

**Bravado Group Limited**  
**Report and Accounts**  
**31 December 1997**

**MARTIN GREENE RAVDEN**  
*Chartered Accountants  
and Registered Auditors*  
**55 Loudoun Road  
St John's Wood  
London NW8 0DL**

Company No. 2567714



# **Bravado Group Limited**

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## **REPORT AND ACCOUNTS**

**For the year ended 31 December 1997**

### **Contents**

### **Page**

Company information

1

Directors' report

2 - 3

Statement of directors' and auditors' responsibilities

4

Auditors' report

5

Consolidated profit and loss account

6

Consolidated balance sheet

7

Company balance sheet

8

Consolidated cash flow statement

9

Notes to the accounts

10 - 20

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# **Bravado Group Limited**

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## **COMPANY INFORMATION**

### **Directors**

A E Crux  
B M Drinkwater  
K A Drinkwater

### **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 3JQ

### **Principal bankers**

Coutts & Co  
440 Strand  
London WC2R 0QS

National Westminster Bank Plc  
P O Box 3060  
Ship House  
35 Battersea Square  
London SW11 3RG

# **Bravado Group Limited**

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## **DIRECTORS' REPORT**

**For the year ended 31 December 1997**

The directors present their report and the audited accounts for the year ended 31 December 1997.

### **Statement of directors' responsibilities**

A statement of the directors' responsibilities in relation to the accounts is set out on page 4.

### **Principal activity and business review**

The principal activity of the group is that of merchandising licensed products.

The directors are satisfied with the results for the year and the group's future trading prospects. The directors believe that the group is soundly based to take advantage of opportunities arising in the coming year.

### **Results and dividends**

The results for the year are set out in the profit and loss account on page 6. The directors recommend that no final dividend be paid for the year (1996 - £nil). The retained profit of £220,518 attributable to shareholders will be added to the profit and loss account reserve.

### **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 1997	31 December 1997
A E Crux	2	2
B M Drinkwater	2	2
K A Drinkwater	2	2

### **Change of name**

On 17 April 1998, the company changed its name from Bravado International Group Limited to Bravado Group Limited.

### **Year 2000 compliance**

As is well known, many computers and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of the group's business depends not only on its computer systems, but also to some degree on those of its suppliers, bankers, customers and anyone else associated with its business. This could expose the group to risks in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The directors believe that the potential risks have been reviewed and reasonable steps have or are being taken to deal with the Year 2000 issues within the group.

The costs of dealing with these issues have been, and will continue to be absorbed within the normal running costs of the group's business.

## **Bravado Group Limited**

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### **DIRECTORS' REPORT**

**For the year ended 31 December 1997**

#### **Auditors**

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

**By order of the Board**



*C E Stone*

Secretary

22 October 1998

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

The following statement is made with a view to distinguishing for shareholders 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 state of affairs of the company and the group at the end of the year and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, 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 group 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 the group 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 the group 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 shareholders. The Companies Act 1985 also requires the auditors to report to shareholders 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 shareholders if the matters contained in the directors' report are inconsistent with the accounts.

**AUDITORS' REPORT**

**to the shareholders of Bravado Group Limited**

We have audited the accounts on pages 6 to 20 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

**Respective responsibilities of directors and auditors**

As described on page 4, the 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.

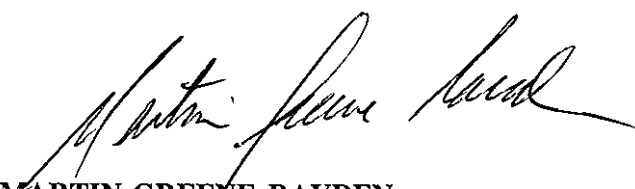
**Basis of opinion**

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 circumstances of the company and the group, 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 affairs of the company and the group at 31 December 1997 and of the profit and cash flow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**MARTIN GREENE RAVDEN**

*Chartered Accountants  
and Registered Auditors*

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

22 October 1998

## Bravado Group Limited

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1997

	Notes	1997 £	1996 £
<b>Turnover</b>	2	9,460,753	9,264,725
Cost of sales		(8,282,038)	(7,681,711)
<b>Gross profit</b>		1,178,715	1,583,014
Administrative expenses		(1,162,576)	(1,416,719)
		16,139	166,295
Other operating income		325,961	225,883
<b>Operating profit</b>	3	342,100	392,178
Interest receivable		57,611	31,314
Interest payable	6	(82,008)	(71,069)
<b>Profit on ordinary activities before taxation</b>		317,703	352,423
Taxation	7	(97,185)	(112,946)
<b>Profit on ordinary activities after taxation</b>		220,518	239,477
Minority interests		-	233
<b>Retained profit attributable to members of the parent company</b>	8	220,518	239,710

All amounts relate to continuing activities.

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

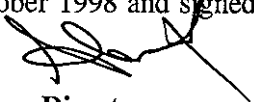


# Bravado Group Limited

## CONSOLIDATED BALANCE SHEET at 31 December 1997

	Notes	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	9	165,601	140,407
Investments	10	1	1
		<u>165,602</u>	<u>140,408</u>
<b>Current assets</b>			
Stocks	11	84,637	98,920
Debtors (due within one year)	12	1,686,761	1,617,144
Debtors (due after one year)	12	782,673	545,737
Cash at bank and in hand		1,470,759	1,547,956
		<u>4,024,830</u>	<u>3,809,757</u>
<b>Creditors due within one year</b>			
Trade and other creditors	13	(2,123,531)	(2,261,013)
Short term borrowings	15	(397,468)	(248,330)
		<u>(2,520,999)</u>	<u>(2,509,343)</u>
<b>Net current assets</b>		<u>1,503,831</u>	<u>1,300,414</u>
<b>Total assets less current liabilities</b>		<u>1,669,433</u>	<u>1,440,822</u>
<b>Creditors due after one year</b>			
Other creditors	14	(25,595)	(22,213)
Loans and other borrowings	15	(107,943)	(103,232)
		<u>(133,538)</u>	<u>(125,445)</u>
<b>Net assets</b>		<u><u>1,535,895</u></u>	<u><u>1,315,377</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	6	6
Profit and loss account	18	1,525,912	1,305,394
		<u>1,525,918</u>	<u>1,305,400</u>
<b>Shareholders' funds</b>		<u>1,525,918</u>	<u>1,305,400</u>
Minority interests		9,977	9,977
		<u><u>1,535,895</u></u>	<u><u>1,315,377</u></u>

The accounts were approved by the Board  
on 22 October 1998 and signed on its behalf by

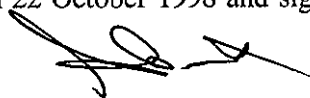
  
A E Crux - Director

# Bravado Group Limited

## COMPANY BALANCE SHEET at 31 December 1997

	Notes	1997 £	1996 £
<b>Fixed assets</b>			
Investments	10	203	203
<b>Current assets</b>			
Debtors (due within one year)	12	11,000	11,000
Cash at bank and in hand		3	3
		11,003	11,003
<b>Creditors due within one year</b>			
Sundry creditors	13	(2,700)	(2,700)
<b>Net current assets</b>		8,303	8,303
<b>Net assets</b>		8,506	8,506
<b>Capital and reserves</b>			
Called up share capital	17	6	6
Profit and loss account	18	8,500	8,500
<b>Shareholders' funds</b>		8,506	8,506

The accounts were approved by the Board  
on 22 October 1998 and signed on its behalf by



A E Crux - Director

## Bravado Group Limited

### CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 December 1997

	Notes	1997 £	1996 £
Net cash (outflow) inflow from operating activities	25.1	(18,362)	120,899
<b>Returns on investments and servicing of finance</b>			
Interest received		57,611	31,314
Interest paid		(78,639)	(66,562)
Interest element of finance lease payments		(3,369)	(4,507)
Net cash outflow from returns on investments and servicing of finance		(24,397)	(39,755)
<b>Taxation paid</b>		(116,673)	(107,894)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(90,614)	(50,369)
Disposal of tangible fixed assets		19,000	28,049
Net cash outflow from capital expenditure		(71,614)	(22,320)
<b>Net cash (outflow) before use of liquid resources and financing</b>		(231,046)	(49,070)
<b>Management of liquid resources</b>			
Cash (outflow into) inflow from short term deposits		(42,050)	147,000
<b>Financing</b>			
Increase (decrease) in short term bank borrowings		154,581	(74,908)
Capital element of finance lease payments		(732)	(16,674)
Net cash inflow (outflow) from financing		153,849	(91,582)
<b>(Decrease) increase in cash</b>		(119,247)	6,348

## NOTES TO THE ACCOUNTS

For the year ended 31 December 1997

### 1. ACCOUNTING POLICIES

#### 1.1 Basis of accounting

The accounts are prepared under the historical cost convention.

#### 1.2 Basis of consolidation

The consolidated accounts include the accounts of the parent company and its subsidiary undertakings for the year ended 31 December 1997. The parent company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985.

#### 1.3 Turnover

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

#### 1.4 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, based on past sales performance, current popularity and future touring plans. Provisions are made for unrecouped royalty advances in the accounting period in which they are regarded as irrecoverable.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	10%	straight line
Office equipment	20%	straight line
Motor vehicles	20%	straight line

#### 1.6 Leasing and hire purchase

Assets acquired under hire purchase contracts or finance leases are capitalised at fair value as tangible fixed assets and depreciated in accordance with the group's normal depreciation policy for the class of asset concerned. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. Finance charges are taken to the profit and loss account on a straight line basis over the period of the lease.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

#### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value.

#### 1.8 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.

#### 1.9 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.

## Bravado Group Limited

### NOTES TO THE ACCOUNTS

For the year ended 31 December 1997

#### 2. TURNOVER AND OPERATING PROFIT

The whole of the turnover and profit before taxation is attributable to the group's principal activity as stated in the Directors' Report. An analysis of turnover and results before taxation has not been disclosed, as in the opinion of the directors, such disclosure would be prejudicial to the group's business.

#### 3. OPERATING PROFIT

	1997 £	1996 £
The operating profit is stated after charging (crediting):		
Staff costs (Note 4)	685,003	818,535
Depreciation of tangible fixed assets		
owned by the group	43,554	32,474
held under finance leases	7,739	15,430
(Profit) loss on disposal of fixed assets	(4,873)	654
Operating lease rentals		
Property rents	50,400	50,400
Auditors' remuneration		
Audit fees	20,000	24,000
Non-audit fees	18,501	16,057

#### 4. STAFF COSTS

	1997 £	1996 £
Staff and directors' costs		
Wages and salaries	623,747	729,344
Social security costs	61,256	89,191
	685,003	818,535

	No.	No.
Average weekly number of employees during the year		
Merchandising and administrative	28	28

#### 5. DIRECTORS' EMOLUMENTS

	1997 £	1996 £
Management remuneration	216,729	384,210
Amount paid to the highest paid director included in management remuneration	101,716	150,000

During the year, retirement benefits were accruing to 3 directors (1996 - 3) in respect of a money purchase pension scheme.

## Bravado Group Limited

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### NOTES TO THE ACCOUNTS

For the year ended 31 December 1997

<b>6. INTEREST PAYABLE</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Bank loans and overdraft	68,733	58,029
Hire purchase contracts and finance leases	3,369	4,507
Other interest	9,906	8,533
	<u>82,008</u>	<u>71,069</u>
	<u><u>82,008</u></u>	<u><u>71,069</u></u>
<b>7. TAXATION</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Taxation on profit on ordinary activities:		
UK corporation tax at 31.5% (1996 - 33%)	100,571	116,000
Prior year adjustments	(3,386)	(3,054)
	<u>97,185</u>	<u>112,946</u>
	<u><u>97,185</u></u>	<u><u>112,946</u></u>
The tax charge for the year has been reduced by £1,257 (1996 - £150) in respect of accelerated capital allowances, for which no deferred tax has been provided.		
<b>8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Profit dealt with in the accounts of:		
The parent company	-	(500)
Subsidiary undertakings	220,518	240,210
	<u>220,518</u>	<u>240,210</u>
	<u><u>220,518</u></u>	<u><u>240,210</u></u>

The parent company's own profit and loss account is not shown as permitted by Section 230 of the Companies Act 1985.

## Bravado Group Limited

### NOTES TO THE ACCOUNTS

For the year ended 31 December 1997

#### 9. TANGIBLE FIXED ASSETS

	Office equipment £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Group Cost</b>				
At 1 January 1997	378,977	229,032	109,939	717,948
Additions	38,785	42,666	9,163	90,614
Disposals	-	(31,394)	-	(31,394)
At 31 December 1997	<u>417,762</u>	<u>240,304</u>	<u>119,102</u>	<u>777,168</u>
<b>Depreciation</b>				
At 1 January 1997	318,462	154,498	104,581	577,541
Charge for the year	26,893	22,963	1,437	51,293
Disposals	-	(17,267)	-	(17,267)
At 31 December 1997	<u>345,355</u>	<u>160,194</u>	<u>106,018</u>	<u>611,567</u>
<b>Net book value</b>				
At 31 December 1997	<u>72,407</u>	<u>80,110</u>	<u>13,084</u>	<u>165,601</u>
At 31 December 1996	<u>60,515</u>	<u>74,534</u>	<u>5,358</u>	<u>140,407</u>

Included in the total net book value of tangible fixed assets at 31 December 1997 are amounts of £60,623 (1996 - £64,977) in respect of assets held by subsidiary undertakings under finance leases and hire purchase contracts. The depreciation charged on these assets for the year was £7,739 (1996 - £15,430).

# Bravado Group Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 December 1997

### 10. FIXED ASSET INVESTMENTS

	<i>Group</i>		<i>Company</i>	
	1997	1996	1997	1996
	£	£	£	£
<b>Subsidiary undertakings</b>				
Cost of shares at 1 January 1997				
and 31 December 1997	1	1	203	203
	<u>1</u>	<u>1</u>	<u>203</u>	<u>203</u>

The company's subsidiaries at 31 December 1997 were:

Name	Holding of Ordinary Shares %	Incorporated in	Nature of business
Bravado International Group Limited	100	England	Merchandising
Big Contracts Limited	100	England	Merchandise licensing
Bravado Merchandising Services Limited	100	England	Non trading
BMS (Mail Order) Limited	85	England	Non trading
Bravado SARL	75	France	Dormant

The consolidated accounts exclude Bravado SARL as no figures were available for that company. As Bravado SARL was inactive throughout the year and the previous year, the directors consider that its exclusion would not have a material effect on the consolidated accounts.

### 11. STOCKS

	<i>Group</i>	
	1997	1996
	£	£
Goods for resale	84,637	98,920
	<u>84,637</u>	<u>98,920</u>

There is no material difference between the replacement cost and historical cost of stocks.



# Bravado Group Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 December 1997

### 12. DEBTORS

	<i>Group</i>		<i>Company</i>	
	1997	1996	1997	1996
	£	£	£	£
<b>Due within one year</b>				
Trade debtors	1,503,449	1,412,006	-	-
Amounts owed by group undertakings	-	-	5,750	5,750
Advance corporation tax recoverable	5,250	6,996	5,250	5,250
Corporation tax recoverable	5,805	-	-	-
Other debtors	96,777	115,771	-	-
Prepayments and accrued income	75,480	82,371	-	-
	<u>1,686,761</u>	<u>1,617,144</u>	<u>11,000</u>	<u>11,000</u>
<b>Due after one year</b>				
Other debtors	<u>782,673</u>	<u>545,737</u>	<u>-</u>	<u>-</u>

Other debtors due within one year include a loan to Mr B M Drinkwater, a director, the details of which are as follows:

	<i>Group</i>		<i>Company</i>	
	1997	1996	1997	1996
	£	£	£	£
Balance at year end	1,624	-	-	-
Highest balance during the year	<u>1,624</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 13. CREDITORS

	<i>Group</i>		<i>Company</i>	
	1997	1996	1997	1996
	£	£	£	£
<b>Due within one year</b>				
Trade creditors	1,424,912	1,151,101	-	-
Corporation tax	100,571	116,000	-	-
Other taxes and social security	132,212	311,847	-	-
Unpaid directors' bonuses	8,729	230,810	-	-
Other creditors	217,601	204,984	200	200
Accruals	239,506	246,271	2,500	2,500
	<u>2,123,531</u>	<u>2,261,013</u>	<u>2,700</u>	<u>2,700</u>

### 14. CREDITORS

	<i>Group</i>		<i>Company</i>	
	1997	1996	1997	1996
	£	£	£	£
<b>Due after one year</b>				
Other creditors	<u>25,595</u>	<u>22,213</u>	<u>-</u>	<u>-</u>

# Bravado Group Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 December 1997

### 15. BORROWINGS

	Due within one year		Due after one year	
	1997	1996	1997	1996
	£	£	£	£
<i>Group</i>				
Bank loans and overdraft (secured)	380,633	226,052	-	-
Other loan (unsecured)	-	-	90,000	90,000
	<u>380,633</u>	<u>226,052</u>	<u>90,000</u>	<u>90,000</u>
Net obligations under hire purchase contracts and finance leases	16,835	22,278	17,943	13,232
	<u>397,468</u>	<u>248,330</u>	<u>107,943</u>	<u>103,232</u>
	Bank loans and overdraft		Other borrowings (excluding finance leases)	
	1997	1996	1997	1996
	£	£	£	£
<i>Group</i>				
Repayments fall due:				
Within one year or on demand	380,633	226,052	-	-
Between one and two years	-	-	-	90,000
Between two and five years	-	-	90,000	-
	<u>380,633</u>	<u>226,052</u>	<u>90,000</u>	<u>90,000</u>

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the group. The finance leases are secured on the assets concerned.

# Bravado Group Limited

## NOTES TO THE ACCOUNTS

For the year ended 31 December 1997

### 16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND FINANCE LEASES

	1997	<i>Group</i> 1996
	£	£
Amounts payable:		
Within one year	19,097	25,468
Between one and two years	13,159	10,428
Between two and five years	7,244	4,490
	<u>39,500</u>	<u>40,386</u>
Finance charges allocated to future periods	4,722	4,876
	<u>34,778</u>	<u>35,510</u>
Net obligations	<u>34,778</u>	<u>35,510</u>
Net obligations are analysed as follows:		
Current obligations	16,835	22,278
Non-current obligations	17,943	13,232
	<u>34,778</u>	<u>35,510</u>

### 17. CALLED UP SHARE CAPITAL

	1997	1996
	£	£
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up and fully paid</b>		
6 Ordinary shares of £1 each	6	6
	<u>6</u>	<u>6</u>

### 18. RESERVES

	<i>Group</i> £	<i>Company</i> £
<b>Profit and loss account</b>		
At 1 January 1997	1,305,394	8,500
Retained profit for the year	220,518	-
	<u>1,525,912</u>	<u>8,500</u>
At 31 December 1997	<u>1,525,912</u>	<u>8,500</u>

## Bravado Group Limited

### NOTES TO THE ACCOUNTS

For the year ended 31 December 1997

#### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>Group</i>		<i>Company</i>	
	1997	1996	1997	1996
	£	£	£	£
Retained profit (loss) for the year attributable to shareholders	220,518	239,710	-	(500)
Opening shareholders' funds	1,305,400	1,065,690	8,506	9,006
Closing shareholders' funds	<u>1,525,918</u>	<u>1,305,400</u>	<u>8,506</u>	<u>8,506</u>

#### 20. CONTINGENT LIABILITIES

	<i>Group</i>		<i>Company</i>	
	1997	1996	1997	1996
	£	£	£	£
Bank guarantees				
Cross guarantees given by fellow group undertakings	<u>380,633</u>	<u>226,052</u>	<u>-</u>	<u>-</u>

A subsidiary undertaking is acting as guarantor for a bank loan to Strawhand Limited, a company in which Mr A E Crux, Mr B M Drinkwater and Mr K A Drinkwater are materially interested as shareholders. At 31 December 1997, the amount guaranteed was £126,787 (1996 - £152,144).

#### 21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 1997, the group had annual commitments under non-cancellable operating leases as follows:

	<i>Group</i>	
	1997	1996
	£	£
Land and Buildings		
On leases expiring after five years	<u>50,400</u>	<u>50,400</u>

## Bravado Group Limited

### NOTES TO THE ACCOUNTS

For the year ended 31 December 1997

#### 22. RELATED PARTY TRANSACTIONS

The group has made interest free loans to companies in which Mr A E Crux, Mr B M Drinkwater and Mr K A Drinkwater are materially interested as shareholders. At 31 December 1997, the following amounts were owed to the group:

	1997 £	1996 £
Bravado Holdings Limited	13,686	13,686
Concessions Management International Limited	314,923	234,719
Strawhand Limited	296,167	296,167

#### 23. TRANSACTIONS WITH DIRECTORS

The group paid rent of £50,400 (1996 - £50,400) in respect of the occupancy of its business premises to Strawhand Limited, a company in which Mr A E Crux, Mr B M Drinkwater and Mr K A Drinkwater are materially interested as shareholders.

Rent and service charges of £52,000 (1996 - £52,000) were receivable from Distribution Network Company Limited, a company in which Mr A E Crux has a material interest. Management charges of £11,020 (1996 - £11,020) were also payable to that company.

Rent, service charges and management fees of £35,000 (1996 - £35,000) were receivable from Concessions Management International Limited, a company in which Mr A E Crux, Mr B M Drinkwater and Mr K A Drinkwater are materially interested as shareholders.

#### 24. CONTROLLING PARTY

The company is controlled by the directors by virtue of their shareholdings as shown in the directors' report.

#### 25. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

25.1 Reconciliation of operating profit to net cash (outflow) inflow from operating activities	1997 £	1996 £
Operating profit	342,100	392,178
Depreciation	51,293	47,904
(Profit) loss on sale of tangible fixed assets	(4,873)	654
(Increase) decrease in working capital:		
Stocks	14,283	27,832
Debtors	(302,494)	(347,261)
Creditors	(118,671)	(408)
Net cash (outflow) inflow from operating activities	(18,362)	120,899