Registered number: 3856295

# TVMania UK Limited

# Annual report and financial statements

# for the year ended 31 December 2013

# TVMania UK Limited

# Annual report and financial statements for the year ended 31 December 2013

## Contents

# TVMania UK Limited

## Officers and professional advisers for the year ended 31 December 2013

**Directors**
D P Famulak
R K Smits

**Registered office**
Centenary House
Centenary Way
Salford
Manchester
M50 1RF

**Independent auditors**
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Benson House
33 Wellington Street
Leeds
LS1 4JP

# TVMania UK Limited

## Strategic report for the year ended 31 December 2013

The directors present their strategic report of the company for the year ended 31 December 2013.

**Principal activities, review of business and future developments**
The company's principal activity is that of import and wholesale of textiles, and is expected to continue to be so for the foreseeable future.

**Results and dividends**
The results for the year are set out on page 6. The directors recommend the payment of a dividend of £1,000,000 (2012: nil).

**Key performance indicators**
Given the straight forward nature of the business, the company's directors are of the opinion that analysis using a large number of key performance indicators is not necessary for an understanding of the development, performance or position of the business. Instead the directors' focus is on straightforward business measures such as turnover, gross profit margin and overall profitability.

**Financial risk management objectives and policies**
The directors' assessment of the risks the company faces in the coming year addresses interest rate volatility, credit risk, currency volatility and price risk. We deal with predominantly high profile customers, manufacturing only to order, and have credit insurance in place for other customers, so credit and price risk are mitigated. The main foreign currency that we trade in is US dollars where there is a natural hedge in our currency dealings which insulates us from any extreme swings in the value of sterling.

On behalf of the board

D P Famulak
**Director**
24 September **2014**

# Directors' report for the year ended 31 December 2013

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2013.

**Future developments, risks and uncertainties and key performance indicators**
Future developments, risks and uncertainties and key performance indicators are covered in the Strategic Report.

**Directors**
The directors who held office during the year and up to the date of signing the financial statements are given below:

Daniel Wilkins (resigned 3 September 2013)
Stephen Lister (appointed 1 April 2013, resigned 4 August 2014)
Ulf Brettschneider (appointed 1 April 2013, resigned 4 August 2014)
Dow Peter Famulak (appointed 23 June 2014)
Robert Karl Smits (appointed 23 June 2014)

The company maintains liability insurance for its directors and officers. By virtue of the articles of association, the company has also provided indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

**Post balance sheet events**
On 8 May 2014 the company was acquired by GBG International Holdings Company Limited, a company incorporated in Great Britain and registered in England & Wales and which was on that date a fellow subsidiary undertaking. On 9 July 2014 the ultimate parent company listed the shares of the Global Brands Group it had created, and of which TVMania UK Limited had become a member, on the Hong Kong Stock Exchange.

# Directors' report for the year ended 31 December 2013 (continued)

**Statement of directors' responsibilities**
The directors are responsible for preparing the Strategic Report, Directors' report and the 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 period.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

**Disclosure of information to auditors**
In so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and that each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are 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.

On behalf of the board

D P Famulak
**Director**
24 September **2014**

# Independent auditors' report to the members of TVMania UK Limited

## Report on the financial statements

### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

### What we have audited

The financial statements, which are prepared by TVMania UK Limited, comprise:

- the Balance Sheet as at 31 December 2013;
- the Income Statement for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## Other matters on which we are required to report by exception

### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Responsibilities for the financial statements and the audit

### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Randal Casson

Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
24 September 2014

# Income statement for the year ended 31 December 2013

| | Note | 2013<br>£'000 | 2012<br>£'000 |
|---|---|---|---|
| **Revenue** | 2 | **14,653** | 9,274 |
| Cost of sales | | **(9,535)** | (5,910) |
| **Gross profit** | | **5,118** | 3,364 |
| Administrative expenses | | **(3,223)** | (2,513) |
| **Operating profit** | 3 | **1,895** | 851 |
| Finance income/(costs) | 6 | **28** | 35 |
| **Profit on ordinary activities before taxation** | | **1,923** | 886 |
| Tax on profit on ordinary activities | 7 | **(506)** | (172) |
| **Profit for year attributable to the owners of the company** | 14 | **1,417** | 714 |

The income statement has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those disclosed in the income statement.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents.

# TVMania UK Limited

## Balance sheet as at 31 December 2013

| | Note | **31 December 2013 £'000** | 31 December 2012 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | **21** | 35 |
| Deferred tax | 9 | **5** | 10 |
| | | **26** | 45 |
| **Current assets** | | | |
| Inventories | 10 | **1,363** | 617 |
| Trade and other receivables | 11 | **6,621** | 12,398 |
| | | **7,984** | 13,015 |
| **Current liabilities** | | | |
| Trade and other payables | 12 | **(6,607)** | (12,074) |
| **Net current assets** | | **1,377** | 941 |
| **Total assets less current liabilities** | | **1,403** | 986 |
| **Capital and reserves attributable to equity owners of the company** | | | |
| Called up share capital | 13 | **-** | - |
| Retained earnings | 14 | **1,403** | 986 |
| **Total equity** | | **1,403** | 986 |

These financial statements were authorised for issue by the board of directors on 24 September 2014 and were signed on its behalf by:

DP Famulak
**Director**

Registered number: 3856295

# Cash flow statement for the year ended 31 December 2013

| | Note | £'000 | 2013 £'000 | £'000 | 2012 £'000 |
|---|---|---|---|---|---|
| **Net cash flow from operating activities** | 16 | | **7,485** | | (9,234) |
| Income tax paid | | | **(190)** | | (96) |
| **Returns on investments and servicing of finance** | | | | | |
| Interest received | | **28** | | 35 | |
| **Net cash flow for returns on investments and servicing of finance** | | | **28** | | 35 |
| **Capital expenditure** | | | | | |
| Payments to acquire tangible assets | | **-** | | (5) | |
| **Net cash outflow for capital expenditure** | | | **-** | | (5) |
| **Net cash flow before management of liquid resources and financing** | | | | | (9,300) |
| **Financing** | | | | | |
| Repayment of short term loans | | **-** | | (210) | |
| **Net cash outflow from financing** | | | **-** | | (210) |
| **Increase/(decrease) in cash in the year** | 17 | | **7,323** | | (9,510) |
| **Cash and cash equivalents at beginning of year** | | | **(8,312)** | | 1,198 |
| **Cash and cash equivalents at end of year** | | | **(989)** | | (8,312) |

# Statement of changes in equity for the year ended 31 December 2013

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Profit for the financial year | **1,417** | 714 |
| Dividend paid | **(1,000)** | - |
| Opening shareholders' equity | **986** | 272 |
| **Closing shareholders' equity** | **1,403** | 986 |

# TVMania UK Limited

## Notes to the financial statements for the year ended 31 December 2013

### 1 Significant accounting policies

**1.1. Accounting convention**
The financial statements are prepared under the historical cost convention.

**1.2. Compliance with accounting standards**
The financial statements have been prepared on the going concern basis in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRS") as adopted by the European Union, which have been applied consistently (except as otherwise stated).

**1.3. Accounting estimates**
The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The directors consider that there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

**1.4. Revenue**
Revenue represents amounts receivable for goods net of VAT and trade discounts. Revenue is recognised when goods are delivered or the company is contractually entitled to income.

**1.5. Property, plant and equipment**
Property, plant and equipment are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | | |
|---|---|---|
| Computer equipment | - | 25% and 50% straight line |
| Motor vehicles | - | 25% reducing balance |

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

**1.7. Inventories**
Inventory is valued at the lower of cost and net realisable value.

**1.8. Deferred taxation**
The accounting policy in respect of deferred tax has been changed to reflect the requirements of IAS12 – Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

**1.9. Foreign currencies**
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 the income statement.

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## 1 Significant accounting policies (continued)

**1.10. Cash and cash equivalents**
In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

**1.11 Trade payables**
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

**1.12 Trade receivables**
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

**1.13 Prepayments**
Prepayments primarily consist of prepaid license royalty fees, expensed to the income statement over the term of the agreement.

**1.14 Exceptional items**
Exceptional items are items which derive from events or transactions that fall within the ordinary activities of the reporting entity and which individually or, if of a similar type, in aggregate need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

**1.15 New standards**

The following standards, amendments and interpretations were effective for the year ended 31 December 2013 with no significant impact:

Amendment to IFRS 1 on hyperinflation and fixed dates (effective 1 January 2011, endorsed 1 January 2013)

Amendment to IAS 12,'Income taxes' on deferred tax (effective 1 January 2012, endorsed 1 January 2013)

Amendment to IAS 1,'Presentation of financial statements' on OCI (effective 1 July 2012)

IFRS 13, 'Fair value measurement' (effective 1 January 2013)

IAS 19 (revised 2011) 'Employee benefits' (effective 1 January 2013)

Amendment to IFRS 1,'First time adoption' on government grants (effective 1 January 2013)

Annual improvements 2011 (effective 1 January 2013)

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## 1 Significant accounting policies (continued)

### 1.15 New standards (continued)

IFRIC 20 'Stripping costs in the production phase of a surface mine' (effective 1 January 2013)

The following standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company:

IFRS 10, 'Consolidated financial statements' (effective 1 January 2013)

IFRS 11, 'Joint arrangements'(effective 1 January 2013)

IFRS 12, 'Disclosures of interests in other entities' (effective 1 January 2013)

IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2013)

IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2013)

The Large and Medium-sized Companies and Groups (Account and Reports) (Amendment) Regulations 2013 – SI 2013/1981 (effective 30 September 2013)

The Companies (Receipt of Accounts and Reports) Regulations 2013 – SI 2013/1973 (effective 30 September 2013)

The Companies (Revision of Defective Accounts and Reports) (Amendment) Regulations 2013 – SI 2013/1971 (effective 30 September 2013)

Amendments to IFRS 10, 11 and 12 on transition guidance (effective 1 January 2014)

Amendment to IAS 32 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities (effective 1 January 2014)

IFRS 9 'Financial Instruments' – classification and measurement (effective 1 January 2015)

Amendments to IFRS 9 'Financial instruments', regarding general hedge accounting (effective 1 January 2014)

Amendment to IAS 39 'Financial instruments: Recognition and Measurement', on novation of derivatives and hedge accounting (effective 1 January 2014)

Amendment to IAS 19 regarding defined benefit plans (effective 1 July 2014)

Annual improvements 2012 (effective 1 July 2014)

# Notes to the financial statements for the year ended 31 December (continued)

## 1 Significant accounting policies (continued)

**1.15 New standards (continued)**

Annual improvements 2013 (effective 1 July 2014)

IFRIC 21 'Levies' (effective 1 January 2014)

## 2 Revenue

The total revenue of the company for the years stated has been derived from its principal activity which is wholly undertaken in the United Kingdom.

## 3 Operating profit

| | **2013** | 2012 |
|---|---|---|
| | **£'000** | £'000 |
| **Operating profit is stated after charging/(crediting):** | | |
| Depreciation of tangible assets | **14** | 11 |
| Loss on foreign exchange transactions | **100** | 298 |
| Fees payable to the company's auditor for the audit of the company's annual financial statements | **25** | 25 |

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## 4 Employees

The average monthly number of employees (excluding directors) during the year was:

| | 2013 No. | 2012 No. |
|---|---|---|
| Administration and sales | **18** | 17 |

The aggregate payroll costs of the above were:

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Wages and salaries | **856** | 712 |
| Social security costs | **97** | 78 |
| Other pension costs | **21** | 15 |
| | **974** | 805 |

## 5 Directors' remuneration

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Emoluments for qualifying services | **117** | 117 |
| Company contributions to money purchase pension scheme | **7** | 7 |
| | **124** | 124 |

## 6 Finance income/(costs)

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Interest receivable from group companies | **108** | 167 |
| Bank interest | **(80)** | (132) |
| | **28** | 35 |

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## 7 Tax on profit on ordinary activities

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| **Current tax:** | | |
| UK corporation tax at 23.25% (2012: 24.5%) | **487** | 223 |
| Adjustment in respect of previous periods | **14** | (48) |
| Total current tax | **501** | 175 |
| **Deferred tax:** | | |
| Origination and reversal of timing differences | **(2)** | (3) |
| Adjustment in respect of previous periods | **6** | - |
| Effect of changes in tax rates | **1** | - |
| Total deferred tax (note 9) | **5** | (3) |
| Tax on profit on ordinary activities | **506** | 172 |

The tax charge for the year is higher (2012: lower) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| **Profit on ordinary activities before tax** | **1,923** | 886 |
| Profit on ordinary activities multiplied by standard rate in the UK 23.25% (2012: 24.5%) | **447** | 217 |
| Effects of: | | |
| Expenses not deductible for tax purposes | **37** | 2 |
| Capital allowances less than depreciation | **2** | 4 |
| Short term timing differences | **-** | (3) |
| Adjustment to tax charge in respect of previous periods | **20** | (48) |
| **Total tax charge for the year** | **506** | 172 |

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## 8 Property, plant and equipment

| | Computer equipment £'000 | Motor vehicles £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| **At 1 January and 31 December 2013** | **32** | **36** | **68** |
| **Accumulated depreciation** | | | |
| At 1 January 2013 | 17 | 16 | 33 |
| Charge for the year | 5 | 9 | 14 |
| **At 31 December 2013** | **22** | **25** | **47** |
| **Net book value** | | | |
| **At 31 December 2013** | **10** | **11** | **21** |
| At 31 December 2012 | 15 | 20 | 35 |

## 9 Deferred tax

| | Deferred tax asset £'000 |
|---|---|
| At 1 January 2013 | 10 |
| Debit to the income statement | (5) |
| **At 31 December 2013** | **5** |

The deferred tax asset calculated at 22% (2012: 23%) is set out below:

| | Recognised | | (Unprovided)/Unrecognised | |
|---|---|---|---|---|
| | **31 December 2013 £'000** | 31 December 2012 £'000 | **31 December 2013 £'000** | 31 December 2012 £'000 |
| Accelerated capital allowances | **5** | 9 | - | - |
| Other short term timing differences | - | 1 | - | - |
| | **5** | 10 | - | - |

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## 10 Inventories

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Work in progress | **1,134** | 465 |
| Finished goods | **229** | 152 |
| | **1,363** | 617 |

## 11 Trade and other receivables

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Trade debtors | **2,510** | 2,120 |
| Amounts owed by group undertakings | **959** | 8,279 |
| Other debtors and prepayments | **3,152** | 1,999 |
| | **6,621** | 12,398 |

Of the £959,000 owed by group undertakings at the year end, interest is charged on £817,000 at 5% p.a. There are no fixed repayment terms.

## 12 Trade and other payables

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Bank loans and overdrafts | **989** | 8,312 |
| Trade payables | **159** | 246 |
| Amounts owed to group undertakings and undertakings in which the company has a participating interest | **4,464** | 2,865 |
| Taxation and social security | **32** | 32 |
| Other creditors | **477** | 444 |
| Group relief payable | **486** | 175 |
| | **6,607** | 12,074 |

The bank overdraft is unsecured and repayable on demand. Interest is charged at Bank of England rate plus 0.8%.

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## 13 Called up share capital

| | 31 December 2013 | | 31 December 2012 | |
|---|---|---|---|---|
| | No. | £ | No. | £ |
| **Called up, allotted and fully paid:** | | | | |
| Ordinary shares of £1 each | 2 | 2 | 2 | 2 |

## 14 Retained earnings

| | £'000 |
|---|---|
| Balance at 1 January 2013 | 986 |
| Profit for the year | 1,417 |
| Dividend paid | (1,000) |
| **Balance at 31 December 2013** | **1,403** |

## 15 Dividends paid

| | 2013 | 2012 |
|---|---|---|
| | £'000 | £'000 |
| Total dividend paid | 1,000 | - |
| Dividend per £1 share | 500 | - |

## 16 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

| | 2013 | 2012 |
|---|---|---|
| | £'000 | £'000 |
| Operating profit | 1,895 | 851 |
| Depreciation of tangible fixed assets | 14 | 11 |
| (Increase)/decrease in stocks | (746) | 234 |
| Decrease/(increase) in debtors | 5,777 | (9,640) |
| Increase/(decrease) in creditors within one year | 545 | (690) |
| **Net cash inflow/(outflow) from operating activities** | **7,485** | (9,234) |

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## 17 Analysis of net debt

| | 1 January 2013 £'000 | Cash flow £'000 | **31 December 2013 £'000** |
|---|---|---|---|
| Net cash: | | | |
| Bank overdrafts | (8,312) | 7,323 | **(989)** |
| **Net debt** | (8,312) | 7,323 | **(989)** |

## 18 Reconciliation of net cash flow to movement in net debt

| | **2013 £'000** | 2012 £'000 |
|---|---|---|
| Increase/(decrease) in cash in the year | **7,323** | (9,510) |
| Cash outflow from decrease in debt | **-** | 210 |
| **Movement in net debt in the year** | **7,323** | (9,300) |
| Opening net debt | **(8,312)** | 988 |
| **Closing net debt** | **(989)** | (8,312) |

## 19 Contingent liabilities

The company has entered into several guarantees in respect of bank overdrafts and loans of certain group companies.

At 31 December 2013 the contingent liability amounted to £nil (2012: £nil).

# Notes to the financial statements for the year ended 31 December 2013 (continued)

## 20 Related party relationships and transactions

During the year the company traded with fellow subsidiary undertakings.

During the year ended 31 December 2013 it made sales of £506,000 (2012: £980,000) to TVMania Europe GmbH and paid royalties to the same company of £458,000 (2012: £279,000). It purchased goods from a fellow subsidiary undertakings amounting to £6,907,000 (2012: £4,780,000) and paid its immediate parent £249,000 (2012: £nil) for goods and services provided. All transactions were on an arm's length basis.

Balances at the end of the year were as follows:

| | **2013**<br>**£'000** | 2012<br>£'000 |
|---|---|---|
| Owed to: | | |
| Fellow subsidiary undertakings | **3,091** | 2,250 |
| Immediate parent | **1,373** | 615 |
| | **4,464** | 2,865 |
| Due from: | | |
| Fellow subsidiary undertaking | **(939)** | (8,279) |
| Immediate parent | **(20)** | - |
| **Net amounts due to/(due from) related parties** | **3,505** | (5,414) |

## 21 Control

On 8 May 2014 the entire issued share capital of the company was acquired by GBG International Holdings Company Limited. From that date, the company's immediate parent undertaking became GBG International Holdings Company Limited. The company's ultimate parent undertaking was, and continued to be, Li & Fung Limited until 9 July 2014. On 9 July 2014 Li & Fung Limited listed the shares of the Global Brands Group it had created on the Hong Kong Stock exchange and from that date the company's ultimate parent undertaking became Global Brands Group Holding Limited, a company incorporated in Bermuda.

The largest and smallest group in which the results of the company are consolidated is that headed by Li & Fung Limited, which is listed in Hong Kong. The consolidated financial statements of this company are available to the public from Investor Relations, Li & Fung Limited, 11th Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong.