

Bravado Merchandising Services Limited

Report and Accounts

31 December 1994

MARTIN GREENE RAVDEN

*Chartered Accountants
and Registered Auditors*

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



Company No. 1551763

Bravado Merchandising Services Limited

REPORT AND ACCOUNTS

For the year ended 31 December 1994

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Bravado Merchandising Services Limited

COMPANY INFORMATION

Directors	A E Crux B M Drinkwater K A Drinkwater T Bennett
Secretary	C E Stone
Business address	12 Deer Park Road South Wimbledon London SW19 3TU
Registered office	55 Loudoun Road St John's Wood London NW8 0DL
Auditors	Martin Greene Ravden Chartered Accountants and Registered Auditors 55 Loudoun Road St John's Wood London NW8 0DL
Solicitors	Statham Gill Davies 6 & 7 Inverness Mews London W2 3JQ
Principal bankers	Coutts & Co 440 Strand London WC2R 0QS National Westminster Bank plc 30 Tooting High Street London SW17 0RG

Bravado Merchandising Services Limited

DIRECTORS' REPORT

For the year ended 31 December 1994

The directors present their report and the audited accounts for the year ended 31 December 1994.

Principal activity

The principal activity of the company is that of merchandising products mainly related to the music industry.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's share capital were as follows:

	Number of £1 Ordinary Shares at	
	1 January 1994	31 December 1994
A E Crux	-	-
B M Drinkwater	-	-
K A Drinkwater	-	-
T Bennett	-	-

The directors' beneficial interests in the share capital of the ultimate holding company, Bravado International Group Limited, are shown in the accounts of that company.

Auditors

A resolution to re-appoint the auditors, Martin Greene Ravden, will be proposed at the forthcoming annual general meeting.

The directors have taken advantage of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985 in the preparation of the directors' report.

By order of the Board



C E Stone
Secretary

26 October 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES in relation to the accounts

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of the profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, having prepared the accounts, are required to provide to the auditors such information and explanations as the auditors think necessary for the performance of their duty.

Bravado Merchandising Services Limited

AUDITORS' REPORT

to the shareholders of Bravado Merchandising Services Limited

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



MARTIN GREENE RAVDEN

*Chartered Accountants
and Registered Auditors*

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

26 October 1995

Bravado Merchandising Services Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1994

	Notes	1994 £	1993 £
Turnover		511	7,749
Cost of sales		110,543	(34,228)
Gross profit (loss)		<u>111,054</u>	<u>(26,479)</u>
Administrative expenses		(24,854)	(87,919)
		<u>86,200</u>	<u>(114,398)</u>
Other operating loss	2	-	(22,082)
Operating profit (loss)	4	<u>86,200</u>	<u>(136,480)</u>
Exceptional item	3		
Profit on disposal of investments in overseas subsidiary undertakings		-	108,256
Profit (loss) before interest		<u>86,200</u>	<u>(28,224)</u>
Interest receivable		1,148	15,341
Interest (payable) over-provided		<u>8,119</u>	<u>(21,598)</u>
Profit (loss) on ordinary activities before taxation		<u>95,467</u>	<u>(34,481)</u>
Taxation	6	(1,278)	(8,088)
Profit (loss) for the financial year		<u>94,189</u>	<u>(42,569)</u>
Dividends	7	(48,000)	(53,000)
Retained profit (loss) for the year		<u>46,189</u>	<u>(95,569)</u>
Retained profit brought forward		<u>385,690</u>	<u>481,259</u>
Retained profit carried forward		<u><u>431,879</u></u>	<u><u>385,690</u></u>

All amounts relate to continuing activities.

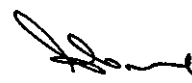
All recognised gains and losses are included in the profit and loss account.

Bravado Merchandising Services Limited**BALANCE SHEET**
at 31 December 1994

	Notes	£	1994 £	£	1993 £
Fixed assets					
Investments	8		85		86
Current assets					
Debtors (due within one year)	9	498,991		807,541	
Debtors (due after one year)	9	383,443		438,207	
Cash at bank		83,397		234,787	
		<u>965,831</u>		<u>1,480,535</u>	
Creditors due within one year					
Trade and other creditors	10	443,964		1,002,430	
Short term borrowings	11	70		2,498	
		<u>440,034</u>		<u>1,004,928</u>	
Net current assets			<u>521,797</u>		<u>475,607</u>
Total assets less current liabilities			<u>521,882</u>		<u>475,693</u>
Creditors due after one year					
Loan	11		90,000		90,000
Net assets			<u>431,882</u>		<u>385,693</u>
Capital and reserves					
Called up share capital	12		3		3
Profit and loss account			431,879		385,690
Shareholders' funds			<u>431,882</u>		<u>385,693</u>

The directors have taken advantage of the special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985 in the preparation of the accounts and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

The accounts were approved by the Board
on 26 October 1995 and signed on its behalf by



A E Cruix - Director

Bravado Merchandising Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

1. ACCOUNTING POLICIES

1.1 Basis of accounting

The accounts are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents the invoiced value of goods supplied by the company net of value added tax.

1.3 Royalties payable

Royalties payable are charged to the profit and loss account on an accruals basis. Advances to artists and licensors are assessed and the value of the unrecovered proportion to be included in debtors is determined by the prospects of future recoupment, based on past sales performance, current popularity and future touring plans. Provisions are made for unrecovered royalty advances in the accounting period in which they are regarded as irrecoverable.

1.4 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences arising in the normal course of trade are included in the profit and loss account.

1.5 Deferred taxation

Provision is made under the liability method for taxation deferred by material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that such a liability will not arise in the foreseeable future.

2. OTHER OPERATING LOSS

Other operating loss includes:

Share of loss from reciprocal trading arrangements
with overseas merchandising partners

1994
£

1993
£

-

(22,082)

3. EXCEPTIONAL ITEM

Profit on disposal of investments
in overseas subsidiary undertakings

1994
£

1993
£

-

108,256

Bravado Merchandising Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

4. OPERATING PROFIT	1994	1993
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	6,000	10,000
	<u> </u>	<u> </u>
5. DIRECTORS' EMOLUMENTS	1994	1993
	£	£
Management remuneration (including pension contributions)	-	2,461
	<u> </u>	<u> </u>
6. TAXATION	1994	1993
	£	£
Taxation on profit on ordinary activities:		
UK corporation tax at 33% (1993 - 25%)	28,000	7,000
Prior year adjustments	(26,503)	-
Overseas tax	(219)	1,088
	<u> </u>	<u> </u>
	1,278	8,088
	<u> </u>	<u> </u>
7. DIVIDENDS	1994	1993
	£	£
Interim paid of £16,000 per share (1993 - £17,667 per share)	48,000	53,000
	<u> </u>	<u> </u>

Bravado Merchandising Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

8. FIXED ASSET INVESTMENTS

	1994 £	1993 £
Investments comprise:		
Subsidiary undertakings	85	85
Associated undertaking	-	1
	<u>85</u>	<u>86</u>

Subsidiary undertakings

The company's principal subsidiaries at 31 December 1994 were:

Name	Holding of Ordinary Shares %	Country of incorporation	Nature of business
B.M.S. (Mail Order) Limited	84.85	England	Wholesale and mail order distributors of leisurewear
Bravado SARL	75.00	France	Concert hall concessionaires

Associated undertaking

	Cost of shares £
At 1 January 1994	1
Disposal	(1)
	<u>-</u>
At 31 December 1994	<u>-</u>

The company disposed of its 50% holding in International Licensing Syndicate Limited, which was incorporated in England and carried on the business of merchandise licensing.

Bravado Merchandising Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

9. DEBTORS	1994 £	1993 £
Due within one year		
Trade debtors	-	2,793
Other debtors	213,937	529,269
Amounts owed by group undertakings	280,054	261,010
Loan to director	5,000	14,469
	<u>498,991</u>	<u>807,541</u>
Due after one year		
Amount owed by group undertaking	90,000	90,000
Amounts owed by connected undertakings	293,443	348,207
	<u>383,443</u>	<u>438,207</u>
	<u>882,434</u>	<u>1,245,748</u>

The loan to the director is interest free and comprises:

	At year end		Highest balance during the year	
	1994 £	1993 £	1994 £	1993 £
A E Crux	5,000	-	5,000	-
K A Drinkwater	-	14,469	-	14,469
	<u>5,000</u>	<u>14,469</u>	<u>5,000</u>	<u>14,469</u>

The loan of £5,000 to Mr Crux was repaid on 4 January 1995.

10. CREDITORS	1994 £	1993 £
Due within one year		
Trade creditors	40,232	135,488
Other creditors	403,732	484,787
Amounts owed to group undertakings	-	382,155
	<u>443,964</u>	<u>1,002,430</u>

Bravado Merchandising Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

11. BORROWINGS

	Due within one year		Due after one year	
	1994 £	1993 £	1994 £	1993 £
Secured				
Bank overdraft	70	2,498	-	-
Unsecured				
Other loan	-	-	90,000	90,000
	<u>70</u>	<u>2,498</u>	<u>90,000</u>	<u>90,000</u>

12. CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
3 Ordinary shares of £1 each	3	3

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Profit (loss) for the year	94,189	(42,569)
Dividends	(48,000)	(53,000)
Retained profit (loss) for the year	46,189	(95,569)
Opening shareholders' funds	385,693	481,262
Closing shareholders' funds	<u>431,882</u>	<u>385,693</u>

14. CONTINGENT LIABILITIES

	1994 £	1993 £
Bank guarantees		
Strawhand Limited	202,858	228,215
Fellow group undertaking	100,049	210,000

The company is acting as guarantor for a bank loan to Strawhand Limited which is owned by the directors. It is also acting as guarantor for certain bank overdrafts and loan facilities of a fellow group undertaking.

Bravado Merchandising Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1994

15. TRANSACTIONS WITH DIRECTORS

The company has made interest free loans totalling £293,443 (1993 - £348,207) to Strawhand Limited and to Bravado Holdings Limited and its wholly owned subsidiary undertaking, Concessions Management International Limited. Mr Crux, Mr B M Drinkwater and Mr K A Drinkwater have material interests in Strawhand Limited and Bravado Holdings Limited. Mr Bennett has an interest in the latter company.

16. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Bravado International Group Limited which was incorporated in England.