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Bravado International Group Limited

Report and financial statements

30 September 2001



Martin Greene Ravden

*Chartered Accountants
and Registered Auditors*

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

**Company Registration No. 2754921
(England and Wales)**

Bravado International Group Limited

Report and financial statements

For the period ended 30 September 2001

Company information

Directors

B M Drinkwater
K A Drinkwater
C E Stone
H H Davies
M T Cass

Secretary

S E A Standing

Company number

2754921

Registered office

Sanctuary House
45-53 Sinclair Road
London W14 0NS

Auditors

Martin Greene Ravden
Chartered Accountants and Registered Auditors
55 Loudoun Road
St John's Wood
London NW8 0DL

Business address

12 Deer Park Road
South Wimbledon
London SW19 3FB

Bankers

HSBC Republic Bank (UK) Limited
31 Hill Street
London
W1J 5LS

Bravado International Group Limited
Report and financial statements
For the period ended 30 September 2001

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Bravado International Group Limited

Directors' report

For the period ended 30 September 2001

The directors present their report and financial statements for the period ended 30 September 2001.

Principal activities

The principal activity of the company continued to be that of merchandisers of licensed products.

Review of the business

The results for the period and the financial position at the period end were considered satisfactory by the directors. The company's business was temporarily affected after the attack on the World Trade Centre in New York on September 11th 2001. A number of artists cancelled tours, but most re-scheduled them for later dates. The directors believe that the company is soundly based to take advantage of opportunities arising in the foreseeable future.

Results and dividends

The results for the period are set out on page 4.

Directors

The following directors have held office since 1 January 2001:

B M Drinkwater

K A Drinkwater

C E Stone

H H Davies

(Appointed 8 February 2002)

M T Cass

(Appointed 8 February 2002)

A E Crux

(Resigned 8 February 2002)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 September 2001	1 January 2001
B M Drinkwater	-	-
K A Drinkwater	-	-
C E Stone	-	-
A E Crux	-	-

At 30 September 2001 the ultimate holding company was Bravado Group Limited. The directors' beneficial interests in the share capital of Bravado Group Limited at the balance sheet date are shown in the accounts of that company. On 8 February 2002, Bravado Group Limited was acquired by The Sanctuary Group plc.

Bravado International Group Limited

Directors' report

For the period ended 30 September 2001


Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 period. In preparing those financial statements, 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 financial statements;
- 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 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 financial statements 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.

On behalf of the board



C E Stone

Director

19 September 2002

Bravado International Group Limited
Independent auditors' report
to the shareholders of Bravado International Group Limited

We have audited the financial statements of Bravado International Group Limited on pages 4 to 13 for the period ended 30 September 2001. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2001 and of its profit for the period 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

19 September 2002

Bravado International Group Limited

Profit and loss account

For the period ended 30 September 2001

		9 Months ended 30 September 2001 £	Year ended 31 December 2000 £
	Notes		
Turnover	2	10,029,453	11,171,063
Cost of sales		(8,917,829)	(9,499,329)
Gross profit		1,111,624	1,671,734
Administrative expenses		(1,343,467)	(2,112,382)
Other operating income		382,048	832,751
Operating profit	3	150,205	392,103
Other interest receivable and similar income		68,135	64,465
Interest payable and similar charges	4	(132,251)	(162,303)
Profit on ordinary activities before taxation		86,089	294,265
Tax on profit on ordinary activities	5	11,868	(136,049)
Profit on ordinary activities after taxation	12	97,957	158,216

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Bravado International Group Limited

Balance sheet

at 30 September 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	6	300,763	319,471
Current assets			
Stocks	7	136,938	47,583
Debtors	8	3,298,153	4,007,976
Cash at bank and in hand		2,431,210	3,663,306
		5,866,301	7,718,865
Creditors: amounts falling due within one year	9	(3,728,052)	(5,700,732)
Net current assets		2,138,249	2,018,133
Total assets less current liabilities		2,439,012	2,337,604
Creditors: amounts falling due after more than one year	10	(778,166)	(774,714)
		1,660,846	1,562,890
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	1,660,746	1,562,790
Equity shareholders' funds	13	1,660,846	1,562,890

The financial statements were approved by the Board on 19 September 2002



C E Stone
Director

Bravado International Group Limited

Notes to the financial statements

For the period ended 30 September 2001

1 ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements 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 wholly owned subsidiary undertaking of Bravado Group Limited which publishes a consolidated cash flow statement as part of its group accounts.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 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 less estimated residual value of each asset over its expected useful life, as follows:

Office equipment	20% and 33.33% straight line
Fixtures, fittings & equipment	10% straight line
Motor vehicles	20% straight line

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The company operates a money purchase pension scheme and contributions are charged to the profit and loss account in the year in which they are payable.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.9 Royalties payable

Royalties payable are charged to the profit and loss accounts 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.

Bravado International Group Limited

Notes to the financial statements

For the period ended 30 September 2001

2 TURNOVER

The whole of the turnover is attributable to the company's principal activity as stated in the Director' Report. An analysis of turnover has not been disclosed, as in the opinion of the directors it would be seriously prejudicial to the company's business.

3 OPERATING PROFIT

	2001	2000
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	97,229	132,184
Operating lease rentals	52,800	70,400
Auditors' remuneration	20,000	20,000
Remuneration of auditors for non-audit work	35,981	34,020
	<u>106,010</u>	<u>256,604</u>

4 INTEREST PAYABLE

	2001	2000
	£	£
On bank loans and overdrafts	120,251	146,471
On other loans wholly repayable within 5 years	5,663	8,100
Hire purchase interest	6,337	7,732
	<u>132,251</u>	<u>162,303</u>

5 TAXATION

	2001	2000
	£	£
UK current year taxation		
Corporation tax	-	141,000
Adjustment for prior years	(11,868)	(4,951)
	<u>11,868</u>	<u>136,049</u>

The tax charge for the period has been eliminated by the surrender of losses from another group company.

Bravado International Group Limited

Notes to the financial statements

For the period ended 30 September 2001

6 TANGIBLE FIXED ASSETS

	Office equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2001	287,418	66,203	201,982	555,603
Additions	43,570	2,370	80,203	126,143
Disposals	-	-	(89,591)	(89,591)
At 30 September 2001	330,988	68,573	192,594	592,155
Depreciation				
At 1 January 2001	140,261	13,269	82,603	236,133
On disposals	-	-	(41,969)	(41,969)
Charge for the period	66,579	5,113	25,536	97,228
At 30 September 2001	206,840	18,382	66,170	291,392
Net book value				
At 30 September 2001	124,148	50,191	126,424	300,763
At 31 December 2000	147,158	52,934	119,379	319,471

Included above are assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Net book values			
At 30 September 2001	29,155	114,515	143,670
At 31 December 2000	32,071	113,543	145,614
Depreciation charge for the period			
30 September 2001	2,916	16,578	19,494
31 December 2000	3,888	32,913	36,801

7 STOCKS

	2001 £	2000 £
Finished goods and goods for resale	136,938	47,583

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

Bravado International Group Limited

Notes to the financial statements

For the period ended 30 September 2001

8 DEBTORS	2001 £	2000 £
Trade debtors	1,418,405	2,283,587
Corporation tax	-	30,598
Other debtors	1,740,943	1,248,128
Prepayments and accrued income	138,805	445,663
	<u>3,298,153</u>	<u>4,007,976</u>

Amounts falling due after more than one year and included in the debtors above are:

	2001 £	2000 £
Amounts owed by group undertakings	396,868	-
Other debtors	587,711	608,334
	<u>984,579</u>	<u>608,334</u>

9 CREDITORS: Amounts falling due within one year	2001 £	2000 £
Bank loans and overdrafts	915,843	2,242,302
Net obligations under hire purchase contracts	37,472	45,348
Trade creditors	1,654,177	2,001,078
Corporation tax	52,934	141,000
Other taxes and social security costs	298,100	157,473
Unpaid directors' bonuses	52,558	189,474
Other creditors	31,110	49,665
Accruals and deferred income	685,858	874,392
	<u>3,728,052</u>	<u>5,700,732</u>
Loans due in one year or less		
Included in the above borrowings	<u>909,222</u>	<u>2,242,302</u>

The bank loans are secured by a mortgage debenture over the assets of the company. The finance leases are secured on the assets concerned.

Bravado International Group Limited

Notes to the financial statements

For the period ended 30 September 2001

10	CREDITORS: Amounts falling due after more than one year	2001 £	2000 £
	Other loans	90,000	90,000
	Net obligations under hire purchase contracts	37,198	22,747
	Amounts owed to group undertakings	650,968	661,967
		<u>778,166</u>	<u>774,714</u>
	Analysis of loans		
	Wholly repayable within five years	999,222	2,332,302
	Included in current liabilities	(909,222)	(2,242,302)
		<u>90,000</u>	<u>90,000</u>
	Loan maturity analysis		
	In more than two years but not more than five years	<u>90,000</u>	<u>90,000</u>
	Net obligations under hire purchase contracts		
	Repayable within one year	41,943	52,329
	Repayable between one and five years	41,680	24,145
		<u>83,623</u>	<u>76,474</u>
	Finance charges and interest allocated to future accounting periods	(8,953)	(8,380)
		<u>74,670</u>	<u>68,094</u>
	Included in liabilities falling due within one year	(37,472)	(45,348)
		<u>37,198</u>	<u>22,746</u>
11	SHARE CAPITAL	2001 £	2000 £
	Authorised		
	100,000 Ordinary shares of £ 1 each	<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid		
	100 Ordinary shares of £ 1 each	<u>100</u>	<u>100</u>

Bravado International Group Limited

Notes to the financial statements

For the period ended 30 September 2001

12 STATEMENT OF MOVEMENT ON PROFIT AND LOSS ACCOUNT

	£
Balance at 1 January 2001	1,562,789
Retained profit for the period	97,957
Balance at 30 September 2001	<u>1,660,746</u>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial period	97,957	158,216
Opening shareholders' funds	<u>1,562,890</u>	<u>1,404,674</u>
Closing shareholders' funds	<u>1,660,846</u>	<u>1,562,890</u>

14 CONTINGENT LIABILITIES

The company has provided cross guarantees in respect of bank loans and overdrafts of certain group and associated undertakings. The amount outstanding at 30 September 2001 was £712,219 (2000 - £651,067).

15 FINANCIAL COMMITMENTS

At 30 September 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2001 £	2000 £
Expiry date:		
In over five years	<u>70,400</u>	<u>70,400</u>

16 DIRECTORS' EMOLUMENTS

	2001 £	2000 £
Emoluments for qualifying services	<u>362,483</u>	<u>526,591</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2000 - 3). No contributions were paid during the period (2000 - £nil).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	<u>131,072</u>	<u>190,874</u>
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Bravado International Group Limited

Notes to the financial statements

For the period ended 30 September 2001

17 TRANSACTIONS WITH DIRECTORS

The directors' overdrawn loan accounts included under other debtors were as follows:

	Amount outstanding		Maximum in period
	2001	2000	
	£	£	£
A E Crux	22,107	42,107	42,107
B M Drinkwater	-	43,282	43,282
K A Drinkwater	-	17,107	17,107

18 EMPLOYEES

Number of employees

The average monthly number of employees (including directors) during the period was:

	2001 Number	2000 Number
Merchandising and administration	30	30

Employment costs

	£	£
Wages and salaries	782,612	1,201,340
Social security costs	101,076	144,472
	883,688	1,345,812

19 CONTROL

At 30 September 2001, the ultimate parent company was Bravado Group Limited, a company registered in England and Wales. On 8 February 2002, Bravado Group Limited was acquired by The Sanctuary Group plc, a listed company registered in England and Wales.

Bravado International Group Limited

Notes to the financial statements

For the period ended 30 September 2001

20 RELATED PARTY TRANSACTIONS

Throughout the financial period, Mr A E Crux, Mr B M Drinkwater and Mr K A Drinkwater had material shareholdings in Bravado International Group Merchandising Services Inc., Concessions Management International Limited and Strawhand Limited.

Details of business transacted with the above companies and with Distribution Network Company Limited, a fellow subsidiary undertaking, are shown below.

	2001 £	2000 £
(a) Sales to Distribution Network Company Limited	240,103	260,760
(b) Purchases from Distribution Network Company Limited	5,253	-
(c) Joint venture profit receivable from Bravado International Group Merchandising Services Inc.	191,590	606,439
(d) Rent and service charges receivable from:		
Distribution Network Company Limited	39,000	-
Concessions Management International Limited	8,060	11,156
(e) Accounting and administration charges receivable from:		
Distribution Network Company Limited	15,480	29,937
Concessions Management International Limited	9,940	13,760
Bravado International Group Merchandising Services Inc.	-	33,700
(f) Rent payable to Strawhand Limited	52,800	70,400
At 30 September 2001, the undermentioned companies owed the following amounts to the company:		
Bravado International Group Merchandising Services Inc.	936,136	581,347
Strawhand Limited	169,955	194,401
Distribution Network Company Limited	307,868	101,511
Concessions Management International Limited	464,626	721,025