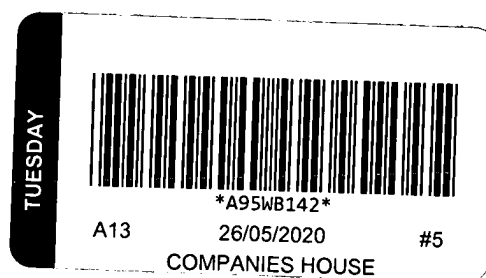


COMPANY REGISTRATION NUMBER 02754921

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# **BRAVADO INTERNATIONAL GROUP LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2019**

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# **BRAVADO INTERNATIONAL GROUP LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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**THE BOARD OF DIRECTORS**

BJ Muir  
SL Carmel  
P Jassal

**COMPANY SECRETARY**

A Abioye

**REGISTERED OFFICE**

4 Pancras Square  
London  
N1C 4AG

**AUDITOR**

Grant Thornton UK LLP  
Statutory Auditor  
30 Finsbury Square  
London  
EC2A 1AG

**BANK**

HSBC Bank PLC  
City of London Branch  
60 Queen Victoria Street  
London  
EC4N 4TR

# **BRAVADO INTERNATIONAL GROUP LIMITED**

## **STRATEGIC REPORT**

### **YEAR ENDED 31 DECEMBER 2019**

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The directors present their strategic report for the company for the year ended 31 December 2019.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was merchandisers of licensed products.

The result and position of the company as at and for the year ended 31 December 2019 are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity on pages 9, 10 and 11 respectively. The result and position of the company were in line with directors' expectations.

#### **RESULTS AND DIVIDENDS**

The company's profit for the financial year was £4,869k (2018 - profit £4,180k). The retained profit for the year has been transferred to reserves.

The directors do not recommend payment of a dividend for the year ended 31 December 2019 (2018 - £Nil)

#### **KEY PERFORMANCE INDICATORS**

The company uses a variety of performance indicators to review historical performance and plan for the future. The key indicators are turnover and gross profit margin, as described below.

##### ***Turnover***

Turnover levels increased 66% on the prior year, as a result of very strong demand for touring merchandise as well as improving high street sales. While the turnover for 2020 will be affected by the Covid-19 restrictions, as explained within 'Principal Risks and Uncertainties', the outlook for future years appears positive based on a strong artist roster, increased retail demand for merchandise, and momentum building within our online business.

##### ***Gross profit margin***

The company's gross profit margin decreased from 24% to 17%. This was due to a change in sales mix year on year.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company uses a variety of financial instruments including cash, equity investments and various instruments such as artist advances and trade payables that arise directly from its operations.

The directors are of a view that the main risks arising from the company's financial instruments are exchange rate risk, interest rate risk, liquidity risk and credit risk, as summarised below:

##### ***Exchange rate risk***

Exchange rate fluctuation presents a risk because some sales are priced in overseas currencies, and certain balances are denominated in currencies other than Sterling. The directors do not consider that the potential downside is significant enough to require hedging but continue to monitor the potential risk.

##### ***Interest rate risk***

The company does not have any significant external borrowings and as such the directors consider the interest rate risk to be minimal at this stage.

## **BRAVADO INTERNATIONAL GROUP LIMITED**

### **STRATEGIC REPORT (continued)**

**YEAR ENDED 31 DECEMBER 2019**

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#### *Liquidity risk*

The company manages its financial risk by ensuring liquidity is sufficient to meet future needs, and that sufficient funding is in place before any new commitments are entered into. Cash flow forecasts are monitored by management on a regular basis.

#### *Credit risk*

The principle credit risk arises from trade debtors. Management approve credit terms for all new customers, and regularly review the credit position of existing accounts.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company is faced with similar risks and uncertainties as other companies operating in the recorded music business, broadly:

- Competition from other merchandise companies to secure rights to service music merchandise;
- The pressure on margins in an already tight market;
- Changes in high street trends which affect the popularity of music related designs.
- The continued uncertainty over Brexit means it is unclear as to what effect it will have on the business, if any. Management have plans in place that should negate most adverse effects;
- Covid-19 has affected the business in the short term as concerts have been cancelled and physical retail has been restricted. The expectation is that once restrictions are eased live events will bounce back very strongly as will physical retail, with some of our retail customers already taking initial steps to open stores. We also expect that online sales will continue to build for both our e-retailer customers and for our artist webstores. Depending on when restrictions are eased touring sales for 2020 could be 30% to 60% down on initial expectations, but the financial effect is mitigated by the fact that the majority of touring costs are variable. In addition, touring is only one of the company's revenue streams with the other streams likely to return to some normality relatively quickly thus ensuring ongoing sales activity. Finally, the company has the support of the group treasury function for day to day activities. Therefore, the directors believe it is appropriate to prepare these financial statements on a going concern basis, as mentioned in the directors report.

All risks and uncertainties are regularly monitored by the Board of Directors of the company.

### **FUTURE DEVELOPMENTS**

Notwithstanding the risks and uncertainties outlined above, the directors do not anticipate any significant change in the activities and results of the company in the foreseeable future.

By order of the board

*Paramjit Jassal*

P Jassal  
Director

Date: 21/5/2020

# **BRAVADO INTERNATIONAL GROUP LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2019**

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The directors present their report, together with the financial statements and the auditor's report of the company for the year ended 31 December 2019.

They have included the following matters within the strategic report, otherwise required to be disclosed in the directors' report, as they are considered to be of strategic importance to the company.

- Results and dividends;
- Financial risk management objectives and policies;
- Principal risks and uncertainties; and
- Future developments.

### **DIRECTORS**

BJ Muir  
SL Carmel  
P Jassal

### **DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of section 236 of the Companies Act 2006. Vivendi SE, headed by Bolloré Group, the ultimate parent undertaking, maintains a Directors & Officers Liability Programme which indemnifies directors' personal liabilities resulting from alleged wrongful acts committed in the line of their employment.

### **POLICY ON THE PAYMENT OF CREDITORS**

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

### **DONATIONS**

During the year the company made the following contributions:

	2019 £	2018 £
Charitable	5,838	6,825
	<u>5,838</u>	<u>6,825</u>

### **GOING CONCERN**

In considering the going concern assumption, the Directors have reached their conclusion based on future trading forecasts as well as the support of the group treasury function through daily transactions. As outlined in the strategic report, this includes an assessment of the uncertainties created by Covid-19.

# **BRAVADO INTERNATIONAL GROUP LIMITED**

## **DIRECTORS' REPORT (continued)**

**YEAR ENDED 31 DECEMBER 2019**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

### **AUDITOR**

The director's confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board

*Bola Abioye*

A Abioye

Company Secretary

Date: 21/5/2020

Company Registration Number: 02754921

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAVADO INTERNATIONAL GROUP LIMITED**  
**YEAR ENDED 31 DECEMBER 2019**

**Opinion**

We have audited the financial statements of Bravado International Group Limited (the 'company') for the period from 1 January 2019 to 31 December 2019, which comprise the statement of comprehensive income, the statement of financial position, the statement 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 United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 the financial statements' section of our report. We are independent of the company 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, 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.

**The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

**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 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAVADO INTERNATIONAL**  
**GROUP LIMITED (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**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.

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 financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the 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.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for preparation of the financial statements which 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 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 company or to cease operations, or have no realistic alternative but to do so.

## **BRAVADO INTERNATIONAL GROUP LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRAVADO INTERNATIONAL GROUP LIMITED (continued)**

**YEAR ENDED 31 DECEMBER 2019**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's directors, as a body, in accordance with our letter of engagement dated 19th December 2019. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

*Grant Thornton UK LLP*

Nicholas Page  
Senior Statutory Auditor  
For and behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

Date: 21/5/2020

Company Registration Number: 02754921

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>TURNOVER</b>	<b>4</b>	<b>61,843,282</b>	<b>37,257,386</b>
Cost of sales		(51,274,477)	(28,349,174)
<b>GROSS PROFIT</b>		<b>10,568,805</b>	<b>8,908,212</b>
Administrative expenses		(4,870,538)	(3,928,202)
<b>OPERATING PROFIT</b>	<b>5</b>	<b>5,698,267</b>	<b>4,980,010</b>
Interest receivable and similar income	<b>7</b>	<b>335,820</b>	<b>210,104</b>
Interest payable and similar charges	<b>8</b>	<b>(14,412)</b>	<b>(22,806)</b>
<b>PROFIT BEFORE TAXATION</b>		<b>6,019,675</b>	<b>5,167,308</b>
Tax on profit	<b>9</b>	<b>(1,150,658)</b>	<b>(987,698)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>4,869,017</b>	<b>4,179,610</b>

All of the activities of the company are classed as continuing operations.

**The notes on pages 12 to 25 form part of these financial statements**

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>CURRENT ASSETS</b>			
Inventories	11	320,015	144,786
Debtors: Amounts falling due within one year	12	38,908,042	27,868,525
Cash at bank		11,301	9,698
		<u>39,239,358</u>	<u>28,023,009</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	(23,697,929)	(17,350,597)
<b>NET CURRENT ASSETS</b>		<u>15,541,429</u>	<u>10,672,412</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,541,429</u>	<u>10,672,412</u>
<b>NET ASSETS</b>		<u>15,541,429</u>	<u>10,672,412</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	18	100	100
Profit and loss account		<u>15,541,329</u>	<u>10,672,312</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>15,541,429</u>	<u>10,672,412</u>

These accounts were approved by the board of directors and authorised for issue on 21/5/2020 and are signed on their behalf by:

*Paramjit Jassal*

P Jassal  
Director

The notes on pages 12 to 25 form part of these financial statements

**BRAVADO INTERNATIONAL GROUP LIMITED****STATEMENT OF CHANGES IN EQUITY****YEAR ENDED 31 DECEMBER 2019**


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	Share Capital	Profit & Loss Account	Total Shareholders' Funds
	£	£	£
Balance brought forward at 1 January 2018	100	6,492,702	6,492,802
<b>Total comprehensive income for the period</b>			
Profit for the year	-	4,179,610	4,179,610
	<hr/>	<hr/>	<hr/>
Balance brought forward at 1 January 2019	100	10,672,312	10,672,412
<b>Total comprehensive income for the period</b>			
Profit for the year	-	4,869,017	4,869,017
	<hr/>	<hr/>	<hr/>
<b>Balance carried forward at 31 December 2019</b>	<b>100</b>	<b>15,541,329</b>	<b>15,541,429</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 12 to 25 form part of these financial statements

# **BRAVADO INTERNATIONAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 DECEMBER 2019**

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#### **1. GENERAL INFORMATION**

Bravado International Group Limited is a private company limited by shares and incorporated in the UK under the Companies Act 2006 and registered in England and Wales. The registered office is 4 Pancras Square, London, N1C 4AG.

The principal activities of the company and the nature of its operations are set out in the strategic report on page 2.

#### **2. STATEMENT OF COMPLIANCE**

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. ACCOUNTING POLICIES**

##### **Basis of preparation of financial statements**

These financial statements have been prepared on a going concern basis, under the historical cost convention, except that the following assets and liabilities are stated at their fair value; derivative financial instruments, financial instruments classified at fair value through the profit and loss, biological assets, investment property, tangible fixed assets and intangible assets measured in accordance with the revaluation model and investments in associates and joint ventures measured at fair value.

The financial statements are prepared in sterling, which is the functional currency of the company, and have been rounded to the nearest £.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

##### **FRS 102 - Qualifying exemptions**

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- from preparing a statement of cash flows and related notes;
- from preparing a reconciliation of the number of shares outstanding from the beginning to the end of the financial year;
- from disclosing related party disclosures;
- from disclosing key management personnel compensation;
- from certain financial instrument disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments*; and
- from certain share based payment disclosures required by FRS 102.26 *Share-based Payment*.

This information is included in the consolidated financial statements of the company's parent undertaking, Vivendi SE, copies of which can be obtained from 42 Avenue de Friedland, 75380 Paris, Cedex 08, France.

# **BRAVADO INTERNATIONAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **YEAR ENDED 31 DECEMBER 2019**

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#### **3. ACCOUNTING POLICIES (continued)**

##### **Other qualifying exemptions**

As the ultimate parent undertaking prepares publicly available consolidated financial statements and is incorporated within the European Union the company has taken advantage of the exemption under section 400 of the Companies Act 2006 from preparing consolidated accounts. As such, these financial statements give information about the company as an individual undertaking and not about its group.

##### **Going concern**

The financial statements have been prepared on the going concern basis based on future trading forecasts as well as the support of the group treasury function through daily transactions. The directors have considered the impact of Covid-19 on forecasts, the expectation is that once restrictions are eased live events will bounce back very strongly as will physical retail, with some retail customers already taking initial steps to open stores. Online sales are expected to continue growing for both our e-retailer customers and for our artist webstores. Depending on when restrictions are eased touring sales for 2020 could be 30% to 60% down on initial expectations, but the financial effect is mitigated by the fact that the majority of touring costs are variable. In addition, touring is only one of the company's revenue streams with the other streams likely to return to some normality relatively quickly thus ensuring ongoing sales activity. In summary, the impact of Covid-19 has impacted the business in the short term however strategies to mitigate exposure have been enacted swiftly in order to ensure the company will remain as a going concern.

##### **Revenue Recognition**

Revenue represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenues can be reliably measured. Specific recognition criteria must also be met before revenue is recognised as outlined below.

##### ***Sale of Goods***

Where goods are sold on the Company's behalf by third party distributors, revenue is recognised when the distributor reports sales to the Company. Where the Company receives advances from distributors which are recoupable from future sales (net of distributors' fees), these are recorded as liabilities; revenue is recognised as each distributor reports sales.

##### ***Royalty Income***

Royalty Income from license contracts is recognised, together with the associated artist royalty cost, when it has been earned and can be reliably measured, based on consideration of each contract. Under most license contracts, revenue is considered to have been earned when the licensee reports sales to the Company. Where the Company receives advances from licensees which are recoupable from future royalties, these advances are initially recorded as liabilities; revenue is recognised subsequently as the licensee reports royalties on their sales.

Where a license agreement is, in substance, an outright sale, license income is recognised as revenue immediately. For an outright sale to have occurred, the licensee must have signed a non-cancellable contract, paid a fixed fee or non-refundable guarantee, been provided with the means to freely exploit their contractual rights, and have no significant ongoing reliance on the Company (as the licensor) to perform any other delivery obligations. In addition, the artist royalty cost associated with the income must have been accurately quantified.

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# **BRAVADO INTERNATIONAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **YEAR ENDED 31 DECEMBER 2019**

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### **3. ACCOUNTING POLICIES (continued)**

#### **Financial instruments (continued)**

##### ***Financial assets and liabilities***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### ***Investments***

Investments in non-convertible preference shares and non-puttable ordinary or preference shares, where shares are publicly traded or their fair value is reliably measurable, are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

##### ***Fair value measurement***

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**3. ACCOUNTING POLICIES (continued)**

**Advances**

Advances to artists are written down to the estimated amount that will be recoverable from future royalty payments to the artist. Net advances to artists are classified as falling due within one year within other debtors, although elements may not be recovered until more than one year.

**Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

**Impairment (excluding inventories and deferred tax assets)**

*Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

*Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

*Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

# **BRAVADO INTERNATIONAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **YEAR ENDED 31 DECEMBER 2018**

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#### **3. ACCOUNTING POLICIES (continued)**

##### **Interest receivable and Interest payable**

Interest payable and similar charges include interest payable, finance charges, unwinding of the discount on provisions, and net foreign exchange losses that are recognised through profit or loss in the statement of comprehensive income.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue. Foreign currency gains and losses are reported on a net basis.

##### **Dividend income**

Dividend income is recognised in the statement of comprehensive income on the date the company's right to receive payments is established.

##### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised through profit or loss in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associated and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# **BRAVADO INTERNATIONAL GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **YEAR ENDED 31 DECEMBER 2019**

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### **3. ACCOUNTING POLICIES (continued)**

#### **Foreign currencies**

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised through profit or loss in the statement of comprehensive income except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income.

#### **Critical accounting judgements and key sources of estimation uncertainty**

The directors may make judgements in the application of the accounting policies above that have a significant impact on the amounts recognised, and may make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgements in applying the Group's accounting policies**

The directors have concluded there are no critical judgements to disclose.

#### **Key source of estimation uncertainty**

The directors have concluded there are no key sources of estimation uncertainty to disclose.

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2018**

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**4. TURNOVER**

Turnover by activity is as follows:

	2019 £	2018 £
Merchandise Sales	61,843,282	37,257,386
	<u>61,843,282</u>	<u>37,257,386</u>

**5. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

	2019 £	2018 £
Auditor's remuneration	58,800	57,385
Impairment of inventories	478,912	172,627
<b>Operating lease costs:</b>		
- Land and buildings	230,836	135,000
Net (loss)/gain on foreign currency translation	<u>(247,400)</u>	<u>42,437</u>

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**6. PARTICULARS OF EMPLOYEES**

The company had no employees during the year ended 31 December 2019 (2018 - none).

Emoluments for the directors of the Company are paid for by a fellow group company. The fellow group company has not recharged any amount to the Company (2018: nil) on the basis that they are unable to make a reasonable apportionment of the portion of these total emoluments that relate to qualifying services provided by directors of the Company.

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019 £	2018 £
Interest receivable from group undertakings	335,820	210,104
	<u>335,820</u>	<u>210,104</u>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	2019 £	2018 £
Interest payable to group undertakings	14,412	22,806
	<u>14,412</u>	<u>22,806</u>

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**9. TAX ON PROFIT**

**(a) Analysis of tax charge in the year**

	2019 £	2018 £
<b>Current tax:</b>		
<b>UK Taxation</b>		
In respect of the year		
UK Corporation tax based on the results for the year at 19.00% (2018 - 19.00%)	2,082	1,739
Group relief payable/(receivable) for losses claimed from/surrendered to other group undertakings	1,143,378	979,620
Double taxation relief	(2,082)	(1,739)
Foreign tax on current tax for the year	2,082	1,739
<b>Total current tax</b>	<b>1,145,460</b>	<b>981,359</b>
<b>Deferred tax:</b>		
Other	5,198	6,339
<b>Total deferred tax</b>	<b>5,198</b>	<b>6,339</b>
<b>Tax on profit</b>	<b>1,150,658</b>	<b>987,698</b>

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**9. TAX ON PROFIT (continued)**

**(b) Factors affecting current tax charge**

The tax assessed on the profit for the year is the same as the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%).

Under the Finance (No.2) Act 2015, the main rate of corporation tax was reduced from 20% to 19% effective from 1 April 2017. A further reduction to 17% from 1 April 2020 was also enacted on 15 September 2016 by virtue of the Finance Act 2016 s46. However, as announced in the Budget on 11 March 2020, the corporation tax main rate will not reduce to 17% and remain at 19%.

Deferred tax assets and liabilities are measured at the rate that is enacted and expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates.

	2019 £	2018 £
Profit before taxation	6,019,675	5,167,308
Profit at the standard rate of UK Corporation tax of 19.00% (2018 - 19.00%)	1,143,738	981,788
Expenses not deductible for tax purposes	7,531	6,656
Double tax relief	2,082	1,739
Foreign tax suffered in the period	(2,082)	(1,739)
Impact of statutory rate change	(611)	(746)
Current tax charge for the financial year	1,150,658	987,698

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

**10. INVESTMENTS**

**Subsidiary Undertakings**

The principal subsidiaries of Bravado International Group Limited, all incorporated in England and Wales as at 31 December 2019 were as follows:

<b>Name</b>	<b>Country of Incorporation</b>	<b>Ordinary Share holding %</b>	<b>Nature of Business</b>
Concessions Management International Limited	United Kingdom	100%	Concession company

**11. INVENTORIES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Finished goods	<b><u>320,015</u></b>	<b><u>144,786</u></b>

The difference between the purchase price or production cost of stock and their replacement cost is not material.

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

**12. DEBTORS: Amounts due within one year**

	2019 £	2018 £
Trade debtors	1,692,934	1,476,609
Amounts owed by group undertakings	27,743,485	18,846,736
VAT recoverable	536,097	598,398
Other debtors	5,094,403	4,709,672
Prepayments and accrued income	3,801,894	2,192,683
Deferred taxation (note 14)	39,229	44,427
	<u>38,908,042</u>	<u>27,868,525</u>

All interest-bearing loans and borrowings are initially recognised at net proceeds. Interest bearing debt is increased by the finance cost in respect of the reporting period by any settlement made. Interest is charged and earned on a fixed element of the debt at an arms length rate.

All (other) amounts owed by/to group undertakings are due to UK undertakings, are unsecured and repayable on demand. Interest accrues on these amounts excluding group relief at rates between 1 month LIBOR and 1 month LIBOR plus 1%.

**13. CREDITORS: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	2,050,700	821,013
Amounts owed to group undertakings	10,070,019	10,077,072
Other creditors	5,324,291	3,811,892
Accruals and deferred income	6,252,919	2,640,620
	<u>23,697,929</u>	<u>17,350,597</u>

All interest-bearing loans and borrowings are initially recognised at net proceeds. Interest bearing debt is increased by the finance cost in respect of the reporting period by any settlement made. Interest is charged and earned on a fixed element of the debt at an arms length rate.

All (other) amounts owed by/to group undertakings are due to UK undertakings, are unsecured and repayable on demand. Interest accrues on these amounts excluding group relief at rates between 1 month LIBOR and 1 month LIBOR plus 1%.

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**14. DEFERRED TAXATION**

The movement in the deferred taxation account during the year was:

	2019 £	2018 £
Balance brought forward	44,427	50,766
Deferred taxation on ordinary activities account movement arising during the year	(5,198)	(6,339)
Provision carried forward	<u>39,229</u>	<u>(44,427)</u>

Deferred taxation consists of the tax effect of timing differences in respect of:

	2019 £	2018 £
Excess of depreciation over taxation allowances	23,679	28,877
Other timing differences	15,550	15,550
	<u>39,229</u>	<u>44,427</u>

The deferred tax is included in the statement of financial position is as follows:

	2019 £	2018 £
Included in debtors (note 12)	<u>39,229</u>	<u>44,427</u>

**15. POST BALANCE SHEET EVENT**

No post balance sheet events have been identified by management. Covid-19 is a non-adjusting post balance sheet event. Refer to narrative included in Strategic Report, Directors' Report, and Basis of Preparation Note 3.

**16. CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 2019 or 31 December 2018.

**17. CONTINGENT LIABILITIES**

The company had no contingent liabilities at 31 December 2019 or 31 December 2018.

**BRAVADO INTERNATIONAL GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**18. SHARE CAPITAL**

**Authorised:**

	2019		2018	
	No	£	No	£
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

**Allotted, called up and fully paid:**

	2019		2018	
	No	£	No	£
Ordinary shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**19. ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Universal SRG Group Limited. The ultimate parent undertaking and controlling party as at 31 December 2019.

The smallest group in which the results of the company are consolidated is that headed by Vivendi SE, a company incorporated in France. Copies of its annual report in English may be obtained from:

42 Avenue de Friedland  
 75380 Paris  
 Cedex 08  
 France

The largest group in which the results of the company are consolidated is that headed by Bolloré Group, a company incorporated in France. Copies of its annual report in English may be obtained from:

Tour Bolloré  
 31-32 quai de Dion Bouton  
 92 811 Puteaux  
 France