesses.

The legal costs relate to costs incurred in a claim against a former employee of the Group for breach of contract.

8 Interest receivable and similar income

	16 month period ended 31 December 2019 £'000
Bank interest receivable	15
	<hr/>

9 Interest payable and similar expenses

	16 month period ended 31 December 2019 £'000
Shareholder loan facility interest	6,311
Bank interest	5,323
Interest on deferred consideration	1,691
Preference share dividends	1,431
Amortisation of debt issue costs	855
Other charges	17
Foreign exchange revaluation on borrowings	24
	<hr/>
	15,652
	<hr/>

YM&U Topco Limited

Notes to the financial statements (continued)

10 Tax on loss

16 month
period ended
31 December
2019
£'000

a) Analysis of tax charge for the period

Current tax (see note 10b)

UK corporation tax on loss for the period	674
Adjustment for prior periods	-

Total current tax	674
-------------------	-----

Deferred tax (see note 19)

Origination and reversal of timing differences	32
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Taxation charge on loss	706
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b) Factors affecting tax charge for the period

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

16 month
period ended
31 December
2019
£'000

Loss before tax	34,894
-----------------	--------

Loss at the standard rate of corporation tax in the UK of 19%	(6,630)
--	---------

Effects of:

Expenses not deductible for tax purposes	6,488
--	-------

Tax rate changes	(67)
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Deferred tax not recognised	915
-----------------------------	-----

Total tax charge for the period (see note 10a)	706
--	-----

c) Future tax rate charges

Under legislation in existence at the balance sheet date, the UK main corporation tax rate will be reduced to 17% from 1 April 2020.

In March 2020, the UK Government announced that the reduction in tax rate to 17% will be cancelled and the UK main corporation tax rate will remain at 19%. Had this change been enacted by the balance sheet date, the reduction in tax rate would not have a material impact on the Group's deferred tax liability.

YM&U Topco Limited

Notes to the financial statements (continued)

11 Intangible assets

Group	Goodwill £'000
<i>Cost</i>	
Arising on acquisition of businesses	119,819
Changes	(989)
Foreign currency translation	(359)
	<hr/>
At 31 December 2019	118,471
	<hr/>
<i>Accumulated amortisation</i>	
Charge for the period	14,319
Impairment	13,010
Foreign currency translation	(34)
	<hr/>
At 31 December 2019	27,295
	<hr/>
<i>Net book value</i>	
At 31 December 2019	91,176
	<hr/>

The change to goodwill primarily relates to revised estimates of the contingent consideration payable to the vendors of Troika Talent Agents LLP and to the vendor of 10 Management.

Troika Talent Agents LLP and 10 Management were businesses acquired by James Grant Topco Limited prior to its acquisition by the Company.

Impairment of goodwill primarily relates to the Group's Drama division which has underperformed in the financial period ended 31 December 2019 and the goodwill is no longer deemed recoverable.

YM&U Topco Limited

Notes to the financial statements (continued)

11 Intangible assets (continued)

On 28 September 2018, YM&U Group Services Limited (formally YM&U Bidco Limited), an indirect subsidiary of YM&U Topco, acquired the entire share capital of James Grant Topco Limited.

The Group results primarily reflects the results of James Grant Topco Limited since its acquisition, which contributed 95% of the Group's results.

The following table sets out the assets acquired and their book and fair values to the Group:

	Book value £'000	Fair value adjustment £'000	Fair value Acquired £'000
Fair value of assets acquired at 28 September 2018:			
Intangible assets - customer relationships	7,896	(7,896)	-
Intangible assets - brands	6,330	(6,330)	-
Goodwill	49,899	(49,899)	-
Fixed assets (note 12)	1,843	-	1,843
Debtors	15,717	-	15,717
Cash and cash equivalents	1,994	-	1,994
Creditors	(9,034)	(1,574)	(10,608)
Deferred consideration	(17,317)	-	(17,317)
Loans and accrued interest	(71,729)	-	(71,729)
Corporation tax	(257)	(332)	(589)
Deferred tax (liability) / asset	(2,523)	2,904	381
Provisions (note 18)	(507)	-	(507)
Net liabilities	(17,688)	(63,127)	(80,815)
Fair value of consideration:			Fair value £'000
Cash			33,604
Acquisition expenses			1,613
Total consideration			35,217
Goodwill arising on acquisition			116,032

The fair value adjustment to creditors is the expensing of debt issue costs relating to the previous borrowings of James Grant Topco Limited. These borrowings were redeemed upon the acquisition of James Grant Topco Limited by the Group. The intangible assets have been de-recognised at acquisition and the related deferred tax liability has been consequently released.

Deferred consideration comprises consideration contingent on performance of £6,985,000 and consideration that is not contingent on performance of £10,332,000.

YM&U Topco Limited

Notes to the financial statements (continued)

11 Intangible assets (continued)

	£'000
Purchase consideration settle in cash, as above	33,604
Directly attributable costs	1,613
	<hr/> 35,217
Less: cash acquired	(1,994)
	<hr/> 33,223

On 18 December 2018, YM&U (UK) Limited, an indirect subsidiary of YM&U Topco Limited, acquired the entire share capital of Strike Management Limited, a football management company based in the UK. The effective date of the transaction was 30 November 2018.

The results of Strike Management Limited since its acquisition have not been separately tracked but have been merged with the Group.

The following table sets out the assets acquired and their book and fair values to the Group:

	Book value £'000	Fair value adjustments £'000	Fair value acquired £'000
Fair value of assets acquired at 30 November 2018:			
Debtors	1,142	(80)	1,062
Cash and cash equivalents	1,961	-	1,961
Creditors	(687)	13	(674)
	<hr/> 2,416	<hr/> (67)	<hr/> 2,349
Net assets acquired			
	<hr/> 2,416	<hr/> (67)	<hr/> 2,349
Fair value of consideration:			Fair value £'000
Cash			3,925
Deferred consideration			1,842
Acquisition expenses			97
			<hr/> 5,864
Total consideration			<hr/> 5,864
Goodwill arising on acquisition			<hr/> 3,515

The fair value adjustments relates to additional bad debt provisions and the related reduction in the corporation tax creditor.

YM&U Topco Limited

Notes to the financial statements (continued)

11 Intangible assets (continued)

The deferred consideration is not contingent on performance. It is payable in two instalments on the first and second anniversary of completion.

	£'000
Purchase consideration settle in cash, as above	3,925
Directly attributable costs	97
	<hr/>
	4,022
Less: cash acquired	(1,961)
	<hr/>
Net cash outflow on acquisition	2,061
	<hr/>

YM&U Music LLC, an indirect subsidiary of YM&U Topco Limited, acquired 50.1% of the share capital of Loud Management Limited, a music management company based in the US for £272,000. This is not material for further disclosure.

12 Tangible assets

	Leasehold improvements £'000	Furniture, fixtures and fittings £'000	Total £'000
<i>Cost</i>			
Acquired with subsidiary companies	1,352	491	1,843
Additions	1,302	311	1,613
Foreign exchange translation	6	1	7
	<hr/>	<hr/>	<hr/>
At 31 December 2019	2,660	803	3,463
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
Charge for the period	707	418	1,125
	<hr/>	<hr/>	<hr/>
At 31 December 2019	707	418	1,125
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2019	1,953	385	2,338
	<hr/>	<hr/>	<hr/>

YM&U Topco Limited

Notes to the financial statements (continued)

13 Investments

The Company has the following subsidiary undertakings:

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

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

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

Name	Holding	Class of shares	Nature of business
YM&U Holdings USA Inc.*	100%	Ordinary	Holding company
YM&U Music LLC*	100%	Ordinary	Music management
YM&U Entertainment Inc.*	97%	Ordinary	Talent management
MFN Music LLC*	50%	Ordinary	Music distribution
Self-Released Records LLC	100%	Ordinary	Record label
Loud Management LLC*	50.1%	Ordinary	Music management

YM&U Topco Limited

Notes to the financial statements *(continued)*

13 Investments

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

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

* - held indirectly

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

YM&U Topco Limited

Notes to the financial statements (continued)

14 Debtors

Amounts due within one year:

	Group 2019 £'000	Company 2019 £'000
Trade debtors	7,685	-
Unbilled amounts for client work	2,214	-
Other debtors	1,576	-
Corporation tax recoverable	546	-
Deferred tax asset (note 19)	349	-
Prepayments and accrued income	2,405	-
	<hr/>	<hr/>
	14,775	-
	<hr/>	<hr/>

15 Creditors: amounts falling due within one year:

	Group 2019 £'000	Company 2019 £'000
Bank loans and overdrafts (note 17)	-	-
- less unamortised debt issue costs	(680)	-
Trade creditors	1,145	-
Amounts due to Group undertakings	-	152
Other taxation and social security	797	-
Deferred consideration (note 16)	9,843	-
Other creditors	558	-
Accruals and deferred income	4,133	-
	<hr/>	<hr/>
	15,796	152
	<hr/>	<hr/>

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

YM&U Topco Limited

Notes to the financial statements (continued)

16 Creditors: amounts falling due after more than one year

	Group 2019 £'000	Company 2019 £'000
<i>Amounts falling due between one and two years</i>		
Deferred consideration	913	-
- less unamortised debt issue costs	(678)	-
	<u>235</u>	<u>-</u>
<i>Amounts falling due between two and five years</i>		
Unamortised debt issue costs	(2,037)	-
	<u>-</u>	<u>-</u>
<i>Amounts falling due after more than five years</i>		
Bank loans and overdrafts (note 17)	62,425	-
Shareholder loan facility (note 17)	55,381	-
- less unamortised debt issue costs	(503)	-
10% convertible cumulative redeemable preference A shares (note 17)	6,070	-
10% convertible cumulative redeemable preference B shares (note 17)	4,167	-
10% convertible cumulative redeemable preference C shares (note 17)	852	-
Accrued preference dividends (note 17)	1,431	-
	<u>129,823</u>	<u>-</u>
Total creditors falling due after more than one year	<u>128,021</u>	<u>-</u>

Deferred consideration relates to the remaining deferred consideration creditor from those acquisitions that the Group inherited when it acquired James Grant Topco Limited of £9,493,000 (note 11), as well as £979,000 relating to Strike Management Limited (note 11) and £284,000 relates to the acquisition of Shoot to Kill (note 7).

Included in deferred consideration is £5,314,000 of contingent consideration which is dependent on performance. The remaining deferred consideration of £5,442,000 is not dependent on performance.

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

YM&U Topco Limited

Notes to the financial statements (continued)

17 Loans and other borrowings

	Group 2019 £'000	Company 2019 £'000
Senior loans	60,725	-
Revolver loan	1,700	-
Shareholder loan facility	55,381	-
Preference shares	11,089	-
Accrued preference dividends	1,431	-
	130,326	-

Senior loans

On 28 September 2018, as part of new loan facilities with Permira Credit Solutions III G.P. Limited, Permira Managed Account GP S.A.R.L. and Lloyds Bank plc, the Company issued a cross guarantee secured on the assets held by the Company and certain other companies within the Group. The cross guarantee relates to borrowings of YM&U Group Services Limited (formerly YM&U Bidco Limited), comprising a loan facility of £37,500,000 and an acquisition facility with Permira, and with Lloyds Bank a loan facility of £5,888,000 and \$12,000,000 and a revolving credit facility of £4,000,000. Finance costs on the Permira facilities accrue interest at 6.375% over LIBOR and on the Lloyds Bank facilities at 2.25% over LIBOR.

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

On 5 November 2020 the banking covenants with Permira and Lloyds were revised on these senior loans. However there were no changes to their repayment date or interest rates.

Revolver credit facility

The Group's financing facility also includes a revolving credit facility of £4,000,000 to cover working capital and liquidity commitments. Interest is charged at LIBOR plus 2.25% on the drawn-down amount. A commitment fee of 0.675% is charged on the undrawn amount. The facility is repayable on 28 March 2025.

Shareholder loan facility

The shareholder loan facility is repayable on 28 September 2028. Interest accrues on the principal at 10% per annum. As part of the revised banking agreement the ultimate owners, Trilantic Europe, have legally committed to inject additional equity into the Group ahead of 31 December 2020.

Preference shares

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

YM&U Topco Limited

Notes to the financial statements (continued)

18 Provisions for liabilities

Group	Property provisions £'000
Acquired with subsidiary companies (note 11)	507
Created	150
	<hr/>
At 31 December 2019	657
	<hr/>

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

19 Deferred taxation

	Group 2019 £'000
Acquired with subsidiary companies	381
Foreign currency translation	-
Income statement movement (note 10)	(32)
	<hr/>
At end of period	349
	<hr/>
The provision for deferred taxation is made up as follows:	
Excess of taxation allowances over depreciation on fixed assets	(92)
Other timing differences	441
	<hr/>
At end of period	349
	<hr/>

20 Called up share capital

	Allotted, issued and called up during the period	
	2019 Number	2019 £
'A1' Ordinary shares of £0.01 each	34,348,097	343,481
'A2' Ordinary shares of £0.01 each	3,059,043	30,590
'A3' Ordinary shares of £0.01 each	92,860	929
'B' Ordinary shares of £0.01 each	10,750,000	107,500
'C' Ordinary shares of £0.01 each	1,750,000	17,500
	<hr/>	<hr/>
	50,000,000	500,000
	<hr/>	<hr/>

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

YM&U Topco Limited

Notes to the financial statements (continued)

20 Called up share capital (continued)

Additionally, the Group has authorised, issued and fully paid 607,016,132 redeemable cumulative A preference shares of £0.01 each, 420,766,402 redeemable cumulative B preference shares of £0.01 each and 85,218,951 redeemable cumulative C preference shares of £0.01 each, classified as liabilities. These shares carry a fixed dividend of 10% per annum. These shares do not carry voting rights. On a winding up of the Company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £0.01 per share plus any accrued dividend. The redeemable cumulative preference shares have been classified as financial liabilities (note 15). At 31 December 2019, there are £41,000 of B preference shares held by the Group's Employee Benefit Trust.

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

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

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

21 Analysis of net debt

Group	Drawdowns £'000	Repayments £'000	Acquisition of subsidiaries £'000	Other non- cash changes £'000	At 31 December 2019 £'000
Cash at bank and in hand #	(5,489)	-	7,896	(155)	2,252
Senior loans	(60,793)	34,447	(34,447)	68	(60,725)
Revolver loan	(1,700)	-	-	-	(1,700)
Shareholder loan facility	(49,070)	36,929	(36,929)	(6,311)	(55,381)
Preference shares	(11,089)	-	-	-	(11,089)
Accrued preference dividends	-	-	-	(1,431)	(1,431)
At 31 December 2019	(128,141)	71,376	(63,480)	(7,829)	(128,074)

includes all cashflows in the period

YM&U Topco Limited

Notes to the financial statements (continued)

22 Share based payments

The following shares were issued to employees of the Group:

	28 September 2018 '000	26 October 2018 £'000	31 December 2019 £'000
A2 ordinary shares	2,804,306	14,858	-
B ordinary shares	5,525,000	4,004,488	1,555,000
B preference shares	372,518,607	3,105,655	-
C preference shares	77,666,000	-	-

The ordinary shares and preference shares were issued at a price of £0.01 per share.

On 31 December 2019, 1,915,476 ordinary shares and 2,484,524 preference shares were returned to the Group from employees who had left the Group.

The Group's Employee Benefit held 3,045,835 ordinary and 4,147,507 of preference shares in the Group at 31 December 2019.

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

The fair value of the shares issued during the period and allocated to employees at the balance sheet date is £4,810,000. The fair value is accounted for on a straight line basis over five years. The total amount charged to the Consolidated Statement of Comprehensive Income in the period to 31 December 2019 was £1,490,000.

23 Commitments under operating leases

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

	2019 Land and buildings £000
Within one year	1,422
In two to five years	5,322
In more than five years	3,157
	<hr/>
	9,901
	<hr/>

24 Pension commitments

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

YM&U Topco Limited

Notes to the financial statements (continued)

25 Other financial commitments

Cross guarantee

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

Guarantee of subsidiaries

YM&U Group Limited has given a guarantee under section 479a of the Companies Act relating to the liabilities of the following subsidiaries for the period ended 31 December 2019.

James Grant Rights Limited	05972389
Gallowgate Productions Limited	04336706
Haydeck Limited	06608734
JG Music Publishing Limited	05866190
James Grant Music Publishing Limited	07219595
YM&U Holdings Limited	06928966
Strike Management Limited	05177799
James Grant I.P. Limited	09858095
YM&U Central Services Limited	06898710
Industry Media Limited	05005272
Machine Music Management Limited	04587724
Machine Music Rights Limited	06833961

26 Contingent assets and liabilities

Contingent assets

The Group has lodged a claim against a former employee regarding a breach of contract. The matter has been referred to arbitration and, having received legal advice, the directors believe a favourable outcome is probable. However, an amount for the contingent asset has not been disclosed, because whilst a favourable outcome is probable any amount to be received is totally dependent on the outcome of the arbitration process, which is not completed at the date of signing these financial statements.

Contingent liabilities

From time to time, the Group is engaged in litigation in the ordinary course of business. There are no material contingent liabilities requiring disclosure at 31 December 2019.

27 Related party transactions

Group

The shareholder loan facility of £55,381,000 and preference shares of £6,070,000 are payable to Talent International S.A., the parent undertaking.

The Group's Employee Benefit held £30,458 of ordinary and £41,475 of preference shares in the Group at 31 December 2019.

Company

The Company has taken advantage of the exemption conferred by FRS 102 "Related Party Disclosures" not to disclose transactions with wholly owned subsidiaries within the Group.

YM&U Topco Limited

Notes to the financial statements *(continued)*

28 Ultimate parent undertaking and controlling party

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

29 Subsequent events

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruption to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the period ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. The Directors have reviewed the recoverability of the Company's Balance Sheet as well as the critical estimates and significant judgements in the financial statements and do not deem these to be materially impacted by the situation at this time; with the exception of goodwill recoverability where a material impairment has been identified in FY20, as a result of COVID-19, currently estimated at c.£4m, and debtor recoverability risk which continues to be monitored.

The most immediate impact on the Group's financial position has been a reduction in turnover due to the postponement of live events since mid-March 2020, which has resulted in a significant decrease in revenue especially in the Group's Music division, and delayed productions which has impacted the Drama division. In response to these challenges the Company is actively managing its cost base and liquidity and, as at the date of this report, has taken a number of significant measures including furloughing some of its employees, reducing other selling, general and administrative costs and renegotiating and rescheduling payment of significant liabilities with key stakeholders and authorities. In November 2020, the Group amended its existing debt facilities and the associated covenants due to the impact of COVID-19. March 2021 is the first period of covenant testing under the revised banking agreement.

Appreciating there is uncertainty, based on the going concern scenarios which have been prepared, the directors consider there is a material uncertainty over the Group's ability to continue as a going concern if live events do not return from July 2021, with the Group needing to generate revenue from other streams or enter into further cost reductions in order to continue as a going concern; as noted in the going concern disclosures.

On 31 January 2020, the Group drew down £7,000,000 on its acquisition facility. On 7 May 2020, the remaining acquisition facility was cancelled at the Group's request given this was no longer deemed needed.

No other subsequent events were noted.