

Company Registration No. 06575437 (England and Wales)

Global Merchandising Services Limited

Annual report and financial statements

For the year ended 31 December 2022



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

GLOBAL MERCHANDISING SERVICES LIMITED

COMPANY INFORMATION

Directors	B M Drinkwater A Najeeb G B Lindstrom M Cass
Company number	06575437
Registered office	55 Loudoun Road St John's Wood London NW8 0DL
Auditor	MGR Weston Kay LLP 55 Loudoun Road St John's Wood London NW8 0DL
Business address	Matrix Studio Complex 91 Peterborough Road Parsons Green London SW6 3BU
Bankers	Coutts & Co 440 Strand London WC2R 0QS Bank of America PO Box 25118 Tampa FL 33622 - 5118 City National Bank 555. Flower Street Los Angeles California 90071

GLOBAL MERCHANDISING SERVICES LIMITED

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GLOBAL MERCHANDISING SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The result and position of the group for the year ended 31 December 2022 are set out in the statement of comprehensive income, balance sheet and statement of changes in equity on pages 12, 13 and 15 respectively.

The directors are pleased to report that the business is now well established and has enjoyed another profitable year. The directors are satisfied with the trading for the year and the results of the group were in line with directors' expectations.

Principal risks and uncertainties

The group is faced with similar risks and uncertainties as other companies operating in the merchandising business.

The main areas are as follows:

- Competition from other merchandise companies to obtain the rights to service music merchandise.
- Changes in consumer tastes and fashion which may impact upon the demand for merchandise for certain artists as well as the types of merchandise sought.
- The group is also reliant on the number of acts touring in any given year, as well as bands and their managers choosing the group as their service provider.
- The cost pressures on margins in an already tight margin business.

Development and performance

In the opinion of the directors, the group is in a strong position at year end having enjoyed good results during the year resulting in shareholders' funds increased by £1.3m to £35.2m. The group has also enjoyed strong liquidity.

Key performance indicators

The group's management regularly monitor the performance of the business, reviewing monthly management information including management accounts, assessing gross profit margins by revenue channel and constantly seek to sign new acts both established and upcoming. The main key performance indicators are gross profit margin which stood at 17.5% (2021: 28.0%) and net profit margin which was 10.2% (2021: 10.3%). The reduction in gross profit margin was anticipated with the change in sales mix year on year.

The main non-financial KPI is the number of staff employed by the group. This has increased to 89 this year.

GLOBAL MERCHANDISING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

SECTION 172 (1) STATEMENT

The directors have regard to the matters set out in Section 172 (1) of the Companies Act 2005 when performing their duties under Section 172 to promote the success of the group. The ways in which the directors engage with key stakeholders and consider their needs is outlined below.

a) The likely consequences of any decision in the long term:

The directors have established strategies based on how best to engage with all its stakeholders including its customers and artists delivering services to all in a cost-effective manner. The directors' decisions impact on the group's ability to promote the business and they aim to maintain and create long term growth leading to an increase in value in the long term.

b) the interests of the group's employees:

The directors understand that the group's staff are right at the heart of everything we do as a group and the importance of an engaged and dynamic workforce to ensure the group can respond to the changing industry landscape.

The group has offices encompassing an open plan working environment. This has encouraged more opportunities for staff to collaborate across departments and create a feeling of inclusiveness and increased understanding of the group and its operations.

The directors are incredibly proud of the resilience, teamwork and creativity that our teams have shown in adapting to a hybrid way of working. The directors are committed to providing all the support employees need to deal with the unique challenges this brings.

c) the need to foster the group's business relationships with suppliers, customers and others:

Communications and relationships with our direct customers is a fundamental ingredient to our success. The brand and retail managers have continuous communications with our direct customers, through face-to-face meetings, to understand their needs, seek feedback, share our plans and nurture a collaborative working practice.

The group has developed long-term relationships with our suppliers. Our suppliers are fundamental to the quality of our products and to ensuring that as a business we meet the high standards of conduct that we set ourselves. Our processes and procedures are set up to ensure that suppliers are paid as promptly as possible within agreed payment terms while taking appropriate measures to protect the group's own assets.

d) the impact of the group's operations on the community and the environment:

The group sources its merchandise where possible from environmentally and socially responsible suppliers, working with suppliers on fair production, utilizing only approved inks with compliance certifications for printing. In addition, by using the internet & photographic images of designs, the group use best endeavors to reduce our carbon footprint, by decreasing the need to freight physical samples of products.

The group's head office is based at The Matrix Studios in Parsons Green, London. Much of the environmental impact of these offices, and its mitigation, is therefore driven by the design and energy efficiency of these buildings. The group liaises with its landlord to reduce its impact on the environment and make the business more sustainable.

e) the desirability of the group maintaining a reputation for high standards of business conduct:

The group maintains high standards of expected conduct for its directors and employees and has clearly defined procedures for its employees to report any concerns internally.

f) the need to act fairly between members of the group:

The need to act fairly is integrated into the culture of the group. Many of the shareholders are engaged in the business and therefore directly involved in strategic decisions. The directors are conscious that they have a duty to ensure that the group's operations are conducted for the benefit of all its shareholders and consult with the shareholder group in both face to face and remotely via Zoom and Microsoft Teams meetings.

GLOBAL MERCHANDISING SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the board

M Cass
Director

21 December 2023

GLOBAL MERCHANDISING SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the group continued to be that of production and sale of merchandising for events and concerts.

Results and dividends

The results for the year are set out on page 11.

Ordinary dividends were paid during the year amounting to £10,526,316. The directors do not recommend payment of a final dividend for the year .

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B M Drinkwater

A Najeeb

G B Lindstrom

M Cass

Financial instruments

The group has a normal level of exposure to price, credit liquidity and cash flow risk arising from trading activities which are conducted in sterling and US dollars.

Future developments

Notwithstanding the principal risks and uncertainties outlined in the strategic report, the directors do not anticipate any significant impact in the activities and financial stability of the group in the foreseeable future.

Engagement with others

The strategic report includes an indication of how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including the principal decisions taken by the company during the financial year.

Streamline Energy and Carbon Reporting

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Auditor

The auditor, MGR Weston Kay LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

GLOBAL MERCHANDISING SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

M Cass
Director

21 December 2023

GLOBAL MERCHANDISING SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GLOBAL MERCHANDISING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLOBAL MERCHANDISING SERVICES LIMITED

Opinion

We have audited the financial statements of Global Merchandising Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including 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 group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year 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 group and parent 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our 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.

GLOBAL MERCHANDISING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GLOBAL MERCHANDISING SERVICES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

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.

GLOBAL MERCHANDISING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GLOBAL MERCHANDISING SERVICES LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

As part of our planning of the audit work required we obtained an understanding of the legal and regulatory frameworks that are applicable to the entity via enquiries of the company's management, carried out analytical procedures, held discussions amongst the engagement team and using knowledge of the sector determined that the most significant laws and regulation are those that relate to:

- Health and safety regulations.
- Employment law including right to work in the UK.
- Copyright laws.
- Distance selling regulations.
- UK Tax legislation.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as FRS102 and the Companies Act 2006.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with the laws and regulations and the fraud risks identified. This included enquiries with management to understand their policies and procedures for compliance with those regulations and we completed the following tests:

- Obtained an understanding of relevant controls.
- Reviewed the company's risk assessments, procedures and IT systems.
- Checked samples of documentation including contracts with artists, insurance policies and right to work in the UK documentation.

We also assessed the risks of material misstatement in respect of fraud as follows:

- Revenue fraud.
- Unauthorised expenditure and/or payments.
- Management override of controls.
- Manipulation of accounting estimates.
- Bank covenants reporting.
- Related party fraud.

Based on the results of our risk assessment we designed our audit procedures to identify and to address material misstatements in relation to fraud. This included the risk of management bias relating to judgements and assumptions used in provisions and the bank covenants along with testing journals via data analytics.

No significant issues were identified during our testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non – detection of irregularities, as these may could involve collusions, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

GLOBAL MERCHANDISING SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GLOBAL MERCHANDISING SERVICES LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Nigel Walfisz FCA (Senior Statutory Auditor)

For and on behalf of MGR Weston Kay LLP

Chartered Accountants

Statutory Auditor

55 Loudoun Road

St John's Wood

London

NW8 0DL

21 December 2023

GLOBAL MERCHANDISING SERVICES LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	141,220,092	47,282,331
Cost of sales		(116,568,912)	(34,033,525)
Gross profit		<u>24,651,180</u>	<u>13,248,806</u>
Administrative expenses before exceptional charges		(12,611,667)	(8,481,350)
Other operating income		-	61,916
Operating profit before exceptional charges		<u>12,039,513</u>	<u>4,829,372</u>
Profit/(loss) on foreign currency		2,521,341	299,788
Operating profit after exceptional charges	4	<u>14,560,854</u>	<u>5,129,160</u>
Interest receivable and similar income	8	151,295	735
Interest payable and similar expenses	9	(336,955)	(274,068)
Profit before taxation		<u>14,375,194</u>	<u>4,855,827</u>
Tax on profit	10	(2,847,711)	(1,028,994)
Profit for the financial year		<u><u>11,527,483</u></u>	<u><u>3,826,833</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

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

GLOBAL MERCHANDISING SERVICES LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Profit for the year	11,527,483	3,826,833
Other comprehensive income		
Currency translation gain taken to retained earnings	340,948	15,300
Total comprehensive income for the year	<u>11,868,431</u>	<u>3,842,133</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

GLOBAL MERCHANDISING SERVICES LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	13		798,746		-
Tangible assets	14		291,412		326,008
Investments	15		41,467		1
			<u>1,131,625</u>		<u>326,009</u>
Current assets					
Stocks	17	2,905,285		1,477,799	
Debtors	18	26,728,814		32,230,556	
Cash at bank and in hand		26,239,635		21,179,634	
		<u>55,873,734</u>		<u>54,887,989</u>	
Creditors: amounts falling due within one year	19	<u>(21,798,685)</u>		<u>(21,346,621)</u>	
Net current assets			<u>34,075,049</u>		<u>33,541,368</u>
Total assets less current liabilities			<u>35,206,674</u>		<u>33,867,377</u>
Provisions for liabilities					
Deferred tax liability	21	9,430		12,248	
		<u>(9,430)</u>		<u>(12,248)</u>	
Net assets			<u>35,197,244</u>		<u>33,855,129</u>
Capital and reserves					
Called up share capital	23		9,500		9,500
Capital redemption reserve			500		500
Profit and loss reserves			35,187,244		33,845,129
Total equity			<u>35,197,244</u>		<u>33,855,129</u>

The financial statements were approved by the board of directors and authorised for issue on 21 December 2023 and are signed on its behalf by:

M Cass
Director

Company registration number 06575437 (England and Wales)

GLOBAL MERCHANDISING SERVICES LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	13		798,746		-
Tangible assets	14		38,902		65,906
Investments	15		70		70
			<u>837,718</u>		<u>65,976</u>
Current assets					
Stocks	17	1,136,492		447,526	
Debtors	18	35,855,731		31,617,307	
Cash at bank and in hand		10,406,283		18,104,558	
		<u>47,398,506</u>		<u>50,169,391</u>	
Creditors: amounts falling due within one year	19	<u>(17,190,829)</u>		<u>(18,615,609)</u>	
Net current assets			<u>30,207,677</u>		<u>31,553,782</u>
Total assets less current liabilities			<u>31,045,395</u>		<u>31,619,758</u>
Provisions for liabilities					
Deferred tax liability	21	9,430		12,248	
		<u>(9,430)</u>		<u>(12,248)</u>	
Net assets			<u>31,035,965</u>		<u>31,607,510</u>
Capital and reserves					
Called up share capital	23		9,500		9,500
Capital redemption reserve			500		500
Profit and loss reserves			<u>31,025,965</u>		<u>31,597,510</u>
Total equity			<u>31,035,965</u>		<u>31,607,510</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £9,954,771 (2021 - £3,341,671 profit).

The financial statements were approved by the board of directors and authorised for issue on 21 December 2023 and are signed on its behalf by:

M Cass
Director

Company registration number 06575437 (England and Wales)

GLOBAL MERCHANDISING SERVICES LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2021		9,500	500	30,390,996	30,400,996
Year ended 31 December 2021:					
Profit for the year		-	-	3,826,833	3,826,833
Other comprehensive income:					
Currency translation differences		-	-	15,300	15,300
Total comprehensive income for the year		-	-	3,842,133	3,842,133
Dividends	11	-	-	(388,000)	(388,000)
Balance at 31 December 2021		9,500	500	33,845,129	33,855,129
Year ended 31 December 2022:					
Profit for the year		-	-	11,527,483	11,527,483
Other comprehensive income:					
Currency translation differences		-	-	340,948	340,948
Total comprehensive income for the year		-	-	11,868,431	11,868,431
Dividends	11	-	-	(10,526,316)	(10,526,316)
Balance at 31 December 2022		9,500	500	35,187,244	35,197,244

GLOBAL MERCHANDISING SERVICES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2021		9,500	500	28,643,839	28,653,839
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	3,341,671	3,341,671
Dividends	11	-	-	(388,000)	(388,000)
Balance at 31 December 2021		9,500	500	31,597,510	31,607,510
Year ended 31 December 2022:					
Profit and total comprehensive income		-	-	9,954,771	9,954,771
Dividends	11	-	-	(10,526,316)	(10,526,316)
Balance at 31 December 2022		9,500	500	31,025,965	31,035,965

GLOBAL MERCHANDISING SERVICES LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	27	30,285,455		6,464,505	
Interest paid		(336,955)		(274,068)	
Income taxes paid		(2,792,632)		(275,402)	
Net cash inflow from operating activities		<u>27,155,868</u>		<u>5,915,035</u>	
Investing activities					
Purchase of intangible assets		(7,048,142)		-	
Proceeds on disposal of intangibles		5,984,787		-	
Purchase of tangible fixed assets		(95,579)		(52,402)	
Proceeds on disposal of tangible fixed assets		-		2,759,755	
Purchase of investment		(41,466)		-	
Interest received		151,295		735	
Net cash (used in)/generated from investing activities		<u>(1,049,105)</u>		<u>2,708,088</u>	
Financing activities					
Repayment of bank loans		(10,833,272)		(2,369,531)	
Dividends paid to equity shareholders		(10,526,316)		(388,000)	
Net cash used in financing activities		<u>(21,359,588)</u>		<u>(2,757,531)</u>	
Net increase in cash and cash equivalents		<u>4,747,175</u>		<u>5,865,592</u>	
Cash and cash equivalents at beginning of year		21,179,634		15,318,496	
Effect of foreign exchange rates		312,826		(4,454)	
Cash and cash equivalents at end of year		<u><u>26,239,635</u></u>		<u><u>21,179,634</u></u>	

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

Investments in subsidiaries and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Global Merchandising Services Limited and its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2022.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Turnover

Turnover represents amounts receivable for goods and services supplied to customers, net of VAT, sales tax and trade discounts. Sales of goods and services are recognised as revenue when the goods have been delivered or the services rendered.

1.4 Intangible fixed assets other than goodwill

Intangible assets are recognised using the cost or the revaluation model.

Intangible assets are revalued if there is an active market, otherwise the asset shall be carried at its cost less any accumulated amortisation and impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Ethereum	Revaluation model
NFTs	10 years straight line

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	33% straight line
Fixtures, fittings and equipment	33% straight line and 20% straight line
Motor vehicles	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Unlisted investments are recognised at cost less impairment.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

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

Translation of group companies:-

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign subsidiary are translated from their functional currency of US Dollars to Sterling using the closing exchange rate. Income and expenses are translated using the average rate for the period. Exchange differences arising on the translation of group companies are recognised in the statement of comprehensive income.

1.17 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 after more than one year.

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Advances

A provision has been included in the accounts based on the management's assessment of whether advances to artists will be recovered from future royalties or repaid by the artist.

Stock provision

A stock provision has been included in the accounts based on the management's assessment on a line by line basis, having reviewed whether a tour has finished and the ageing of the stock, to indicate whether the stock has become obsolete and the likelihood that it will sell below cost.

Bad debt provision

A provision has been included in the accounts based on the management's assessment of whether trade debtor balances are recoverable.

3 Turnover and other revenue

In the opinion of the directors it would be seriously prejudicial to disclose an analysis of turnover by class or geographical location in these accounts.

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(61,916)
Depreciation of owned tangible fixed assets	158,297	184,065
Profit on disposal of tangible fixed assets	-	(116,234)
Impairment of intangible assets	159,034	-
Operating lease charges	503,247	512,827
	<u> </u>	<u> </u>

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	57,000	48,000
Audit of the financial statements of the company's subsidiaries	28,800	36,295
	<u>85,800</u>	<u>84,295</u>
For other services		
All other non-audit services	15,649	20,474
	<u>15,649</u>	<u>20,474</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administrative	89	73	36	33
	<u>89</u>	<u>73</u>	<u>36</u>	<u>33</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	9,415,827	6,016,457	3,227,749	2,312,770
Social security costs	665,087	456,330	402,335	290,554
Pension costs	193,749	185,348	193,749	185,348
	<u>10,274,663</u>	<u>6,658,135</u>	<u>3,823,833</u>	<u>2,788,672</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	1,095,926	723,888
Company pension contributions to defined contribution schemes	55,365	69,624
	<u>1,151,291</u>	<u>793,512</u>

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

7	Directors' remuneration		(Continued)
	Remuneration disclosed above includes the following amounts paid to the highest paid director:		
		2022	2021
		£	£
	Remuneration for qualifying services	506,143	354,226
		<u> </u>	<u> </u>
	The key management personnel and the directors are the same individuals.		
8	Interest receivable and similar income		
		2022	2021
		£	£
	Interest income		
	Interest on bank deposits	151,295	735
		<u> </u>	<u> </u>
9	Interest payable and similar expenses		
		2022	2021
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	308,107	274,068
	Other finance costs:		
	Other interest	28,848	-
		<u> </u>	<u> </u>
	Total finance costs	336,955	274,068
		<u> </u>	<u> </u>
10	Taxation		
		2022	2021
		£	£
	Current tax		
	UK corporation tax on profits for the current period	2,347,890	883,834
	Adjustments in respect of prior periods	(33,886)	(10,401)
		<u> </u>	<u> </u>
	Total UK current tax	2,314,004	873,433
		<u> </u>	<u> </u>
	Foreign current tax on profits for the current period	536,525	165,549
		<u> </u>	<u> </u>
	Total current tax	2,850,529	1,038,982
		<u> </u>	<u> </u>
	Deferred tax		
	Origination and reversal of timing differences	(2,818)	(9,988)
		<u> </u>	<u> </u>
	Total tax charge	2,847,711	1,028,994
		<u> </u>	<u> </u>

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

10 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	14,375,194	4,855,827
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	2,731,287	922,607
Tax effect of expenses that are not deductible in determining taxable profit	17,686	72,892
Double tax relief	(406,154)	(121,653)
Permanent capital allowances in excess of depreciation	5,081	9,988
Under/(over) provided in prior years	(33,896)	(10,401)
Deferred tax on timing differences	(2,818)	(9,988)
US tax	536,525	165,549
Taxation charge	2,847,711	1,028,994

11 Dividends

	2022 £	2021 £
Interim paid	10,526,316	388,000

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022 £	2021 £
In respect of:			
Intangible assets	13	159,034	-
Recognised in:			
Administrative expenses		159,034	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13 Intangible fixed assets

Group	Ethereum £	NFTs £	Total £
Cost			
At 1 January 2022	-	-	-
Additions	6,774,671	273,471	7,048,142
Disposals	(5,984,787)	-	(5,984,787)
Revaluation	(105,575)	-	(105,575)
	<u>684,309</u>	<u>273,471</u>	<u>957,780</u>
At 31 December 2022	684,309	273,471	957,780
Amortisation and impairment			
At 1 January 2022	-	-	-
Impairment losses	-	159,034	159,034
	<u>-</u>	<u>159,034</u>	<u>159,034</u>
At 31 December 2022	-	159,034	159,034
Carrying amount			
At 31 December 2022	684,309	114,437	798,746
	<u><u>684,309</u></u>	<u><u>114,437</u></u>	<u><u>798,746</u></u>
At 31 December 2021	-	-	-
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Company			
Cost			
At 1 January 2022	-	-	-
Additions	6,774,671	273,471	7,048,142
Disposals	(5,984,787)	-	(5,984,787)
Revaluation	(105,575)	-	(105,575)
	<u>684,309</u>	<u>273,471</u>	<u>957,780</u>
At 31 December 2022	684,309	273,471	957,780
Amortisation and impairment			
At 1 January 2022	-	-	-
Impairment losses	-	159,034	159,034
	<u>-</u>	<u>159,034</u>	<u>159,034</u>
At 31 December 2022	-	159,034	159,034
Carrying amount			
At 31 December 2022	684,309	114,437	798,746
	<u><u>684,309</u></u>	<u><u>114,437</u></u>	<u><u>798,746</u></u>
At 31 December 2021	-	-	-
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

More information on impairment movements in the year is given in note 12.

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Tangible fixed assets

Group	Leasehold improvements	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2022	68,845	1,375,978	28,902	1,473,725
Additions	-	95,579	-	95,579
Disposals	-	(2,346)	-	(2,346)
Exchange adjustments	-	74,339	3,542	77,881
At 31 December 2022	68,845	1,543,550	32,444	1,644,839
Depreciation and impairment				
At 1 January 2022	45,878	1,072,937	28,902	1,147,717
Depreciation charged in the year	22,967	135,330	-	158,297
Eliminated in respect of disposals	-	(2,346)	-	(2,346)
Exchange adjustments	-	46,217	3,542	49,759
At 31 December 2022	68,845	1,252,138	32,444	1,353,427
Carrying amount				
At 31 December 2022	-	291,412	-	291,412
At 31 December 2021	22,967	303,041	-	326,008
Company				
	Leasehold improvements	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2022	68,845	769,497	-	838,342
Additions	-	28,721	-	28,721
At 31 December 2022	68,845	798,218	-	867,063
Depreciation and impairment				
At 1 January 2022	45,878	726,558	-	772,436
Depreciation charged in the year	22,967	32,758	-	55,725
At 31 December 2022	68,845	759,316	-	828,161
Carrying amount				
At 31 December 2022	-	38,902	-	38,902
At 31 December 2021	22,967	42,939	-	65,906

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

15 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	16	-	-	69	69
Unlisted investments		41,467	1	1	1
		<u>41,467</u>	<u>1</u>	<u>70</u>	<u>70</u>

Movements in fixed asset investments

Group	Investments £
Cost or valuation	
At 1 January 2022	183,419
Additions	41,466
	<u>224,885</u>
At 31 December 2022	
Impairment	
At 1 January 2022 and 31 December 2022	183,418
	<u>41,467</u>
Carrying amount	
At 31 December 2022	1
At 31 December 2021	

Movements in fixed asset investments

Company	Shares in subsidiaries £	Other investments £	Total £
Cost or valuation			
At 1 January 2022 and 31 December 2022	69	1	70
	<u>69</u>	<u>1</u>	<u>70</u>
Carrying amount			
At 31 December 2022	69	1	70
	<u>69</u>	<u>1</u>	<u>70</u>
At 31 December 2021	69	1	70
	<u>69</u>	<u>1</u>	<u>70</u>

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct
1. Global Merchandising Services Inc,	USA	Ordinary	100

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

16 Subsidiaries (Continued)

Registered office addresses (all UK unless otherwise indicated):

1 251 Little Falls Drive, Wilmington, New castle, Delaware, 19808,USA

All subsidiary undertakings are included in the consolidated accounts.

17 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Finished goods and goods for resale	2,905,285	1,477,799	1,136,492	447,526

18 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	7,492,157	5,388,381	4,671,209	3,417,404
Amounts owed by group undertakings	-	-	13,861,182	2,818,422
Other debtors	15,537,061	26,615,815	13,658,217	25,180,750
Prepayments and accrued income	3,699,596	226,360	3,665,123	200,731
	26,728,814	32,230,556	35,855,731	31,617,307

19 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	20	41,466	10,874,738	41,466	10,874,738
Trade creditors		3,069,479	2,082,582	2,455,937	1,536,565
Corporation tax payable		2,084,211	2,026,314	1,694,417	1,880,686
Other taxation and social security		1,179,806	205,990	912,220	156,455
Other creditors		9,719,801	3,017,532	7,862,693	2,193,520
Accruals and deferred income		5,703,922	3,139,465	4,224,096	1,973,645
		21,798,685	21,346,621	17,190,829	18,615,609

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	41,466	10,874,738	41,466	10,874,738
Payable within one year	41,466	10,874,738	41,466	10,874,738

A guarantee has been provided to the bank for bank loans and overdrafts of Global Merchandising Services Limited by Global Merchandising Services Inc. The bank loans and overdraft are secured by fixed charges over various contracts and advances to artists together with a fixed and floating charge over the undertaking.

The group's financing facility includes various bank loans. Interest is charged at commercial rates. The loans are due for repayment in full in 2023.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	9,430	12,248
	<u>9,430</u>	<u>12,248</u>
	Liabilities 2022 £	Liabilities 2021 £
Company		
Accelerated capital allowances	9,430	12,248
	<u>9,430</u>	<u>12,248</u>
	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	12,248	12,248
Credit to profit or loss	(2,818)	(2,818)
Liability at 31 December 2022	<u>9,430</u>	<u>9,430</u>

The deferred tax liability set out above is expected to reverse within 5 years and relates to accelerated capital allowances that are expected to mature within the same period.

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

22 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	193,749	185,348
	<u> </u>	<u> </u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

23 Share capital

	Group and company	
	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
393,750 Ordinary 'A' shares of 1p each	3,937	3,937
526,250 Ordinary 'B' shares of 1p each	5,013	5,013
55,000 Ordinary 'C' shares of 1p each	550	550
	<hr/>	<hr/>
	9,500	9,500
	<hr/>	<hr/>

Ordinary A shares

Ordinary A shares are entitled to attend any general meeting and on a show of hands have one vote.

The shareholders are entitled to a preferential dividend in each financial year of such amount which is proposed by the directors and approved by the major shareholders based upon the results in the year end accounts.

On a return on capital, whether on liquidation or capital reduction the surplus assets of the company remaining after payment of its liabilities shall be applied first in paying the holders of Ordinary A shares the total of the preferential dividend at the date of the realisation. Secondly in paying to the shareholders any dividend declared in respect of all shares but otherwise unpaid at the date of realisation and a pro rata entitlement in respect of any remaining balance.

Ordinary A shares are not redeemable.

Ordinary B shares

Ordinary B shares are entitled to attend any general meeting and on a show of hands have one vote.

Without the prior consent in writing of major shareholders, the shareholders shall not be entitled to any dividend payment from the company until the preferential dividends have been paid to the Ordinary A shareholders. There after a pro rata entitlement in respect of any profits.

On a return on capital, after paying the entitlement of the Ordinary A shareholders to any dividend declared in respect of all the shares but otherwise unpaid at the date of the return of capital, a pro rata entitlement in respect of any remaining balance.

Ordinary B shares are not redeemable.

Ordinary C shares

Ordinary C shares are not entitled to attend the general meeting of the company.

Without the prior consent in writing of major shareholders, the shareholders shall not be entitled to any dividend payment from the company until the preferential dividends have been paid to the Ordinary A shareholders. There after a pro rata entitlement in respect of any profits.

On a return on capital, after paying the entitlement of the Ordinary A shareholders to any dividend declared in respect of all the shares but otherwise unpaid at the date of the return of capital, a pro rata entitlement in respect of any remaining balance.

Ordinary C shares are not redeemable.

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	425,153	504,478	98,800	222,300
Between two and five years	682,409	898,615	-	-
	<u>1,107,562</u>	<u>1,403,093</u>	<u>98,800</u>	<u>222,300</u>

25 Related party transactions

Group

The following guarantees has been provided in respect of the group's bank loans and overdrafts:

- A limited personal guarantee has been provided by a director, to a maximum of £2,500,000
- A cross guarantee by Global Merchandising Services Inc

The group has taken advantage of the exemption available in accordance with FRS 102 Section 33 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company and the other subsidiaries are wholly owned subsidiary undertakings of the group to which they are party to the transactions.

During the year the company paid remuneration of £217,597 (2021: £192,604) to family members of a director.

At the year end, £46,851 (2021: Nil) was owed by a director to the company. The balance was repaid on 31 July 2023.

Company

The company has taken advantage of the exemption available in accordance with FRS 102 Section 33 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company and the other subsidiaries are wholly owned subsidiary undertakings of the group to which they are party to the transactions.

26 Controlling party

The ultimate controlling parties, which remain unchanged since the previous years are B M Drinkwater and K A Drinkwater by virtue of their majority shareholdings.

GLOBAL MERCHANDISING SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

27 Cash generated from group operations

	2022	2021
	£	£
Profit for the year after tax	11,527,483	3,826,833
Adjustments for:		
Taxation charged	2,847,711	1,028,994
Finance costs	336,955	274,068
Investment income	(151,295)	(735)
Gain on disposal of tangible fixed assets	-	(116,234)
Amortisation and impairment of intangible assets	264,609	-
Depreciation and impairment of tangible fixed assets	158,297	184,065
Movements in working capital:		
Increase in stocks	(1,427,484)	(447,173)
Decrease in debtors	5,501,740	2,270,850
Increase/(decrease) in creditors	11,227,439	(556,163)
Cash generated from operations	30,285,455	6,464,505

28 Company Information

Global Merchandising Services Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is 55 Loudoun Road, St Johns Wood, London NW8 0DL. The principle place of business is Matrix Studio Complex, 91 Peterborough Road, Parsons Green, London, SW6 3BU.

The group consists of Global Merchandising Services Limited and all of its subsidiaries.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.