



LIVE COMPANY





LEGO Live, New York



Brussels, Belgium



Fukoka, Japan



Excel, London,



LEGO Live, New York

Touring Assets



LEGO Live, New York

# A Leading Live Events and Entertainment Company

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## Who We Are

Live Company Group Plc (“LVCG”) (name changed from Parallel Media Group Plc on 22 December 2017) is an AIM-listed sports and live event entertainment agency which was founded by David Ciclitira in 1987, although in recent times it had few trading operations. The Board of LVCG had for some time been looking for an acquisition in the live entertainments sector and on 22 December 2017, LVCG acquired Brick Live Group Limited and subsidiaries (“Brick Live Group”) and Parallel Live Group Limited and subsidiaries (“Parallel Live”).

Brick Live Group is an early stage business in fan based live events, whose principal source of revenue is licensing fee income. Its business specialises in working with the Group’s licence partners to produce BRICKLIVE branded events internationally. The concept has evolved from an initial once-per-annum brick exhibition in 2016 to today where it is a brand with a leading network of international partner-driven events, designed to showcase the benefits of LEGO® as an educational tool. LEGO® is a trademark of the LEGO Group of companies and Brick Live Group is not associated with the LEGO Group of companies and is an independent producer of BRICKLIVE events.

The business model has also changed from one where Brick Live Group was originally itself acting as the promoter of the events as principal, to the current model whereby the Group’s network of licensee partners, are typically granted a license to organise and stage BRICKLIVE events in a specific territory for a 3 to 5 year period, in exchange for a fee.

The Directors consider that Asia in general and China in particular will be areas where BRICKLIVE events will be well received and on the same date, LVCG also acquired the remaining 61.1% of shares in Brick Live Far East Limited, not already owned by the Brick Live Group.

In February 2018, Parallel Live promoted its first LEGO® Live event in New York, USA. Whilst the show received a lot of critical acclaim, financially it incurred a loss. As a result, the Board of LVCG determined that in future the Company will look for a licence partner for its future BRICKLIVE events in the United States.

Brick Live Group has been growing quickly since it was established in April, 2016 and the Brick Live Group has been successful in extending the global footprint for BRICKLIVE events which has increased from 1 show in held in the UK during the year ended 31 December 2016 to 18 events and centres in UK, Europe, Japan, South Korea and latterly Brazil during the year ended 31 December 2017. Further growth in the number of events is planned for the year ended 31 December 2018.

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## Directors and Advisers

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<b>Directors</b>	David Ciclitira (Chairman) Maria Serena Ciclitira Ranjit Murugason Simon Bennett Andrew Smith
<b>Public Limited Company No</b>	00630968 – incorporated in England and Wales
<b>Secretary and Registered Office</b>	Sole Associates Accountants Limited 3 Park Court, Pyrford Road, West Byfleet, Surrey, KT14 6SD
<b>Nominated Adviser and Broker</b>	Stockdale Securities Limited 100 Wood Street, London, EC2V 7AN
<b>Joint Broker</b>	Shard Capital 23rd Floor, 20 Fenchurch Street London, EC3M 3BY
<b>Auditor</b>	Kingston Smith LLP 6 <sup>th</sup> Floor, Charlotte Building 17 Gresse Street, London, W1T 1QL
<b>Solicitors</b>	Fieldfisher LLP Riverbank House 2 Swan Lane London, EC4R 3TT
<b>Bankers</b>	Lloyds Bank Plc 2 <sup>nd</sup> Floor, 25 St George Street, London, W1S 1FS National Westminster Bank Plc 2 <sup>nd</sup> floor, 65 Piccadilly London, W1A 2PP  HSBC Bank Plc Level 6, 71 Queen Victoria Street London, EC4V 4AY
<b>Registrars</b>	Link Asset Services 65 Gresham Street London, EC2V 7NQ

# Chairman's Statement

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I have pleasure in presenting the Company's Annual Report, Strategic Report and Financial Statements for the year ended 31 December 2017.

The last twelve months have been both exciting and challenging.

Whilst these financial statements cover the 12 month period to 31 December 2017 these only include 9 days trading for the Group subsequent to the acquisitions of Brick Live Group and Parallel Live Group. I have therefore included in my statement commentary on the Group going forward from this period.

The acquisitions of Brick Live Group and of Parallel Live Group by LVCG has created a global brand in Brick Live.

The Group made an operating loss of £391,000 (2016: profit £60,000), and a loss of £5,440,000 (2016: profit £49,000) for the year, as a result of exceptional costs and write downs relating to the reverse acquisition of Brick Live Group on 22 December 2017. Licence fee revenue in 2017 was £1,715,000.

The first six months of 2018 have seen the continuing growth of the BRICKLIVE brand with the introduction of BRICKLIVE CENTRES in Korea, China and Guam, the introduction of BRICKLIVE KIDS CAFÉS in Korea and China, as well as the introduction of BRICKLIVE KIDS in Korea and China. We are also announcing today the launch of BRICKLIVE TOURING in Korea and Macau. BRICKLIVE TOURING is expected to become a significant financial contributor to the business.

This year's growth has led the Board to re-evaluate its priorities for 2018, increasing its focus on Asia and the USA, whilst reducing its commitment to Brazil. The number of contracted events for 2018 is expected to be approximately sixty.

One of the key developments in the first six months of 2018 is the various BRICKLIVE brand extensions. This month (June 2018) has seen the launch of the first BRICKLIVE KIDS CAFÉ in Seoul with a further five to be launched in China this year. We are also in discussion with parties for the extension of BRICKLIVE KIDS CAFÉ in a number of other territories globally.

Similarly, in terms of centres we have seen significant growth in the BRICKLIVE CENTRE program. We expect to have a total of five contracted by the year-end across both Korea, China and Guam.

At the same time as developing the BRICKLIVE footprint, we have continued to invest in our asset pool. In 2017 we invested £738,000 in fixed assets and in the first six months of 2018 we have spent a further £165,000, principally on content.

We continue to make an investment in staff to ensure that the Group has sufficient resources to accommodate its planned growth.

With the pipeline for future licence partners and other content deals strong, we expect the 2018 revenues to show growth on 2017.

I would like to thank our Board of Directors and especially our non-executives who have provided invaluable experience and advice. As previously stated, it is our intention to add a further Non-Executive Director and a full time Finance Director to our Board in 2018, provided candidates of sufficient quality can be recruited.

I would like to thank all of our staff, especially those who have been with Brick Live Group since its inception in April 2016. We are also pleased to announce that we are planning to implement an EMI option scheme by the end of 2018 for all key staff to share in the growth of our company.

Finally, I would personally like to thank all of our shareholders, both those who are partners within the business as well as those who have supported me over the last eighteen months, and look forward to meeting them in person at our Annual General Meeting on 18 September 2018, details of which will be circulated in due course.



**David Ciclitira**

*Chairman*

27 June 2018

4 Live Company Group Plc



Basel, Switzerland



Birmingham, UK



London, UK



Brussels, Belgium



South Korea



Basel, Switzerland

# Strategic Report

for the year ended 31 December 2017

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## Strategic Report

The Directors of the Company and its subsidiary undertakings, which together comprise Live Company Group, present their Strategic Report for the year ended 31 December 2017.

The Strategic Report is a statutory requirement under the Companies Act 2006 and is intended to provide fair and balanced information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006, which sets out the Directors' duty to promote the success of the Company.

## Principal Activities

The principal activities of the Group during the year ended 31 December 2017 were live entertainment events.

## Organisation Review

The Group moved to strengthen the board of Directors in 2017. This board now comprises an Executive Chairman, an Executive Director and three Non-Executive Directors. The Board does not presently have a Finance Director, although it has recently hired an interim Finance Director to take charge of the finance function. The Group is committed to recruiting a full time Finance Director and at least one further Non-Executive Director in 2018, provided suitable candidates are identified, who will add further skills, contacts and expertise to the board.

Profiles of the Directors can be found on the Company's website: [www.livecompanygroup.com](http://www.livecompanygroup.com).

Founded in 1987 by Executive Chairman, David Ciclitira, and listed on the London Stock Exchange's AIM since August 2001 (re-admitted in December 2017 as a result of the reverse acquisition of Brick Live Group Limited and subsidiaries, and the acquisitions of Parallel Live Group Limited and Brick Live Far East Limited), the operations of Live Company Group are run from London.

## Strategy and Business Plan

The strategy of the Group is to develop BRICKLIVE into a world-renowned entertainment brand. Brick Live Group has already achieved a global footprint for BRICKLIVE events and the strategy is to build on the existing footprint, penetrate new territories, particularly the United States, find additional high quality licensee partners and to identify further opportunities to utilise the existing licensee partner network to deliver more innovative events, thereby improving the overall quality of BRICKLIVE events wherever they take place around the world.

## Financial and Performance Review

The consolidated Income Statement is set out on page 21. For the year ended 31 December 2017, the Group made an operating loss of £391,000 (2016: profit £60,000), and a loss of £5,440,000 (2016: profit £49,000, for the year as a result of exceptional costs and write downs relating to the reverse acquisition of Brick Live Group on 22 December 2017).

LVCG's acquisition of Brick Live Group is a reverse acquisition in accordance with International Financial Reporting Standard no 3 (IFRS 3) "Business Combinations" and has therefore been accounted for in accordance with the appropriate requirements of this accounting standard. The application of these requirements means that, for accounting purposes, Brick Live Group is deemed to have acquired Live Company Group Plc (formerly Parallel Media Group Plc), hence the reported operating loss of £391,000 relates entirely to the trading activities of Brick Live Group.

Further details of the accounting treatment of this reverse acquisition (and the other capital-related transactions which also happened on 22 December 2017) is explained in more detail in note 2.1, set out on page 29 of these financial statements.



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As referred to above, the consolidated income statement for the year ended 31 December 2017 only includes the consolidated results of the Brick Live Group. These show an increase in turnover from £1,735,000 million to £1,928,000, although the revenue number was flattered by the inclusion of approximately £1,100,000 of 2016 revenue derived from the sale of a 50 per cent interest in Brick Live Far East Ltd ("BLFE"), a joint venture between Brick Live International, a wholly owned subsidiary of the Brick Live Group and Mr Hyun Seok Kim, Brick Live Group's Korean licensee partner. Asia and in particular China are areas where BRICKLIVE events and centres have been well received and as part of the proposals for the acquisition of the Brick Live Group, LVCG acquired the outstanding shares in BLFE not already owned by the Brick Live Group, the consideration of £2,950,000 being satisfied entirely by the issue of ordinary shares to Mr Kim. Overheads for the Brick Live Group have increased to £1,493,000 in 2017 (2016: £1,282,000), reflecting the planned increase in staff as a result of the substantial increase in the number of BRICKLIVE events that took place during the year. Just over half of Brick Live Group's overheads are staff costs and travel, the latter reflecting the international nature of the business.

The Consolidated Income Statement is set out on page 21 of these financial statements. The Group made an operating loss of £391,000 before exceptional items (2016: operating profit before exceptional items of £60,000).

The exceptional costs, which total £5,037,000, comprise three distinct items, the largest of which occurs as a direct result of the reverse acquisition accounting treatment of the acquisition of the Brick Live Group, referred to above, under IFRS3 Business Combinations ("reverse accounting treatment"). The Directors deemed that the reverse accounting treatment of the Brick Live Group was appropriate principally on account of the size of the acquisition and because the management of Brick Live Group now constitute all the day to day management of the enlarged group following the acquisition. The significance on these financial statements of this reverse accounting treatment is that Brick Live Group is considered to be the acquirer of LVCG for the purposes of these consolidated financial statements. It is however important to note, that this is only the case for the consolidated accounts, as in LVCG's own accounts, which are also set out in these financial statements, it remains the legal buyer of Brick Live Group and therefore recognises the acquisition as an investment in its own records. Further information on the rationale for the reverse accounting treatment is set out in Note 2.1 on page 29 to these financial statements.

As a result of the reverse acquisition treatment of the acquisition of the Brick Live Group, the Directors have had to assign a notional consideration value to LVCG, as more fully set out in Note 3 Accounting estimates and judgements on page 37 to these financial statements. LVCG (formerly Parallel Media Group plc) was a listed company and the notional consideration of £903,000 was calculated by taking the market capitalisation on the date on which the shares were re-admitted to AIM. To this sum was added the group liabilities of £3,679,000 as at 22 December 2017, which in aggregate produces a goodwill asset of £4,580,000. Given the limited trading activities of the old Parallel Media Group plc, prior to the acquisition of the Brick Live Group and having carried out a formal impairment review on this goodwill asset, the Directors deemed that this amount should be written off in its entirety.

In addition, as part of the terms for the acquisition of Brick Live Group the commission arrangements with David Ciclitira, the Executive Chairman of LVCG, whereby he was paid a commission on all sales generated by him, was terminated in exchange for the issue to him of £1,000,000 of LVCG shares. Whilst commission will continue to be charged in the income statement in the future, as it is matched against the revenue to which it relates, the commissions payable to David Ciclitira of £355,000 for the year ended 31 December 2017 have been treated as an exceptional cost. The final element of exceptional cost is £100,000 which arose a result of an agreement with a company controlled by Mr Kim to relinquish certain merchandising rights it held for Greater China. In total therefore the exceptional costs amounted to £5,037,000 (2016: £nil). Further information on these exceptional items is set out in Note 6 to these financial statements on page 40.

The loss per share amounted to 0.11p (2016: earnings per share of 0.03p), as set out in Note 12 to these financial statements.

# Strategic Report

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continued

The Statement of Financial Position at 31 December 2017 is set out on page 23 to these financial statements and show net assets of the Group amounted to £2,844,000 (2016: £49,000), which includes goodwill amounting to £4,221,000 (2016: £nil). The company's own Statement of Financial Position, as described above reflects the legal reality of the Brick Live Group acquisition and therefore recognises the aggregate investments in Brick Live Group (£5,000,000), Parallel Live Group (£1,000,000) and the consideration for the 61.1% of BLFE acquired by LVCG (£2,950,000) at the same time. The Directors having carried out a formal investment review on this goodwill asset and have deemed that no impairment is required.

Since the year end, the company has twice raised additional funds through the issue of ordinary shares as follows:

- Issue of 4,571,425 new 1p ordinary shares at 35p per share, raising a total of £1,600,000 (before costs). These shares were issued on 15 January 2018.
- Issue of 1,000,000 new 1p ordinary shares at 35p per share, raising a total of £350,000 (before costs). These shares were issued on 18 April 2018.

The statement of cash flows are set out on page 27 to these financial statements.

## Operating Review

The Directors of LVCG had for some time been looking for an acquisition in the live entertainments sector and this objective was achieved with the completion of the acquisition of Brick Live Group.

The focus of Brick Live Group for the year ended 31 December 2017 was to continue to extend the footprint of BRICKLIVE events internationally. The company's focus has been on revenue growth and as the Group's agreements with its licensee partners are typically for 3 to 5 year periods, on recurring revenue. For the year ended 31 December, 2017 74 per cent of revenue was recurring.

Brick Live Group has made a considerable investment in personnel with the right skill sets to run an international live events company. The costs of running a global business, as opposed to a domestic one, are far higher, particularly due to the necessary travel commitments in the time zones that the Group operates within. The aggregate of staff and travel costs in the year ended 31 December 2017 accounted for 64 per cent of total administrative expenses. The Directors of LVCG consider that the growth prospects for Brick Live Group are considerably better in the international markets the Group already operates within when compared with those in its domestic market. The strategy for 2018 continues to be to improve and expand the number of BRICKLIVE events in the markets that the Group already operate in and to look to find the right partners for areas in which the Group do not have a significant presence, particularly the United States.

In February 2018, Parallel Live promoted its first LEGO® Live event, which, despite achieving much critical acclaim, reported a financial loss. The decision has been made by the Board to focus on securing a new licence partner for future events in the United States.

## Principal Risks and Uncertainties

The Admission Document made public on 22 December 2017 made reference to a number of specific risks within the Group. These are summarised below (the full narrative can be viewed in the publicly available Admission Document).

## Early Stage of Operations

There are a number of additional operational, strategic and financial risks associated with early stage companies. In particular, the enlarged group's future growth and prospects will depend on its ability to stay competitive with its pricing, maintain and develop its business and to manage growth and to continue to improve operational, financial and management information and quality control systems on a timely basis, whilst at the same time maintaining effective cost controls. LVCG has only a limited operating history upon which its performance and prospects can be evaluated. The development of the enlarged group's revenues is difficult to predict.

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## **Management of growth**

The ability of the enlarged group to implement its strategy requires effective planning and management control systems. LVCG's growth plans may place a significant strain on its management and operational, financial and personnel resources. Consequently, the enlarged group's future growth and prospects will depend on its ability to manage this growth.

## **Exposure to Asia**

The Directors consider that a significant amount of LVCG's revenues will be generated in Asia and, in particular, in China. Investments in Asia involve a broad range of political, economic, legal, financial and other risks, many of which are unquantifiable and/or unpredictable and not necessarily associated with the risks involved in activities in more developed and regulated environments.

## **Reliance on access to good quality content for BRICKLIVE events**

LVCG's ability to offer competitive services will be dependent on its ability to obtain access to good quality content for BRICKLIVE events, on reasonable commercial terms.

## **Relationship with LEGO®**

There is no formal signed agreement with the LEGO group of companies in relation to the staging of BRICKLIVE events internationally.

LEGO® is a trademark of the LEGO group of companies and Brick Live Group is not associated with the LEGO group of companies and is an independent producer of BRICKLIVE events.

## **Acquiring new licensee partners**

LVCG's future growth and expected profitability is primarily dependent on maintaining good relationships with and increasing the number of new licensee partners.

## **Reliance on third parties**

LVCG does not make any of the content for its events and uses different third parties to do so.

## **Retention of business**

At present, the majority of LVCG's revenues are derived from a small number of licensee partners. This situation is likely to remain until LVCG's sales and marketing efforts to expand and diversify the customer base are successful.

## **Management of intellectual property**

The ability to protect its intellectual property, in particular its trade secrets and know-how and the ability to operate without infringing the proprietary rights of third parties is an important aspect of the LVCG's competitive advantage.

## **Retention of key executives and staff**

LVCG's development and prospects are dependent upon the continued services and performance of its Directors, senior management and other key personnel.

The Board intends, in the near future, to introduce a long-term share option scheme to motivate, reward and retain management within the business.



# Strategic Report

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## Key Performance Indicators (“KPIs”)

The primary objectives of Brick Live Group in 2017 were to grow revenue, increase the number of licensee partners and manage its growth. As such, the principal KPIs revolved around these core objectives:

- Revenue growth (excluding one-off licence fee in 2016)
- Number of licence partners – 2017: 8; 2016:1
- Regular review of short, medium and long-term cash flow forecasts
- Monitoring of overheads versus budget

Balance sheet ratios such as liquidity ratio and debtor days are also monitored.

## Forward Looking Statement

As discussed in the Chairman’s Statement, the group is focused on continuing to extend the footprint of BRICKLIVE shows internationally and increase recurring revenue.

Particular geographic locations of interest are the United States and Far East. The Directors are investing significant time and resources into building their new business efforts in these regions as they have been identified as markets which can deliver rapid and sustainable growth for Brick Live Group.

## Corporate Governance

The Group is committed to high standards of corporate governance. The Audit Committee is Chaired by Simon Bennett and includes Ranjit Murugason. The Remuneration Committee is Chaired by Ranjit Murugason and includes Simon Bennett

## Role of the Board

The Board’s role is to agree LVCG’s long-term strategy and monitor achievement of its objectives. The Board aims to meet four to six times a year for these purposes and hold additional meetings as and when necessary. A full board pack is prepared and circulated to Board members in advance of each board meeting.

## Shareholders

The Board seeks to protect shareholders’ interests by following where appropriate the guidelines in the QCA Corporate Governance Code. The annual general meeting provides the Board with an opportunity to informally meet and communicate with investors.

This strategic report was approved by the Board of Directors on 27 June 2018 and signed on its behalf by



**David Ciclitira**

*Chairman*

27 June 2018

# Directors' Report

for the year ended 31 December 2017

## BASIS OF PREPARATION, FORECASTS AND ASSUMPTIONS

In accordance with section 414 of the Companies Act 2006, the Directors have chosen to include information about the future developments and principal risks and uncertainties in the Strategic Report.

The financial statements have been prepared on a going concern basis as set out in note 1.1 to these financial statements, which assumes that the Group will continue in operational existence for the foreseeable future. The Directors have prepared trading and cash flow forecasts for the Group for the period to 31 December 2019.

## BRANCHES IN THE EU

The Group has no branches in the EU.

## DIVIDEND

No dividend is recommended in respect of the year ended 31 December 2017 (2016 – £Nil).

## DIRECTORS

The Directors during the year and their periods of office were:

David Ciclitira	–	Executive Chairman for the full year ended 31 December 2017
Maria Serena Ciclitira	–	Non-Executive Director for the full year ended 31 December 2017
Ranjit Murugason	–	Non-Executive Director for the full year ended 31 December 2017
Timothy Sturm	–	Non-Executive Director for part of the year ended 31 December 2017 until his resignation on 1 May 2017
Simon Bennett	–	Non-Executive Director for part of the year ended 31 December 2017 (appointed 28 December 2017)
Andrew Smith	–	Executive Director for part of the year ended 31 December 2017 (appointed 28 December 2017)

## Directors' interests in shares and options:

The beneficial interests in the ordinary share capital of the Company of the Directors in office at 31 December 2017 were as follows:

Director	31 December 2017 Ordinary shares of 1p Fully Paid	31 December 2016 Ordinary shares of 1p Fully Paid
David Ciclitira (and owned companies)	26,945,047	1,011,713
Maria Serena Ciclitira	1,562	1,562
Ranjit Murugason	797,242	180,742
Simon Bennett	116,667	–
Andrew Smith	–	–

# Directors' Report

continued

The shares or beneficial interest in the shares held by David Ciclitira are as follows:

Holder	No. of 1p shares 31 December 2017	No. of 1p shares 31 December 2016	Reference
David Ciclitira	26,622,081	688,747	Held by D Ciclitira directly
Barclays Wealth Trustees (Jersey) Ltd	206,532	206,532	A discretionary trust, of which D Ciclitira is a potential beneficiary
Luna Trading Ltd	116,434	116,434	A company held by a discretionary trust, of which D Ciclitira is a potential beneficiary
Maria Serena Ciclitira	1,562	1,562	Held indirectly by Maria Serena Ciclitira
	<b>26,946,609</b>	<b>1,013,275</b>	

The above table constitutes the David Ciclitira Concert Party.

## SUBSTANTIAL SHAREHOLDINGS

The following investors notified the Directors that they hold or are beneficially interested in 3% or more of the Company's ordinary share capital.

	No. of shares	%
David Ciclitira Concert Party	26,946,609	50.1
Hyun Seok Kim	10,165,393	18.9
Clive Morton	4,166,667	7.7
Fortune Access Limited	3,000,000	5.6
Miton Asset Management	2,100,001	3.9
Jarvis Investment Management	1,906,020	3.5

## DIRECTORS' LIABILITY INSURANCE

During the year, Directors' and officers' liability insurance was maintained for Directors and other officers of the Company as permitted by the Companies Act 2006.

## AIM COMPLIANCE

In accordance with AIM Rule 31, the Company is required to have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules. In order to ensure that these obligations are met, matters of compliance are managed through regular Board meetings and advice is sought from the Group's nominated adviser (Nomad). The Directors are satisfied that the Company's obligations under AIM Rule 31 have been met during the period under review.

## DISCLOSURE OF INFORMATION TO AUDITOR

In the case of each of the Directors who are Directors of the Company at the date when this report is approved:

- So far as they are individually aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of the Directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of the information.



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## AUDITOR

LVCg re-appointed Kingston Smith LLP as auditors for the Company and its subsidiaries for the financial year 2017. A resolution to re-appoint Kingston Smith LLP for the 2018 audit will be put to the shareholders at the next Annual General Meeting.

On behalf of the Board



**D Ciclitira**  
*Chairman*  
27 June 2018

# Directors' Responsibilities Statement

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The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the parent Company financial statements in accordance with those standards. 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 the Group and of the profit or loss of the Group 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;
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

# Report of the Independent Auditor

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## Independent Auditor's Report to the Members of Live Company Group Plc (Formerly Parallel Media Group Plc)

### Opinion

We have audited the financial statements of Live Company Group Plc (formerly Parallel Media Group Plc) (the 'parent company' and its subsidiaries (the 'group')) for the year ended 31 December 2017, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 financial statements section of our report. We are independent of the group 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.



# Report of the Independent Auditor

continued

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Audit area and description	Audit approach
<p><b>Accounting for business combinations</b></p> <p>On 22 December 2017, LVCG entered into three transactions which were accounted for as business combinations in accordance with IFRS3. The first of these transactions, the acquisition of Brick Live Group, was accounted for as a reverse acquisition. The reason for this is that although LVCG legally acquired Brick Live Group, Brick Live Group was the acquirer in substance. The second and third acquisitions, of Parallel Live Group and Brick Live Far East Limited respectively, did not constitute reverse acquisitions and were accounted for as acquisitions.</p> <p>As a result, the group financial statements present the results of Brick Live Group until the date of the acquisitions and those of the enlarged group going forward. The company financial statements are those of LVCG both before and subsequent to the transactions.</p>	<p>We critically assessed and challenged the judgements made by the Directors in determining the accounting for the various transactions, including the determination of which party was the acquirer, and re-performed the calculation of the consideration for and goodwill arising on the acquisitions to determine that it had been calculated in accordance with the relevant requirements of IFRS 3.</p>
<p><b>Designation of intangibles</b></p> <p>The business combinations during the year referred to above resulted in material goodwill balances. No separate intangible assets were recognised on the acquisitions.</p>	<p>We discussed the potential existence of intangible assets other than resulting goodwill, with the Directors.</p> <p>We challenged the Directors' assertion that there were no intangible assets other than goodwill purchased at the time of the business combinations. We also reviewed documentation relevant to the various transactions, including the Admission Document prepared for the purpose of admission of the group to AIM, to ensure the assertions made to us by the Directors at the time of the audit were consistent with the expectations at the time of the transactions recorded in the Admission Document and with the other evidence available to us relating to the acquisitions.</p>

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Audit area and description	Audit approach
<p><b>Cost and impairment of goodwill</b></p> <p>As referred to above, all three business combinations during the year resulted in the recognition of goodwill.</p> <p>The Directors determined that the goodwill arising on the reverse acquisition of LVCG by Brick Live Group should be impaired in full at the year end. The Directors determined that no provision for impairment was required in respect of the goodwill arising on the acquisitions of Parallel Live and Brick Live Far East.</p>	<p>We re-performed the calculations of the costs of investment and goodwill arising on the acquisitions having critically assessed the assumptions made by the Directors, as noted above.</p> <p>We critically assessed the Directors' assertions that goodwill on the reverse acquisition of LVCG should be fully impaired with reference to their consideration of future expected cash flows of LVCG.</p> <p>We also critically assessed the Directors' assertion that impairment of goodwill on acquisition of Brick Live Far East and Parallel Live was not required with reference to future trading performance and cash flows of the acquired entities.</p>

## Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and evaluate the effect of misstatements both individually and on the financial statements as a whole.

We considered revenue to be the main focus for readers of the financial statements, and this influenced our judgement of materiality. Based on our professional judgement we determined materiality for the group to be £31,400 based on a percentage of revenue.

We agreed to report to the Audit Committee all audit differences in excess of the threshold that we had calculated as clearly trivial to the financial statements, and any other differences that, in our view, warranted reporting on qualitative grounds. We also reported disclosure matters that we identified when assessing the overall presentation of the financial statements.

## An overview of the scope of our audit

Our audit of the group and parent company financial statements was scoped by obtaining an understanding of the group and parent company and their environment, including group wide controls, and assessing the risks of material misstatement at the group and parent company level. The whole of the group is audited by one audit team, led by the Senior Statutory Auditor. Our approach in respect of key audit matters is set out in the table in the Key Audit Matters section above.

The audit is performed centrally and comprises all of the companies within the group, significant components of which were visited by the audit team.

## Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# Report of the Independent Auditor

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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 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements; and
- the Strategic Report and the 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 14, 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 group's and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

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## 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



# Report of the Independent Auditor

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continued

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads "Kingston Smith LLP". The signature is written in a cursive, flowing style.

Peter Smithson (Senior Statutory Auditor)  
for and on behalf of Kingston Smith LLP, Statutory Auditor

27 June 2018

Charlotte Building  
17 Gresse Street  
London, W1T 1QL

# Consolidated Income Statement

for the year ended 31 December 2017

	Note	Year to 31 December 2017 £'000	8 month period to 31 December 2016 £'000
Revenue	4	1,928	1,735
Cost of sales		(826)	(393)
Gross profit		1,102	1,342
<b>Administrative expenses</b>			
Foreign exchange		(26)	–
Depreciation and amortisation of non-financial assets		(1)	(4)
Other administrative expenses		(1,466)	(1,278)
Total administrative expenses		(1,493)	(1,282)
Operating (loss)/profit before exceptional items	5	(391)	60
Exceptional items	6	(5,037)	–
Operating (loss)/profit after exceptional Items		(5,428)	60
Finance costs	10	(12)	–
(Loss)/profit for the period		(5,440)	60
Tax expense	11	–	(11)
(Loss)/Profit for the year		(5,440)	49
Attributable to:			
Non-controlling interests		–	–
Equity holders of the parent		(5,440)	49
(Loss)/earnings per share – basic and diluted	12	(0.11)p	0.03p

A separate Income statement for the parent company LVCG has not been presented as permitted by S408 of the Companies Act 2006. The parent company loss for the year was £664,000 (2016: loss of £1,651,000).

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

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2017

	Year to 31 December 2017 £'000	8 month period to 31 December 2016 £'000
(Loss)/profit for the year/period	(5,440)	49
<b>Total comprehensive (expense)/income for the year/period</b>	<b>(5,440)</b>	<b>49</b>
All of the total comprehensive (expense)/income for the year/period is attributable to the equity holders of the parent	(5,440)	49

# Statements of Financial Position

as at 31 December 2017

		Consolidated		Company	
		2017	2016	2017	2016
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Property, plant and equipment	13	798	178	–	–
Intangible assets	14	1	–	1	1
Investments	15	–	1	8,950	–
Goodwill	16	4,221	–	–	–
Investments in Joint Ventures	17	–	–	–	–
<b>Total non-current assets</b>		<b>5,020</b>	<b>179</b>	<b>8,951</b>	<b>1</b>
<b>Current assets</b>					
Trade and other receivables	18	1,125	1,105	219	603
Cash and cash equivalents	19	871	–	842	18
<b>Total current assets</b>		<b>1,996</b>	<b>1,105</b>	<b>1,061</b>	<b>621</b>
<b>Current liabilities</b>					
Financial liabilities – Borrowings	20	–	–	–	85
Trade and other payables	21	2,557	1,224	1,645	4,899
Deferred income and accruals	21	1,603	–	–	–
<b>Total current liabilities</b>		<b>4,160</b>	<b>1,224</b>	<b>1,645</b>	<b>4,984</b>
<b>Net current liabilities</b>		<b>(2,164)</b>	<b>(119)</b>	<b>(584)</b>	<b>(4,363)</b>
<b>Non-current liabilities</b>					
Financial liabilities – Borrowings	20	–	–	–	166
Deferred tax	23	12	11	–	–
<b>Net assets/(liabilities)</b>		<b>2,844</b>	<b>49</b>	<b>8,367</b>	<b>(4,528)</b>

# Statements of Financial Position

continued

		Group		Company	
		2017	2016	2017	2016
		£'000	£'000	£'000	£'000
<b>Equity</b>					
Share capital	24	4,566	4,114	4,566	4,114
Share premium		13,695	9,239	13,695	9,239
Other reserves		(23,711)	(18,387)	557	557
Merger reserve		8,651	–	8,651	–
Capital redemption reserve		5,034	5,034	5,034	5,034
Retained earnings		(5,391)	49	(24,136)	(23,472)
<b>Equity attributable to equity holders of the parent</b>		2,844	49	8,367	(4,528)

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2018 and were signed on its behalf by:



**David Ciclitira**  
Chairman



# Statements of Changes in Equity

for the year ended 31 December 2017

	Ordinary Share Capital £'000	Share Premium £'000	Reverse acquisition reserve £'000	Forex and other Reserves £'000	Merger reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
<b>Consolidated</b>								
<b>As at 31 December 2016</b>	<b>4,612</b>	<b>8,741</b>	<b>(18,944)</b>	<b>557</b>	<b>-</b>	<b>5,034</b>	<b>49</b>	<b>49</b>
Prior Period Adjustment (note 2.18)	(498)	498	-	-	-	-	-	-
<b>As at 31 December 2016 (restated)</b>	<b>4,114</b>	<b>9,239</b>	<b>(18,944)</b>	<b>557</b>	<b>-</b>	<b>5,034</b>	<b>49</b>	<b>49</b>
Loss for the year	-	-	-	-	-	-	(5,440)	(5,440)
Shares issued for cash	42	1,218	-	-	-	-	-	1,260
Shares issued as consideration for acquisitions	298	-	(5,324)	-	8,651	-	-	3,625
Debt to share conversion	112	3,238	-	-	-	-	-	3,350
<b>At 31 December 2017</b>	<b>4,566</b>	<b>13,695</b>	<b>(24,268)</b>	<b>557</b>	<b>8,651</b>	<b>5,034</b>	<b>(5,391)</b>	<b>2,844</b>
<b>Company</b>								
<b>As at 31 December 2016</b>	<b>4,612</b>	<b>8,741</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>5,034</b>	<b>(23,472)</b>	<b>(4,528)</b>
Prior period adjustment (note 2.18)	(498)	498	-	-	-	-	-	-
<b>At 31 December 2016 (restated)</b>	<b>4,114</b>	<b>9,239</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>5,034</b>	<b>(23,472)</b>	<b>(4,528)</b>
Loss for the year	-	-	-	-	-	-	(664)	(664)
Shares issued for cash	42	1,218	-	-	-	-	-	1,260
Shares issued for acquisitions	298	2,851	-	-	8,651	-	-	8,949
Debt to share conversion	112	3,238	-	-	-	-	-	3,350
<b>At 31 December 2017</b>	<b>4,566</b>	<b>13,695</b>	<b>-</b>	<b>557</b>	<b>8,651</b>	<b>5,034</b>	<b>(24,136)</b>	<b>8,367</b>

# Statements of Changes in Equity

continued

	Ordinary Share Capital £'000	Share Premium £'000	Reverse Acquisition reserve £'000	Forex and other Reserves £'000	Merger reserve £'000	Capital Redemption Reserve £'000	Retained Earnings £'000	Total £'000
<b>Group</b>								
<b>As at 31 December 2015</b>	<b>4,612</b>	<b>8,741</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>5,034</b>	<b>-</b>	<b>18,944</b>
Profit for the year	-	-	-	-	-	-	49	49
<b>At 31 December 2016</b>	<b>4,612</b>	<b>8,741</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>5,034</b>	<b>49</b>	<b>18,993</b>
Prior Period Adjustment (note 2.18)	(498)	498	-	-	-	-	-	-
Reverse acquisition adjustment to adjust comparatives on a consistent basis as current year financials	-	-	(18,944)	-	-	-	-	(18,944)
<b>As at 31 December 2016 (restated)</b>	<b>4,114</b>	<b>9,239</b>	<b>(18,944)</b>	<b>557</b>	<b>-</b>	<b>5,034</b>	<b>49</b>	<b>49</b>
<b>Company</b>								
<b>As at 31 December 2015</b>	<b>4,612</b>	<b>8,741</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>5,034</b>	<b>(21,821)</b>	<b>(2,877)</b>
Restatement (note 2.18)	(498)	498	-	-	-	-	-	-
<b>At 31 December 2015 (restated)</b>	<b>4,114</b>	<b>9,239</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>5,034</b>	<b>(21,821)</b>	<b>(2,877)</b>
Loss for the year	-	-	-	-	-	-	(1,651)	(1,651)
<b>At 31 December 2016</b>	<b>4,114</b>	<b>9,239</b>	<b>-</b>	<b>557</b>	<b>-</b>	<b>5,034</b>	<b>(23,472)</b>	<b>(4,528)</b>

LVCG has restated all of its comparative financial information for the year ended 31 December 2016 in accordance with the requirements of reverse acquisition accounting rules set out in IFRS3. This is set out in note 2.1 to these financial statements. In summary, the comparatives reflect the equity of the legal parent company LVCG and profit and loss reserves of Brick Live Group.

# Statements of Cash Flows

for the year ended 31 December 2017

	Consolidated		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Operating (loss)/Profit	(391)	60	(1585)	(438)
Depreciation	118	4	–	–
Amortisation of intangibles – Tournament rights	–	–	–	136
Impairment provision – Tournament rights	–	–	–	1,321
Impairment provision – Investment in subsidiary	–	–	–	54
Mr David Ciclitira commission paid	(355)	–	–	–
Director fees capitalised	–	–	220	–
Decrease/(increase) in receivables	(20)	(1,098)	(241)	(66)
Increase/(decrease) in payables	2,936	1,217	1,344	281
Exceptional item	–	–	–	(1,182)
<b>Cash generated from operations</b>	<b>2,288</b>	<b>183</b>	<b>(262)</b>	<b>106</b>
<b>Cash flow from investing activities</b>				
Acquisition of property, plant and equipment	(740)	(183)	–	–
<b>Net cash (used in)/generated from investing activities</b>	<b>(740)</b>	<b>(183)</b>	<b>–</b>	<b>–</b>
<b>Cash flow from financing activities</b>				
Issue of new shares	1,260	–	1,260	–
Loans repaid	–	–	(81)	(65)
Interest paid	(12)	–	(93)	(30)
<b>Net cash used in financing activities</b>	<b>1,248</b>	<b>–</b>	<b>1,086</b>	<b>(95)</b>
Reconciliation impact of reverse acquisition accounting	(1,925)	–	–	–
<b>Net cash inflow</b>	<b>871</b>	<b>–</b>	<b>824</b>	<b>11</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>–</b>	<b>–</b>	<b>18</b>	<b>7</b>
Net increase in cash and cash equivalents	871	–	824	11
<b>Cash and cash equivalents at end of the year</b>	<b>871</b>	<b>–</b>	<b>842</b>	<b>18</b>

# Notes Forming Part of the Financial Statements

for the year ended 31 December 2017

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## 1. Basis of preparation

These financial statements have been prepared on the historical cost basis as modified by use of the fair-value basis where required and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as at 31 December 2017.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements which are disclosed in note 3 to these financial statements.

A separate Income Statement or Statement of Comprehensive Income for the parent company LVCG has not been presented as permitted by section 408 of the Companies Act 2006. The parent company loss for the year was £664,000 (2016 - £1,651,000 loss).

### 1.1 Going concern

These financial statements have been prepared on a going concern basis. The Group Statement of Financial Position shows net current liabilities of £2,164,000 as at 31 December 2017. In assessing going concern the Directors take into account the groups cash flows, solvency and liquidity positions.

The Directors have prepared trading and cash flow forecasts for the Group up to and including the year ended 31 December 2019. The forecasts incorporate a number of trading assumptions, including income from existing licence contracts, and contracts which are in the process of being negotiated. The forecasts show that the Group has sufficient cash to meet its liabilities as they fall due for a period of 12 months from the date of signature of the financial statements.

The Directors believe these forecasts to be realistic and consequently have prepared the financial statements on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

### 1.2 Adoption of standards effective in 2017

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the EU in force at the reporting date.

#### New and Revised Standards

There were no new standards in effect that have had a significant effect on the financial statements. There have been improvements to standards which provide clarifications rather than substantive changes to existing requirements.

#### IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Group and the Company in preparing these financial statements, as they are not as yet effective and, in some cases, had not yet been adopted by the EU. The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early.

- IFRS 9, 'Financial Instruments'
- IFRS 15, 'Revenue from Contracts with Customers'
- IFRS 16 'Leases'
- IFRS 10 and IAS 28 (amendments), 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- Amendments to IFRS 2, 'Classification and Measurement of Share-based Payment Transactions'

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## 1. Basis of preparation continued

- Amendments to IAS 7, 'Disclosure Initiative'
- Amendments to IAS 12, 'Recognition of Deferred Tax assets for Unrealised Losses'

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the Group in future periods except that IFRS 9 will impact both the measurement and disclosure of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond this, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

IFRS 16 is a significant change to lease accounting and all leases will require balance sheet recognition of a liability and a right-of-use asset, except short term leases of low value assets. The effect on the Group is expected to be immaterial.

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Company's activities and which have not therefore been adopted in preparing these financial statements.

## 2. Accounting policies

### 2.1 Business combinations and investments

The consolidated financial statements incorporate:

- The results of Brick Live Group for the year ended 31 December 2017; and
- The assets and liabilities of Brick Live Group as parent company and its subsidiary companies (including LVCG) as at 31 December 2017.

A number of transactions took place on 22 December 2017.

#### Order of transactions

The Directors have discussed the timing of each of the eight LVCG equity transactions that took place on 22 December 2017 and in accordance with the requirements of IFRS3 determined that they took place in the order as shown below. This order drives the value of the notional consideration paid by Brick Live Group for LVCG on the reverse acquisition. The following points are relevant:

- The acquisition of Brick Live Group was deemed to happen first as, without this acquisition, none of the other transactions would have been possible. This acquisition gave the Group a business whose growth prospects encouraged the other equity transactions (such as the fundraising and conversion of loans) to take place.
- The acquisition of Parallel Live took place after the acquisition of Brick Live Group because it is a far smaller company than Brick Live Group and promoted its first event in the United States, which the Board consider to be an important area for future potential business.
- The acquisition by LVCG of the remaining shares in BLFE (not already owned by Brick Live Group) was deemed to happen next.
- The share placing is determined to have happened next, on the basis that this provided the necessary working capital for the Group to fund the anticipated increase in the footprint of BRICKLIVE events globally. This fundraising was integral to the decision by David Ciclitira to convert his outstanding loans to LVCG to equity and for the two other directors, namely Ranjit Murugason and Simon Bennett, to capitalise their outstanding fees into equity.



# Notes Forming Part of the Financial Statements

continued

## 2. Accounting policies continued

### The equity transactions explained in detail

LVCG issued shares for multiple transactions all on the same day, 22 December 2017.

The detail of each transaction is described below:

**1. LVCG acquisition of Brick Live Group Limited and subsidiaries – consideration of 16,666,666 new ordinary shares in LVCG with a nominal value of 1p and a price of 30p per share, resulting in total transaction consideration of £5,000,000.**

LVCG acquired the entire share capital of Brick Live Group Limited for consideration of £5,000,000 settled in shares. In the company's own records, this was accounted for by recognising the £166,667 nominal value of the shares issued as share capital, with the premium of £4,833,333 recognised as a merger reserve (on the basis that Merger Relief applies as 90% or more of the consideration was in the form of shares in the legal acquirer). LVCG's legal investment in Brick Live Group was subject to a formal impairment review by the Directors prior to signing these accounts, who concluded that no impairment was required.

In order to account for the transaction as a reverse acquisition, on a consolidated basis, it was necessary to ascertain the notional value that the accounting acquirer, Brick Live Group, had paid for the accounting acquiree, LVCG. This was determined by using the market value price at which the shares were issued, which was 30p. At that date, the company had 3,009,233 shares in issue, resulting in calculated consideration of £902,770. LVCG had net liabilities at completion of the transaction of £3,678,396 (as this was before the loans and outstanding director fees due to David Ciclitira, Ranjit Murugason and Simon Bennett had been capitalised), resulting in a goodwill asset arising on acquisition of £4,581,166.

This goodwill asset of £4,581,166 was subject to a formal impairment review by the Directors who determined that the fair value of LVCG was £nil. As a stand-alone company, it has limited trading activities and generated no revenue in 2017. These factors, combined, resulted in a full impairment of the goodwill asset of £4,581,166 generated on consolidation from the reverse acquisition of LVCG by Brick Live Group.

**2. LVCG acquisition of Parallel Live Group Limited and its subsidiaries – consideration of 3,333,334 new ordinary shares in LVCG with a nominal value of 1p at a price of 30p per share, resulting in total transaction consideration of £1,000,000.**

LVCG acquired the entire share capital of Parallel Live Group Limited for £1,000,000 settled in shares. In the company's own records, this was accounted for by recognising the £33,334 nominal value of the shares issued as share capital, with the premium of £966,666 recognised as a merger reserve (on the basis that Merger Relief applies as 90% or more of the consideration was in the form of shares in the legal acquirer).

The acquisition of Parallel Live Group was accounted for using the purchase method of accounting. Under the purchase method the results of subsidiary undertakings are included from the date of acquisition and the goodwill value is calculated as the difference between the fair value of the consideration and the fair value of the net assets/liabilities at the date of the acquisition.

The fair value of the consideration was £1,000,000, whereas the net liabilities of Parallel Live Group at acquisition were £271,336 and therefore a goodwill asset arose relating to this acquisition of £1,271,336. This goodwill was subject to a formal impairment review by the Directors prior to signing these accounts, who concluded that no impairment was required.

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## 2. Accounting policies continued

3. **LVCG acquisition of 61.1% stake Brick Live Far East Limited ("BLFE") – consideration of 9,832,060 new ordinary shares in LVCG with a nominal value of 1p and a price of 30p per share, resulting in total transaction consideration of £2,949,618.**

Brick Live International Limited (a wholly owned subsidiary of Brick Live Group) already held a direct 38.9% shareholding in BLFE prior to this transaction. BLFE is a company registered in Hong Kong which owns a 49% stake in the Brick Live Group's China joint venture company, Brick Live Centre Education Development (Beijing) Company Limited.

LVCG's acquisition of BLFE has been accounted for using the purchase method of accounting. Under the purchase method the results of subsidiary undertakings are included from the date of acquisition and the goodwill value is calculated as the difference between the fair value of the consideration and the fair value of the net assets/liabilities at the date of the completion.

The fair value of the consideration was £2,949,618, net assets of BLFE at completion were £nil and so, hence, the goodwill asset relating to this acquisition is £2,949,618. This investment was subject to a formal impairment review by the Directors prior to signing these accounts, who concluded that no impairment was required.

4. **The fund raising of 4,200,000 new ordinary shares in LVCG with a 1p nominal value and a price of 30p per share (£1,260,000 gross proceeds).**

LVCG issued new ordinary shares which generated £1,260,000 of cash prior to the expenses of the transaction. The nominal value of the shares of £42,000 was taken to share capital with the balance of £1,218,000 treated as share premium.

5. **Conversion of David Ciclitira loans by issue of 6,766,667 new ordinary shares in LVCG with a 1p nominal value at a price of 30p per share**

At 22 December 2017, Mr David Ciclitira (a Director) had outstanding loans due to him from the company of £2,030,000. These loans were converted into new ordinary shares.

6. **Conversion of outstanding fees due to Ranjit Murugason by the issue of 616,500 new ordinary shares in LVCG with a 1p nominal value at a price of 30p per share.**

At 22 December 2017, Mr Ranjit Murugason (a Director) was owed a total of £184,950 in respect of past directors fees and associated costs and his fee for work done in connection with the acquisition of the Brick Live Group. These outstanding fees were converted into new ordinary shares.

7. **Conversion of outstanding fees due to Simon Bennett by issue of 116,667 new ordinary shares in LVCG with a 1p nominal value at a price of 30p per share.**

At 22 December 2017, Mr Simon Bennett (a Director) was owed a total of £35,000 in respect of his fee for work done in connection with the acquisition of the Brick Live Group. These outstanding fees were converted into new ordinary shares.

8. **Settlement of merchandising rights for by the issue of 333,333 new ordinary shares in LVCG with a 1p nominal value and a price of 30p per share.**

CIDEA, a Korean company controlled by Mr Hyun Seok Kim, was granted certain merchandising rights for the Greater China territory. LVCG, Brick Live International and CIDEA entered into a contractual arrangement whereby CIDEA agreed to relinquish these rights and was as a result issued with shares to the value of £100,000.

# Notes Forming Part of the Financial Statements

continued

## 2. Accounting policies continued

### Rationale

The Directors first considered whether the first three transactions were business combinations in accordance with the requirements of IFRS3. To be treated as business combinations all parties must be capable of being conducted and managed for the purpose of providing a return. The Brick Live Group and Parallel Live were trading and clearly businesses in accordance with the IFRS 3 definition. In 2017, although LVCG did not generate any revenue, it incurred administrative expenses and the Directors were exploring opportunities for the company. On this basis the Directors have concluded that the transactions are business combinations.

The first transaction, being LVCG's acquisition of Brick Live Group has been treated as a reverse acquisition predominantly on the basis of the 'size' and 'management' criteria described in IFRS3:

### Size

- Where one entity is significantly greater in size than the other it is usually the acquirer.  
**For the year ended 31 December 2017 the Brick Live Group reported growing revenue of £1,928,000 compared with LVCG's revenue of £nil. In addition, the Brick Live Group had employees during the year and LVCG did not and Brick Live Group had a significantly lower level of net liabilities at completion than LVCG.**

### Management

- Senior management of the combined entity – the entity whose (former) management dominate the combined management is usually the acquirer.  
**Day-to-day management of the enlarged group consists of Brick Live Group's previous and current management. All key strategic decisions in the enlarged group relate to the trade of Brick Live Group.**

### Impact on Consolidated Income Statement

The impact of treating LVCG's acquisition of Brick Live Group as a reverse acquisition is that Brick Live Group is considered to be the acquirer for the purposes of the consolidated financial statements. It is important to note that this is only the case in the consolidated accounts; in LVCG's own accounts, LVCG remains the legal acquirer of Brick Live Group and therefore recognises the acquisition as an investment in its own financial statements.

The most material consequence of treating Brick Live Group as the accounting acquirer at a consolidated level, is that the Consolidated Income Statement reflects the trading performance of Brick Live Group for the year ended 31 December 2017, and LVCG from only the date of the reverse acquisition on 22 December 2017. As a result, there is a material change from the published 2016 financial statements, hence the comparatives are entirely different from last year's annual report (as they reflect the 2016 trading performance of Brick Live Group and not that of LVCG). The results of LVCG would be required to be added into the 2017 consolidation from the date of acquisition, but as the reverse acquisition of Brick Live Group was completed on 22 December 2017, only nine days before the financial year end, the results for LVCG for this period are immaterial and have therefore been excluded.

### Impact on Statement of Financial Position

The Statement of Financial Position at 31 December 2017 shows the consolidated assets and liabilities of the Group and so there is little change as a result of the treatment of the acquisition of Brick Live Group as a reverse acquisition (other than the treatment of the transaction itself, explained later in this note).

The main impact is shown in equity. IFRS3 has specific requirements for reserves that should be shown in the financial statements in the event of a reverse acquisition:

- Legal parent company for all reserves relating to the issue or redemption of shares;

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## 2. Accounting policies continued

- Accounting acquirer (in this case, Brick Live Group) for all distributable reserves.

This resulted in several adjustments to brought forward reserves:

- The consolidated share capital of the group should be that of the parent company, LVCG. That company issued new share capital during the year ended 31 December 2017 to the value of £452,000 (excluding share premium). This was for the acquisition of Brick Live Group and Parallel Live (£200,000 share capital, plus £5,800,000 treated as a merger reserve due to the acquisition consideration consisting of over 90% shares in the acquiring company), a share placing for cash on 22 December 2017 (£42,000 share capital, plus £1,218,000 share premium), the acquisition of a 61.1% acquisition of Brick Live Far East Limited (£98,000 share capital and £2,851,000 share premium), conversion of Director loan accounts and buy-out of David Ciclitira's commission arrangements (£108,000 share capital and £3,142,000 share premium) and the purchase of merchandise stock for shares (£4,000 share capital and £96,000 share premium).
- The profit and loss reserve should be that of the deemed accounting acquirer, which under the reverse acquisition rules, is Brick Live Group. Therefore the 2016 profit and loss reserve has been restated to reflect the consolidated profit and loss reserve balance of Brick Live Group at 31 December 2016, which was £49,000.
- The Company has applied Merger Relief accounting principles as set out Companies Act 2006 in relation to the treatment of the acquisition of Brick Live Group in its own accounts. The relief applies on the basis that at least 90% of the consideration to acquire Brick Live Group was settled in the form of shares in LVCG. As a result, the credit (which would ordinarily be taken to the share premium account) is taken to the merger reserve.

The Statement of Changes in Equity also shows several other equity transactions, which all happened on the same date as the acquisition of Brick Live Group. The accounting treatment is based on the equity structure of the consolidated group at the point of each equity transaction.

### Intercompany balances

All intercompany balances are eliminated on consolidation.

### 2.2 Intangible assets – Tournament rights

The rights to promote European Tour golf events were acquired by LVCG in September 2006 and are included in the statement of financial position as intangible assets in the audited financial statements for the year ended 31 December 2017. These assets were intended to be amortised over their expected life of 20 years. However, these assets were impaired to a net book value of £1,000 as of 31 December 2016 to reflect the fact that the ongoing business of LVCG is not expected to generate revenues from these rights in the foreseeable future.

### 2.3 Investment in joint ventures

A joint venture is an entity over which the Group has joint control. Joint control is the contractually agreed sharing of control over an economic activity and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The investment in a joint venture is initially recognised at cost and adjusted for the Group's share of the changes in the net assets of the joint venture after the date of acquisition, and for any impairment in value. If the Group's share of losses of a joint venture exceeds its interest in the joint venture, the Group discontinues recognising its share of further losses.

### 2.4 Property, plant & equipment

All property, plant and equipment assets are stated at cost less accumulated depreciation.

# Notes Forming Part of the Financial Statements

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continued

## 2. Accounting policies continued

Depreciation is provided on bricks and content at 25% on a straight-line basis to reflect their useful life. Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Bricks and content are capitalised in the periods in which they are purchased and valued at the lower of cost and net realisable value.

Depreciation on other fixtures, fittings and office equipment is provided at 20% on a straight-line basis. Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

### 2.5 Impairment of assets

The carrying amounts of the Group's assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

The Directors have carried out a formal impairment review on all material assets at 31 December 2017. No impairment losses have been made, other than the impairment relating to the reverse acquisition of BLG and the investment into the joint venture as set out respectively in notes 2.1 and 17 to these financial statements.

### 2.6 Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on trade date when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are recognised initially at fair-value plus, in the case of a financial instrument not at fair-value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments are derecognised on trade date when the Group is no longer a party to the contractual provisions of the instrument.

### 2.7 Trade receivables

Trade receivables are stated at their amortised cost. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

### 2.8 Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.9 Trade payables

Trade payables are stated at their amortised cost.



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## 2. Accounting policies continued

### 2.10 Interest-bearing borrowings (other than compound financial instruments)

Interest-bearing borrowings are stated at amortised cost using the effective interest method. 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.

### 2.11 Revenue recognition

Revenue is the value of goods and services provided by the Group to customers, net of VAT and discounts. Revenue includes licence fees, revenue from the sale of content (mostly large LEGO-based statues), brick lease fees and ticket sales from self-promoted events. Revenue is recognised when the Group has earned the right to receive consideration for its performance, measured on the following basis:

- (i) Annual licence fees – on a straight-line basis in accordance with the terms of the agreement, unless it is non-refundable in which case fees are recognised on the contractual invoice date;
- (ii) Event licence fees and revenue shares – on the completion of the event in accordance with the terms of the agreement;
- (iii) Content fees – on delivery of the specific content to the client in accordance with the terms of the agreement;
- (iv) Brick lease fees – on a straight-line basis in accordance with the terms of the agreement; and
- (v) Ticket sales from self-promoted events – on the date of the event.

### 2.12 Deferred taxation

Deferred tax is provided in full using the balance sheet liability method. Deferred tax is the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the statement of financial position.

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The Group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, as it is not considered probable that the temporary differences will reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amounts of the deferred tax assets are reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

### 2.13 Segmental reporting

LVCG has two operating segments, namely: proprietary shows (events) and licences. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services (see note 4). All inter-segment transfers are carried out at arm's length prices.

For management purposes, the Group uses the same measurement policies as those used in its financial statements, except for certain items not included in determining the operating profit of the operating segments, such as share-based payment expenses.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily applies to the Group's headquarters.

# Notes Forming Part of the Financial Statements

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continued

## 2. Accounting policies continued

### 2.14 Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated at the rate ruling at the date of the transaction. Differences on exchange arising on translation of subsidiaries are charged directly to other comprehensive income. All other exchange differences have been charged to the Income Statement in the period under review.

### 2.15 Business combinations

The information contained in this note sets out how the group typically accounts for Business Combinations, which is effectively using the purchase method explained in IFRS3, "Business Combinations". However, it is important to that LVCG's acquisition of Brick Live Group was not accounted for in this way, as it was considered to be a reverse acquisition under the IFRS3 reverse acquisition requirements.

In the event of acquisitions which are not treated as a reverse acquisition, the company accounts for these transactions using the purchase method as follows:

The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at the acquisition date fair-value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Subsequent changes in the proportion of the non-controlling interests, which do not result in de-recognition of the subsidiary, are accounted for in equity. Costs incurred in connection with the acquisition are recognised in profit or loss as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair-value of the Group's previously held equity interest in the acquiree is re-measured to fair-value at the acquisition date through profit or loss. Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's share of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair-value of nets assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any recognised impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to either the acquired business or to each of the Group's cash generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms a part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit until retained.

Goodwill arising from business combinations is assessed for impairment annually.

The results of the acquired operations are included in the consolidated Income Statement and consolidated statement of comprehensive income from the date on which control is obtained.

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## 2. Accounting policies continued

### 2.16 Exceptional items

Exceptional costs and are those costs incurred by the Group which are considered by the Directors to be material in size and are unusual and infrequent in occurrence which require separate disclosure within the financial statements. See note 7 for details of exceptional items ensuing in the year.

### 2.17 Prior Period Restatement

These 2017 accounts reflect a historic restatement to share capital and the share premium account. On 27 December 2013, a capital reorganisation took place whereby 49,140,569 existing Ordinary Shares of 2.2p each were consolidated on a 24:1 basis creating 2,047,523 ordinary shares of 52.8p each. Immediately following this, each Ordinary share of 52.8p was subdivided into one New Ordinary Share of 1p each, and one New Deferred Share of 51.8p each. This resulted in 2,047,523 New Ordinary Shares and 2,047,523 New Deferred Shares with effect from 27 December 2013.

On 30 December 2013, a total of 961,710 New Ordinary Shares were issued at £1.56 per share which should have been accounted for as increasing nominal share capital by £9,617 and increasing share premium by £1,490,650.

However, these shares were incorrectly accounted for as having been issued before the capital reorganisation and were subsequently treated as having been for Ordinary Shares of 52.8p, and therefore the incorrect position of 3,009,233 New Deferred Shares was arrived at. This led to the nominal share capital balance being overstated, and the share premium balance being understated.

To rectify this, the share capital balance for 2016 has been reduced by £498,166 and the balance standing to the credit of the share premium account has been increased by the same amount.

Accordingly, the issued share capital of the Company at 31 December 2013 comprised: 3,009,233 ordinary shares of £0.01 each; 2,047,523 new deferred shares of £0.518 each; 199,831,545 deferred ordinary shares of £0.005 each and 103,260 deferred B shares of £19.60 each. This position remained unchanged at 31 December 2016.

## 3. Accounting estimates and judgements

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Group, being International Financial Reporting Standards as adopted by the European Union, requires the Directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in financial statements. Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events.

The significant judgements made by management in applying the Group's accounting policies as set out above, and the key source of estimation, were:

### Notional consideration value of LVCG

As the acquisition of Brick Live Group by LVCG was treated as a reverse acquisition, the Directors have had to assign a notional consideration value to LVCG. As a publicly traded company, this was calculated by using the market value that the shares were issued at to fund the legal acquisition of Brick Live Group by LVCG. This is explained in more detail in note 2.1.

### Impairment review of value of LVCG

The reverse acquisition of LVCG by Brick Live Group created a goodwill asset of £4,581,000. The Directors carried out a formal impairment review on this goodwill asset and deemed that it should be fully impaired. This is on the basis that LVCG has limited trading activities and generated no revenue in 2017, as explained in note 2.1.

# Notes Forming Part of the Financial Statements

continued

## 3. Accounting estimates and judgements continued

### Impairment review of Brick Live Group

The Directors have carried out an impairment review of LVCG's £5,000,000 investment into Brick Live Group, £1,000,000 investment into Parallel Live and LVCG's £2,949,618 investment in BLFE, all held within the consolidated group as at 31 December 2017. It was deemed that no impairment is required to the cost of these investments or the related goodwill.

### Depreciation

Depreciation rates have been set to accurately reflect the reduction in value of assets over their economic life, less their expected residual value. This requires judgement by the Directors, who have set the depreciation rates as detailed in Note 2.4 to these financial statements based on their knowledge of the industry and typically how long each asset type retains its value.

### Revenue recognition

Revenue from contracts is assessed on an individual basis with revenue earned being ascertained as the right to the economic benefit from the contract transfers to the Group. This requires judgement as each revenue transaction is assessed separately, albeit under the general guidelines of the accounting policies for revenue recognition as explained in note 2.11 to these financial statements.

## 4. Segment reporting

As described in note 1 to these financial statements, the Directors consider that the Group's internal financial reporting is organised along product and service lines and therefore segmental information has been presented about LVCG's business segments. The segmental analysis of the Group's business was derived from its principal activities as set out below.

### Reportable segments

The reportable segment results for the year ended 31 December 2017 are as follows:

	Events £'000	Licences £'000	Unallocated £'000	Total £'000
Revenues from external customers	213	1,715	–	1,928
<b>Total revenue</b>	<b>213</b>	<b>1,715</b>	<b>–</b>	<b>1,928</b>
Cost of sales	280	546	–	826
Administrative expenses	48	1,145	300	1,493
Finance costs	–	–	12	12
Exceptional items	–	–	5,037	5,037
<b>Segment (loss)/profit for the year</b>	<b>(115)</b>	<b>24</b>	<b>(5,349)</b>	<b>(5,440)</b>

The reportable segment results for the year ended 31 December 2016 are as follows:

	Events £'000	Licences £'000	Unallocated £'000	Total £'000
Revenues from external customers	428	1,307	–	1,735
<b>Total revenue</b>	<b>428</b>	<b>1,307</b>	<b>–</b>	<b>1,735</b>
Cost of sales	91	302	–	393
Administrative expenses	–	780	502	1,282
Taxation	–	–	11	11
<b>Segment profit/(loss) for the year</b>	<b>337</b>	<b>225</b>	<b>(513)</b>	<b>49</b>

#### 4. Segment reporting continued

Segment assets consist primarily of property; plant and equipment, intangible assets, investments, goodwill, trade and other receivables and cash and cash equivalents. Unallocated assets comprise deferred taxation; available for sale financial assets, financial assets held at fair value through profit or loss, and derivatives. Segment liabilities comprise operating liabilities; liabilities such as deferred taxation are not allocated to individual business segments.

Segment assets and liabilities as at 31 December 2017 are as follows:

	Events £'000	Licences £'000	Unallocated £'000	Total £'000
<b>Assets</b>	50	6,966	–	7,016
<b>Liabilities</b>	549	3,611	12	4,172

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

Segment assets/liabilities	Assets £'000	Liabilities £'000
Unallocated:		
Deferred tax	–	12
	<b>–</b>	<b>12</b>

Segment assets and liabilities as at 31 December 2016 are as follows:

	Events £'000	Licences £'000	Unallocated £'000	Total £'000
<b>Assets</b>	141	1,142	1	1,284
<b>Liabilities</b>	431	793	11	1,235

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

Segment assets/liabilities	Assets £'000	Liabilities £'000
Unallocated:		
Deferred taxation		11
Investment	1	
	<b>1</b>	<b>11</b>

#### Geographical information

The Group's business segments operate in three principal geographical areas, although they are managed on a worldwide basis from the Group's head office in the United Kingdom.

A geographical analysis of the Group's revenue and non-current assets is given below. Revenue is allocated based on the location of the customer; non-current assets are allocated based on the physical location of the asset.

	2017 £'000	2016 £'000
<b>Revenue</b>		
United Kingdom	634	423
Europe	440	–
Far East and China	854	1,312
	<b>1,928</b>	<b>1,73</b>



# Notes Forming Part of the Financial Statements

continued

## 4. Segment reporting continued

	2017 £'000	2016 £'000
<b>Non-current assets</b>		
United Kingdom	798	179
Europe	–	–
Unallocated	4,222	–
	<b>5,020</b>	<b>179</b>

### Major customers

Included within revenue arising from licences are revenues of approximately £455,000 (2016: £378,000) which arose from sales to the Group's largest customer.

## 5. Operating (loss)/profit before exceptional items

	2017 £'000	2016 £'000
<b>This is stated after charging:</b>		
Content and Bricks Depreciation (included within cost of sales)	117	–
Office Equipment Depreciation (included within administrative expenses)	1	4
Exceptional items (see Note 6 below)	5,037	–

## 6. Exceptional items

The exceptional items are made up as follows:

	2017 £'000	2016 £'000
Impairment of goodwill	4,582	–
David Ciclitira commission	355	–
Merchandising rights	100	–
	<b>5,037</b>	<b>–</b>

### 2017 Exceptional Items

- As a result of the reverse acquisition treatment of the acquisition of Brick Live Group by LVCG, notional consideration was applied to the transaction which created a goodwill asset on consolidation of £4,581,166. This goodwill asset was subject to a formal impairment review by the Directors who determined that the fair value of LVCG was £nil. As a stand-alone company, it has limited trading activities and generated no revenue in 2017. These factors, combined, resulted in a full impairment of the goodwill at 31 December 2017.
- Prior to the acquisition of Brick Live Group by LVCG, Mr David Ciclitira charged £355,000 of commission on related sales made during 2017, in line with his agreement with Brick Live Group. This contractual agreement was settled by the Company on 22 December 2017 in exchange for £1,000,000 of shares in LVCG. This commission will therefore not be an ongoing cost in the company (other than that which would normally be released as part of the deferred revenue balance) and so has been treated as exceptional.
- A company controlled by Mr Hyun Seok Kim has agreed to relinquish certain merchandising rights in Asia for a consideration of £100,000, which was settled by the issue of 333,333 new ordinary shares in LVCG.

## 6. Exceptional items continued

### 2016 Exceptional Items

There are no exceptional items in 2016 as the accounts have been prepared using reverse acquisition accounting and so the consolidated profit and loss account relates to the trading performance of Brick Live Group.

Readers of these financial statements should be aware that the 2016 annual report for LVCG included £1,182,000 of exceptional items relating to the holding company (mostly impairment review write-downs). Full analysis of these exceptional items can be reviewed in the publicly available 2016 annual report.

## 7. Auditor's remuneration

	2017 £'000	2016 £'000
Fees payable to the auditor Kingston Smith LLP for the audit of the annual accounts of the Group, the Company and the Group subsidiaries.	51	30
Services relating to taxation	10	5
	<b>61</b>	<b>35</b>

## 8. Employees

	2017	2016
<b>Group</b>		
The average number of employees (including Directors not under employment contracts) during the year was:	(Number)	(Number)
Administration	5	0
	<b>2017 £'000</b>	<b>2016 £'000</b>
The aggregate payroll costs including Directors not under employment contracts) were:		
Wages, salaries and fees	<b>394</b>	–
Social security costs	<b>4</b>	–
	<b>398</b>	–

Due to the requirements of IFRS 3 in relation to the reverse acquisition, the wages and salaries figures above constitutes that of Brick Live Group and not LVCG.

## 9. Remuneration of Directors

The Directors are the key management personnel of the Group. Directors' remuneration and fees, relating to LVCG and including non-executive Directors, during the year were as follows:

	2017 £'000	2016 £'000
<b>LVCG Directors</b>		
David Ciclitira (Chairman)	191	110
Maria Serena (Non-Executive)	24	15
Ranjit Murugason (Non-Executive)	185	35
Timothy Sturm (Non-Executive)	–	15
<b>Total Emoluments</b>	<b>400</b>	<b>175</b>

# Notes Forming Part of the Financial Statements

continued

## 9. Remuneration of Directors continued

In addition to the disclosures above, Clive Morton, a Director of Brick Live Group in the year, was paid total emoluments from Brick Live Group of £152,000 (2016: £47,000).

- Mr Ciclitira received £8,000 in respect of life insurance and pension contributions and £12,000 in respect of healthcare costs. In addition, he reclaimed £38,000 in business expenses incurred.
- All the Group Directors are covered by Group Directors' liability insurance policy.

The directors' emoluments referred to in this note refer solely to the directors of LVCG. As such, these do not refer back to the Consolidated Income Statement (which constitutes just Brick Live Group because of the reverse acquisition accounting treatment); however, the remuneration of all Group directors has been provided for transparency. Further details are provided in the Related Parties Note 27 to these Financial Statements.

It should be noted that £105,000 of the above director fees related to project fees for work done in connection with the reverse takeover of the Brick Live Group by LVCG by Ranjit Murugason and Simon Bennett as set out in the Admission document.

## 10. Finance costs

	2017 £'000	2016 £'000
Bank fees	12	–
<b>Finance costs</b>	<b>12</b>	<b>–</b>

## 11. Tax

	2017 £'000	2016 £'000
UK Corporation tax in respect of current year:		
Current taxation	–	11
<b>Total tax charge for the year</b>	<b>–</b>	<b>11</b>
(Loss)/profit on ordinary activities before tax	(5,440)	60
(Loss)/profit on ordinary activities at the standard rate of corporation tax of 2017 19% (2016 – 20%)	(1,034)	11
Effect of:		
Tax losses carried forward/utilised against profits – deferred tax not recognised	1,034	–
<b>Total tax charge for the year</b>	<b>–</b>	<b>11</b>

## 12. Earnings per share

The basic earnings per share is calculated by dividing the (loss)/profit attributable to equity shareholders by the weighted average number of shares in issue during the year. In calculating the diluted earnings per share, any outstanding share options, warrants and convertible loans are taken into account where the impact of these is dilutive.

	2017	2016
(Loss)/profit for the financial year after tax (£'000)	(5,440)	49
(Loss)/profit for the year on continuing operations (£'000)	(5,440)	49
(Loss)/profit for the year on continuing operations (£'000)	(5,440)	49
Weighted average number of shares in issue	48,207,793	16,666,667
Basic and diluted earnings per share on total operations*	(0.11p)	0.03p
Basic and diluted earnings per share on continuing operations*	(0.11p)	0.03p

\* Diluted earnings per share in both 2017 and 2016 are the same as basic earnings per share, as there are no options in issue during these years.

The 2016 calculation is based on IFRS guidance as to calculating earnings per share in a reverse acquisition. The weighted average number of shares is taken to be the number of shares issued for the reverse acquisition, which in this case was 16,666,667.

## 13. Property, plant & equipment

The useful lives of each class of property, plant and equipment are reviewed annually to assess impairment. Where the asset is found to be impaired an appropriate charge is taken to the Income Statement.

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Cost</b>				
Cost at start of year	182	–	–	–
Additions for year	738	182	–	–
<b>Cost at end of year</b>	<b>920</b>	<b>182</b>	<b>–</b>	<b>–</b>
<b>Depreciation</b>				
Cumulative depreciation at start of year	4	–	–	–
Charge for year	118	4	–	–
<b>Cumulative depreciation at end of year</b>	<b>122</b>	<b>4</b>	<b>–</b>	<b>–</b>
<b>Net book value at end of year</b>	<b>798</b>	<b>178</b>	<b>–</b>	<b>–</b>
Net book value at start of year	178	–	–	–

The majority of the 2017 additions relating to LEGO® content and bricks for long term use within LVCG's business.

# Notes Forming Part of the Financial Statements

continued

## 14. Intangible assets

### Tournament rights

Tournament rights are the rights to promote European Tour golf events acquired in a market transaction in September 2006. These assets are carried at cost less amortisation. Amortisation was initially calculated to write off the assets over their expected useful life of 20 years; however, the Directors undertook an impairment review regarding the value of the Tournament rights in 2016 which resulted in a write down to £1,000. The net book value of these tournament rights is unchanged at 31 December 2017.

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
<b>Cost</b>				
Cost at start of year	–	–	2,713	2,713
Deemed acquisitions as a result of reverse acquisition accounting	2,713	–		
Additions in the year	–	–	–	–
<b>Cost at end of year</b>	<b>2,713</b>	<b>–</b>	<b>2,713</b>	<b>2,713</b>
<b>Amortisation</b>				
Cumulative amortisation at start of year	–	–	2,712	1,255
Cumulative amortisation on acquisitions as a result of reverse acquisition accounting	2,712	–		136
Impairment during the year			–	1,321
	<b>2,712</b>	<b>–</b>	<b>2,712</b>	<b>2,712</b>
<b>Net book value at start of year</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>1,458</b>
<b>Net book value at end of year</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>1</b>

## 15. Investments

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Investment in subsidiary	–	1	8,950	54
Impairment review	–	–	–	(54)
	<b>–</b>	<b>1</b>	<b>8,950</b>	<b>–</b>

Within the company, there are investments totalling £8,950,000. Of this amount, £5,000,000 relates to Brick Live Group, £1,000,000 to Parallel Live Group and £2,950,000 to the additional shares purchased of BLFE which had not previously been owned by Brick Live Group.

## 16. Goodwill

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Goodwill	8,802	–	–	–
Impairment	(4,581)	–	–	–
	<b>4,221</b>	<b>–</b>	<b>–</b>	<b>–</b>

All goodwill was created during 2017. The £4,581,166 goodwill asset created and subsequently impaired to £nil in the year relates to the reverse acquisition of LVCG by Brick Live Group, as more fully explained in note 2.1 to these financial statements.

The year-end net book value of £4,221,000 relates to £1,271,000 of goodwill for the acquisition of Parallel Live and £2,950,00 for the acquisition by LVCG of the remaining shares in BLFE not already owned by Brick Live Group. A formal impairment review has been carried out on these carrying values and the Directors have determined that no impairment of goodwill is required. This is explained further in note 3.

## 17. Investments in joint ventures

In July 2017, Brick Live Far East entered into a long-term agreement with Fortune Access, to create a jointly owned limited liability foreign enterprise company in China called BRICKLIVE China. BLFE has agreed to invest 980,000 RMB (approximately £112,000) for a 49 percent shareholding in BRICKLIVE China, with the final instalment being due by 30 December 2018. At the year end, £56,215 had been invested into the joint venture.

The results of the joint ventures owned during the year are:

	2017 £'000	2016 £'000
Turnover	–	–
Loss before tax	(64)	–
Taxation	–	–
Loss after tax	(64)	–

On the basis of the above performance, the £56,215 investment into the joint venture was impaired to £nil.

## 18. Trade and other receivables

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade receivables	359	94	–	20
Amounts owed by subsidiaries	–	–	143	583
Other receivables	209	839	76	–
Prepayments and accrued income	557	172	–	–
<b>Trade and other receivables</b>	<b>1,125</b>	<b>1,105</b>	<b>219</b>	<b>603</b>

At 31 December 2017 all amounts included under trade receivables are due within one year.



# Notes Forming Part of the Financial Statements

continued

## 19. Cash and cash equivalents

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Sterling bank accounts	871	-	842	18
Cash at bank	<b>871</b>	<b>-</b>	<b>842</b>	<b>18</b>
Bank overdrafts	-	-	-	-
<b>Total cash and cash equivalents</b>	<b>871</b>	<b>-</b>	<b>842</b>	<b>18</b>

## 20. Current financial liabilities – Borrowings

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank facility	-	-	-	85
	<b>-</b>	<b>-</b>	<b>-</b>	<b>85</b>

The bank facility at 31 December 2016 totalling £251,000 (£85,000 in current liabilities and £166,000 in non-current liabilities) was secured by a personal guarantee provided by David Ciclitira at a monthly cost in 2016 of £1,183. This loan was fully repaid at 31 December 2017.

## 21. Trade and other payables

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade payables	2,172	272	1,112	695
Amounts owed to subsidiaries	-	-	6	2,420
Other payables	385	1	353	1,379
Other tax and social security	-	10	-	258
Accruals and deferred income	1,603	941	174	147
<b>Trade and other payables</b>	<b>4,160</b>	<b>1,224</b>	<b>1,645</b>	<b>4,899</b>

## 22. Financial instruments

The Group and Company operations expose them to a number of financial risks. The Directors aim to protect the Group and Company against the potential adverse effects of these financial risks.

### Financial assets

Financial assets include cash and trade and other receivables (excluding prepayments) which are classified as “loans and receivables”; and equity investments which are classified as “available for sale” (excluding investments in subsidiaries and joint ventures). These amounts, where appropriate, have been shown separately on the face of the statement of financial position. Funds not immediately required for the Group and Company’s operations are invested in bank deposits. It is the Directors’ opinion that the carrying values of cash, trade receivables and investments approximate to their fair values.

### Financial liabilities

Financial liabilities include current and non-current borrowings, convertible loans and trade and other payables (excluding: tax & social security, and deferred income). All amounts are carried at amortised cost. These amounts have been disclosed in the notes to the financial statements. It is the Directors’ opinion that the carrying values of financial liabilities approximate to their fair-value.

## 22. Financial instruments continued

### Liquidity risk

The Group and Company's surplus liquid resources were maintained on short-term interest bearing deposits. The Group and Company plans to continue to meet operating and other loan commitments as they fall due. Liquidity risk is managed through cash flow forecasts and regular planning.

#### Remaining contractual maturities year ended 31 December 2017

Group	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank loans & borrowings	–	–	–	–
Trade & other payables (excluding tax and deferred income)	3,033	–	–	3,033
	<b>3,033</b>	<b>–</b>	<b>–</b>	<b>3,033</b>
Company	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank loans & borrowings	–	–	–	–
Trade & other payables (excluding tax and deferred income)	1,645	–	–	1,645
	<b>1,645</b>	<b>–</b>	<b>–</b>	<b>1,645</b>

Set out below are Liquidity risk comparative tables as at 31 December 2016

#### Remaining Contractual Maturities Year ended 31 December 2016

Group	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank loans & borrowings	–	–	–	–
Trade & other payables (excluding tax and deferred income)	377	–	–	377
	<b>377</b>	<b>–</b>	<b>–</b>	<b>377</b>
Company	Within 3 months £'000	> 3 months < 1 year £'000	> one year < 5 years £'000	Total carrying amount £'000
Bank loans & borrowings	21	64	166	251
Trade & other payables (excluding tax and deferred income)	4,494	–	–	4,494
	<b>4,515</b>	<b>64</b>	<b>166</b>	<b>4,745</b>

# Notes Forming Part of the Financial Statements

continued

## 22. Financial instruments continued

### Credit risk

#### Financial assets past due but not impaired as at 31 December 2017:

	Not impaired and not due (£'000)	Not impaired but past due by the following amounts			
	£'000	>30 days £'000	>60 days £'000	>90 days £'000	>120 days £'000
Group: Trade & other receivables (excluding prepayments and accrued income)	489	24	–	–	55
Company: Trade & other receivables (excluding prepayments and accrued income)	219	–	–	–	–

#### Financial assets past due but not impaired as at 31 December 2016:

	Not impaired and not due (£'000)	Not impaired but past due by the following amounts			
	£'000	>30 days £'000	>60 days £'000	>90 days £'000	>120 days £'000
Group: Trade & other receivables (excluding prepayments and accrued income)	933	–	–	–	–
Company: Trade & other receivables (excluding prepayments and accrued income)	583	20	–	–	–

Group trade and other receivables excluding prepayments as at 31 December 2017 were £1,048,000, all of which were assets not impaired. All remaining trade and other receivables as at 31 December 2017 are collected and/or collectable and are considered of low credit risk. All bank deposits are maintained in the UK and are low credit risk.

### Market risk

#### (a) Interest rate risk

Neither the Company nor the Group had any bank loans at the year end, this risk is therefore not significant.

#### (b) Foreign currency risk

Although the Company is based in the UK, a significant part of the Group's and Company's operations are overseas, and the operating or functional currency of a large part of the Asian business is in US Dollars or Euros. As a result, the Company's consolidated sterling accounts can be affected by movements in the US Dollar/Sterling and the Euro/Sterling exchange rates.

## 22. Financial instruments continued

The foreign assets and liabilities of the Group and Company are closely matched as at 31 December 2017. The table below sets out the carrying amounts of assets and liabilities for the Group in their presentational currency (i.e. sterling) and a total impact for each 10% fluctuation in exchange rates. Based on the carrying amounts of foreign assets and liabilities as at 31 December 2017, for each 10% fluctuation in exchange rates, net assets are expected to be impacted by +/- £177,000 (2016: £60,000).

Year ended 31 December 2017						Carrying	Forex Risk	
Carrying amount (sterling equiv.)						Amount	(-10%)	10%
	£	\$	€	HK\$	KRW			
	'000	'000	'000	'000	'000	£'000	£'000	£'000
<b>Financial Assets</b>								
Cash	871	–	–	–	–	871	–	–
Trade receivables	–	359	–	–	–	359	36	(36)
Total financial assets	871	359	–	–	–	1,230	36	(36)
<b>Financial Liabilities</b>								
Borrowings<1 year	–	–	–	–	–	–	–	–
Trade payables	1,067	1,018	24	1	62	2,172	(110)	110
Other payables	359	–	–	–	–	359	–	–
Other taxation	26	–	–	–	–	26	–	–
Accruals and deferred income	576	1,027	–	–	–	1,603	(103)	103
Non-current borrowings	–	–	–	–	–	–	–	–
	2,028	2,045	24	1	62	4,160	(213)	213
<b>Net Impact</b>							<b>(177)</b>	<b>177</b>

### Market risk (continued)

Year ended 31 December 2016						Carrying	Forex Risk	
Carrying amount (sterling equiv.)						Amount	(-10%)	10%
	£	\$	€	HK\$	SGD			
	'000	'000	'000	'000	'000	£'000	£'000	£'000
<b>Financial Assets</b>								
Cash	1	–	–	–	–	1	–	–
Trade receivables	–	94	–	–	–	94	9	(9)
Total financial assets	1	94	–	–	–	95	9	(9)
<b>Financial Liabilities</b>								
Borrowings<1 year	–	–	–	–	–	–	–	–
Trade payables	191	81	–	–	–	272	(8)	8
Other payables	11	–	–	–	–	11	–	–
Non-current borrowings	–	–	–	–	–	–	–	–
Accruals and deferred income	327	614	–	–	–	941	(61)	61
Total financial liabilities	529	695	–	–	–	1,224	(69)	69
<b>Net Impact</b>							<b>(60)</b>	<b>60</b>

# Notes Forming Part of the Financial Statements

continued

## 23. Deferred taxation

LVCG carries a deferred tax asset at 31 December 2017 of £10,000 (2016: £Nil) – note that the £12,000 deferred tax liability shown in the Statement of Financial Position is set off by a £22,000 asset included in Other Debtors. Due to the availability of UK tax losses, subject to agreement with the HM Revenue and Customs, there is an estimated deferred tax asset of £4,344,000 (2016: £4,282,000). This is not recognised as there is insufficient evidence of future taxable profits against which these losses could be utilised.

There were no deductible temporary differences or unused tax credits at either 31 December 2017 or 31 December 2016. There were no amounts of deferred tax recognised in the Income Statement for either the year ended 31 December 2017 or for the year ended 31 December 2016.

## 24. Share capital

The issued share capital is set out in the table below:

	2017		2016	
	No. of shares	£'000	No. of shares	£'000
<b>Issued and fully paid</b>				
Ordinary shares of 1p	48,207,793	482	3,009,233	30
New deferred shares of 51.8p	2,047,523	1,061	2,047,523	1,061
Deferred ordinary shares of 0.5p each	199,831,545	999	199,831,545	999
Deferred B shares of £19.60	103,260	2,024	103,260	2,024
		<b>4,566</b>		<b>4,114</b>

The only changes in 2017 were to ordinary 1p shares, relating to the various capital transactions on 22 December 2017. The table below summarises the changes:

	Number of shares	Nominal value of shares £'000
1p ordinary shares bought forward at 1 January 2016 and 1 January 2017	3,009,233	30
<b>1p ordinary shares issued on 22 December 2017:</b>		
Consideration for acquisition of Brick Live Group	16,666,667	166,667
Consideration for acquisition of Parallel Live	3,333,333	33,333
Consideration for acquisition of BLFE	9,832,060	98,321
Share placing	4,200,000	42,000
Capitalisation of David Ciclitira loans	6,766,667	67,667
Capitalisation of Ranjit Murugason outstanding fees	616,500	6,165
Capitalisation of Simon Bennett outstanding fees	116,667	1,167
Purchase of David Ciclitira commission contract	3,333,333	33,333
Merchandising rights	333,333	3,333
	45,198,560	451,986
<b>1p ordinary shares carried forward at 31 December 2017</b>	<b>48,207,793</b>	<b>452,016</b>

### (i) Deferred B shares

The deferred shares do not entitle their holders to receive any dividend or other distribution, they do not entitle their holders to receive notice of or to attend, speak or vote at any general meeting of the Company, and they do not entitle their holders on a return of assets on a winding-up of the Company or otherwise only to the repayment of the capital paid up on such deferred shares and only after repayment of the capital paid up on each ordinary share in the capital of the Company and the payment of a further £100,000 on each such ordinary share (£1,000,000 in the case of each deferred B share).

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**(ii) New Deferred shares**

Upon consolidation of the shares in 2013 each ordinary share of 52.8p was subdivided and converted into one new ordinary share of 1p and one new deferred share of 51.8p each. The new deferred shares share the same rights as the existing deferred B shares. This resulted in 2,047,523 new ordinary shares and 2,047,523 new deferred shares with effect from 27 December 2013. See note 2.17 for more details

## 25. Share based payments

There were no share options outstanding at the year ended 31 December 2017 (2016 - £nil) and therefore there was no weighted average exercise price (2016 - £nil). No options were exercised during the year. There were no warrants outstanding.

### Share warrants

No new warrants grants were entered into during the year. There were no warrants outstanding at 31 December 2017 (2016 – £nil).

### Share based payments measured directly

During the year ended 31 December 2017, no share-based payments were granted.

## 26. Capital management

LVCg's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Group had net assets of £2,844,000 as at year ending 31 December 2017. The Group's capital management strategy is to retain sufficient working capital for day to day operating requirements and to ensure sufficient funding is available to meet commitments as they fall due and to support growth.

	31 December 2017 £'000	31 December 2016 £'000
Bank facility	–	–
<b>Total Debt</b>	–	–
Cash	(871)	–
<b>Net Debt</b>	<b>(871)</b>	<b>–</b>

In order to maintain or adjust the capital structure the Group may issue new shares or sell assets to reduce debt.

## 27. Related parties

Total compensation of the Directors of Brick Live Group in respect of fees and expenses owed in the year were as follows:

	2017	2016
David Ciclitira	£401,000	£195,000
Maria Serena Ciclitira	£24,000	£nil
Clive Morton	£152,000	£47,000
Andrew Smith	£22,000	£nil
<b>Total</b>	<b>£599,000</b>	<b>£242,000</b>

These amounts were charged in the year and are included within the Consolidated Income Statement presented within these accounts.



# Notes Forming Part of the Financial Statements

continued

## 27. Related parties continued

In order to give a true reflection of the related parties within the year, the below balances reflect the compensation paid within LVCG in the year, however these amounts are not reflected within the Consolidated Income Statement.

	2017
David Ciclitira	£302,000
Ranjit Murugason	£185,000
Simon Bennett	£144,000
Maria Serena Ciclitira	£30,000
Timothy Sturm	£nil
<b>Total</b>	<b>£661,000</b>

### David Ciclitira

#### Brick Live Group

During the year ended 31 December 2017, Mr. Ciclitira's commission in Brick Live Group was £355,000. Further compensation included expenses of £46,000. A total of £401,000.

#### Live Company Group ("the Company")

During the year ended 31 December 2017, Mr. Ciclitira's total consultancy fees were £191,000 (2016 - £110,000). In relation to these amounts, Mr. Ciclitira waived half of the fees owed to him in 2016 and waived one quarter of the fees owed to him in 2017. Further compensation included business expenses and healthcare costs of £58,000 (2016 - £49,000) and £53,000 of amounts invoiced by Parallel Contemporary Art, a company wholly owned by Mr Ciclitira (note that this £53,000 is not included in the Remuneration of Directors, Note 9, of these Financial Statements. A total of £302,000.

In addition to the above fees and expenses received, Mr. Ciclitira was also paid the following amounts:

- £1,000,000 in respect of settling his ongoing commission arrangement with Brick Live Group (see operating review)
- A £70,000 provision has been made in the LVCG balance sheet for a contribution towards the costs of liquidating the subsidiary companies sold to James Golf Limited, a company owned by Mr. Ciclitira, on 22 December 2017.
- £89,000 repayment of interest incurred in relation to company loans
- £60,000 repayment for cheques paid personally by Mr. Ciclitira for business expenditure
- £43,000 of sponsorship of START (a business venture owned by Mr. Ciclitira)

Therefore, total amounts paid to Mr. Ciclitira for the year ended 31 December 2017 for the whole group were £1,965,000.

Total amounts owed to Mr. Ciclitira and entities under his control at 31 December 2017 were £355,000. This was made up of amounts due to Parallel Contemporary Art Ltd of £4,000, Mr. Ciclitira £247,000, and James Golf Limited £104,000 (2016: £1,417,000 owed to David Ciclitira).

As at 30 April 2018, Mr Ciclitira's fees, commission and expenses totalled £222,000 for the period started 1 January 2018. £80,000 was owed to Mr Ciclitira at 30 April 2018 – this was made up of £79,000 with regards to commission owed, £65,000 owed in relation to Mr Ciclitira's fees and expenses and less £64,000 which is owed by Parallel Contemporary Art (Mr Ciclitira's company) to Brick Live International Limited.

### Clive Morton

Mr. Morton's remuneration from Brick Live Group was £152,000 for the year ended 31 December 2017 in his role as company director.

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## 27. Related parties continued

As of 31 December 2017, Mr. Morton owed the Group £19,000 in respect of loans taken out from the company, however Mr. Morton was also owed a further £3,000 in respect of his fees. Therefore, the net amount owed by Mr. Morton at 31 December 2017 was £15,000.

As at 30 April 2018, Mr Morton's fees and expenses in his role as director totalled £42,000 for the period started 1 January 2018. The outstanding balance on Mr Morton's loan at 30 April 2018 was £8,000, and Mr Morton was owed £1,000 in respect of director's fees.

### **Ranjit Murugason**

Mr. Murugason's total compensation from Live Company Group ("the Company") was £185,000 for the year ended 31 December 2017 (2016 - £65,000), this was £150,000 in accrued NED fees from 2013 to date, plus £35,000 of fees for additional services provided in respect of the Group's admission.

As at 31 December 2017, a balance of £10,000 was owed to Mr. Murugason.

As at 30 April 2018, Mr Murugason's fees for his role as NED and Chairman of the remuneration committee totalled £9,000 for the period started 1 January 2018. At 30 April 2018, Mr Murugason was owed £14,000 in respect of his NED fees.

### **Simon Bennett**

Mr Bennett was appointed a Director of LVCG on 28 December 2017 and was paid no fees for his role as a director in the year. He did, however, receive fees of £144,000 for services provided to the Group prior to being appointed a Director. £70,000 was in respect of services provided in relation to the Group's admission and a further £74,000 of fees owed for accounting services provided to the Group.

As at 31 December 2017, a total of £12,000 was owed to Mr. Bennett.

As at 30 April 2018, Mr Bennett's fees and expenses in his role as NED and Chairman of the audit committee totalled £13,000 for the period started 1 January 2018. At 30 April 2018, Mr Bennett was owed £24,000 in respect of his NED fees.

### **Maria Serena Ciclitira**

Mrs. Ciclitira's total remuneration during the year ended 31 December 2017 was £54,000, split £24,000 due from Brick Live Group, and £30,000 from Live Company Group ("the Company"). Of this amount, £15,000 was in relation to accrued NED fees from 2016 that had not yet been paid.

As at 31 December 2017, Mrs. Ciclitira was owed £78,000 in respect of NED fees not yet paid.

As at 30 April 2018, Mrs Ciclitira's fees in her role as NED totalled £7,000 for the period started 1 January 2018. Mrs Ciclitira was owed £54,000 in respect of NED fees not yet paid.

### **Andrew Smith**

Mr Smith's remuneration was £22,000 for the year ended 31 December 2017 in his role as Managing Director of Brick Live Group.

As at 31 December 2017, no amounts were owed to Mr. Smith.

As at 30 April 2018, Mr Smith's fees and expenses totalled £45,000 for the period started 1 January 2018. Mr Smith was owed £nil as at 30 April 2018.

None of the above balances owed are secured, and no expense has been recognised in the current year or prior year for bad or doubtful debts in respect of any amounts owed by related parties.

# Notes Forming Part of the Financial Statements

continued

## 28. Operating Leases

There are no future minimum lease payments under non-cancellable operating leases. Lease payments recognised in the Consolidated Income Statement for the period amounted to £nil (2016 - £nil).

## 29. Subsidiaries

At 31 December 2017, LVCG had the following (direct and indirect) subsidiaries:

Subsidiaries remaining in Enlarged Group	Company number	Country of incorporation	% owned	Principal activities
<b>Held directly:</b>				
Parallel Media Group Asia PTE Ltd	201131009R	Singapore	100	Management of events
The Championship (Singapore) PTE Ltd	201427355K	Singapore	95	Management of sports events
Brick Live Group Limited	10151705	UK	100	Licenced and Managed Brick Events
Parallel Live Group Limited	09932658	UK	100	Licenced and Managed Brick Events
Brick Live Far East Ltd	2460460	Hong Kong	61.1	Licenced and Managed Brick Events and owner of the group's share of the China joint venture
<b>Held indirectly:</b>				
Brick Live International Ltd	10257756	UK	100	Licenced and Managed Brick Events
Brick Live Hong Kong Ltd	2460496	Hong Kong	100	Licenced and Managed Brick Events
Brick Live Far East Ltd	10308158	UK	100	Dormant
Brick Live Far East Ltd	2460460	Hong Kong	38.9	Licenced and Managed Brick Events and owner of the group's share of the China joint venture
Parallel Live (NY) Ltd	10790554	UK	100	Dormant
Parallel Live (NY) LLC.	6339763	USA	100	Licenced and Managed Brick Events

On 22 December 2017, LVCG disposed of a number of its subsidiaries to James Golf Limited, a company which is wholly owned by David Ciclitira. These subsidiaries were disposed of for consideration of £1. As part of the sale contract, LVCG also agreed to reimburse James Golf Limited with up to £70,000 in closure costs for these companies, which has been accrued at the year end and created a loss on disposal of subsidiary companies in LVCG's own profit and loss account of £70,000.

The subsidiaries disposed of on 22 December 2017 were as follows:

Subsidiaries remaining in enlarged Group	Country of incorporation	% owned	Principal activities
<b>Held directly:</b>			
Causeway Trophy PTE Ltd	Singapore	50	Dormant
Parallel Media Italia SRL	Italy	100	Dormant
Parallel Media (Jersey) Ltd	Jersey	100	Dormant
Parallel Media (Americas) Ltd	BVI	100	Dormant
Parallel Media Hong Kong Ltd	Hong Kong	100	Dormant
Parallel Media Korea (New Media) Ltd	UK	100	Dormant

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## 29. Subsidiaries continued

Subsidiaries remaining in enlarged Group	Country of incorporation	% owned	Principal activities
<b>Held indirectly:</b>			
Parallel Media Europe Ltd	UK	100	Dormant
Parallel Smart Media UK Ltd	UK	100	Dormant
PGAA Media Ltd	BVI	83.9	Dormant
Parallel Smart Media Ltd	UK	100	Dormant
Parallel Media Americas Inc	US	100	Dormant
Parallel Media Group International Ltd	Jersey	100	Dormant

At 30 June 2017 the intercompany balances between the parent company LVCG (then Parallel Media Group plc) and certain of its subsidiary companies were written off resulting in a credit of £1,835,579 in the LVCG parent company Statement of Income only. This does not impact the group accounts.

## 30. Post Balance Sheet Events

LVCG has completed two equity funding rounds post year end as follows:

- Issue of 4,571,425 new 1p ordinary shares at a price of 35p, raising a total of £1,600,000 (before costs). These shares were issued on 15 January 2018.
- Issue of 1,000,000 new 1p ordinary shares at a price of 35p, raising a total of £350,000 (before costs). These shares were issued on 18 April 2018.



Beunos Aires, Argentina



BRICKLIVE Centre, South Korea

Birmingham, UK



Touring Assets



Basel, Switzerland



Fukoka, Japan

**BRICK AQUA TOWN**





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