

Bravado Merchandising Services Limited

Report and Accounts

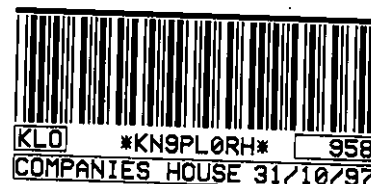
31 December 1996

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 1996

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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 3FB
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 3JG
Principal bankers	Coutts & Co 440 Strand London WC2R 0QJ

Bravado Merchandising Services Limited

DIRECTORS' REPORT

For the year ended 31 December 1996

The directors present their report and the audited accounts for the year ended 31 December 1996.

Statement of directors' responsibilities

A statement of the directors' responsibilities in relation to the accounts is set out on page 3.

Principal activity

The company spent the year winding down its trading activity of merchandising licensed products.

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 1996	31 December 1996
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 prepared this report in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



C E Stone
Secretary

28 October 1997

Bravado Merchandising Services Limited

STATEMENT OF DIRECTORS' AND AUDITORS' RESPONSIBILITIES in relation to the accounts

The following statement is made with a view to distinguishing for the shareholder the respective responsibilities of the directors and of the auditors in relation to the accounts.

Directors' responsibilities

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 confirm that the accounts comply with these requirements.

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.

Auditors' responsibilities

The auditors are required to form an independent opinion on the accounts presented by the directors, based on their audit, and to report their opinion to the shareholder. The Companies Act 1985 also requires the auditors to report to the shareholder if the following requirements are not met:

- that the company has maintained proper accounting records;
- that the accounts are in agreement with the accounting records;
- that directors' emoluments and other transactions with directors are properly disclosed in the accounts; and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The Companies Act 1985 requires the auditors to report to the shareholder if the matters contained in the directors' report are inconsistent with the accounts.

Bravado Merchandising Services Limited

AUDITORS' REPORT

to the shareholder of Bravado Merchandising Services Limited

We have audited the accounts on pages 5 to 9 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 1996 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

28 October 1997

Bravado Merchandising Services Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1996

	Note	1996 £	1995 £
Turnover		-	-
Cost of sales		79,770	42,064
Gross profit		79,770	42,064
Administrative expenses		(4,465)	(3,376)
Operating profit	2	75,305	38,688
Interest receivable		1,450	1,165
Interest payable		-	(407)
Profit on ordinary activities before taxation		76,755	39,446
Taxation		(21,672)	(4,693)
Profit for the financial year		55,083	34,753
Dividends		-	(30,000)
Retained profit for the year		55,083	4,753
Retained profit brought forward		436,632	431,879
Retained profit carried forward		491,715	436,632

All amounts relate to continuing activities.

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

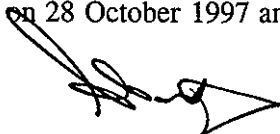
Bravado Merchandising Services Limited

BALANCE SHEET at 31 December 1996

	Notes	1996 £	1995 £
Fixed assets			
Investments	3	85	85
Current assets			
Debtors (due within one year)	4	330,189	429,400
Debtors (due after one year)	4	311,352	311,352
Cash at bank		35,721	51,648
		677,262	792,400
Creditors due within one year			
Trade and other creditors	5	(185,629)	(355,850)
Net current assets		491,633	436,550
Net assets		491,718	436,635
Capital and reserves			
Called up share capital	6	3	3
Profit and loss account		491,715	436,632
Shareholder's funds		491,718	436,635

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The accounts were approved by the Board
on 28 October 1997 and signed on its behalf by



A E Crux - Director

Bravado Merchandising Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

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 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 unrecouped proportion to be included in debtors is determined by the prospects of future recoupment. Provisions are made for unrecouped royalty advances in the accounting period in which they are regarded as irrecoverable.

1.3 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.

1.4 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes to the extent that a liability to taxation is likely to crystallise.

2. OPERATING PROFIT

	1996	1995
	£	£
The operating profit is stated after charging:		
Auditors' remuneration	2,000	3,000
	<u> </u>	<u> </u>

3. FIXED ASSET INVESTMENTS

	1996	1995
	£	£
Subsidiary undertakings	85	85
	<u> </u>	<u> </u>

The company's subsidiaries at 31 December 1996 were:

Name	Holding of Ordinary Shares %	Country of incorporation	Nature of business
BMS (Mail Order) Limited	84.85	UK	Non trading
Bravado SARL	75.00	France	Dormant

Bravado Merchandising Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

4. DEBTORS	1996	1995
	£	£
Due within one year		
Amounts owed by group undertakings	329,686	413,868
Other debtors	503	15,532
	<u>330,189</u>	<u>429,400</u>
Due after one year		
Other debtors	311,352	311,352
	<u>641,541</u>	<u>740,752</u>
5. CREDITORS	1996	1995
	£	£
Due within one year		
Trade creditors	137,916	225,954
Amount owed to group undertaking	2,193	2,193
Other creditors	45,520	127,703
	<u>185,629</u>	<u>355,850</u>
6. CALLED UP SHARE CAPITAL	1996	1995
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
3 Ordinary shares of £1 each	3	3
	<u>3</u>	<u>3</u>
7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS	1996	1995
	£	£
Profit for the year	55,083	34,753
Dividends	-	(30,000)
	<u>55,083</u>	<u>4,753</u>
Retained profit for the year	55,083	4,753
Opening shareholder's funds	436,635	431,882
	<u>491,718</u>	<u>436,635</u>
Closing shareholder's funds	<u>491,718</u>	<u>436,635</u>

Bravado Merchandising Services Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1996

8. RELATED PARTY TRANSACTIONS AND CONTINGENT LIABILITIES

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 overdraft and loan facilities of a fellow group undertaking. Details of these contingent liabilities are shown below:

	1996	1995
	£	£
Bank guarantees		
Strawhand Limited	152,144	171,501
Fellow group undertaking	226,052	383,842
	<hr/> <hr/>	<hr/> <hr/>

The company has made interest free loans totalling £311,352 (1995 - £311,352) to Strawhand Limited, Bravado Holdings Limited and Concessions Management International Limited. Mr A E Crux, Mr B M Drinkwater and Mr K A Drinkwater have material interests as shareholders in these companies. Mr Bennett has a shareholding in Bravado Holdings Limited.

9. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

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

The company is controlled by Bravado International Group Limited. The directors' beneficial shareholdings in that company are shown in its accounts.