

Company Registration No. 1584795 (England and Wales)

**BRAVADO LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2008**

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# **BRAVADO LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	A I Rose S Rose S L Quinnell N Hewitt G Palmer D A Green
<b>Secretary</b>	S Rose
<b>Company number</b>	1584795
<b>Registered office</b>	5th Floor, 71 Kingsway, London, WC2B 6ST.
<b>Auditors</b>	Wilson Wright & Co. Chartered Accountants 71 Kingsway London WC2B 6ST
<b>Bankers</b>	Royal Bank of Scotland plc.

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# **BRAVADO LIMITED**

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# **BRAVADO LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MAY 2008**

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The directors submit their annual report and financial statements for the year ended 31 May 2008.

#### **Principal activities and review of the business**

The company's principal activity is that of the design, sale and manufacture of garments.

A summary of the results of the year's trading is given on page 5 of the financial statements.

#### **Review of business and future developments:**

Turnover has unfortunately decreased this year in very challenging trading conditions. The directors aim to return to profitability, with the addition of new significant customers as well as reducing the internal overheads and sourcing production from the most advantageous markets worldwide. They consider that with these initiatives, they will be in a good position to address and turn around the trading pattern going forward.

#### **Key financial highlights:**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
Turnover	£10,530,320	£12,730,921	£12,258,053
Turnover (reduction) / growth	(17%)	4%	6%
Operating (loss) / profit	£(221,006)	£(4,079)	£394,149

#### **Risks and uncertainties:**

The directors have given careful consideration to the principal risks facing the company, relating to the current High Street and Supermarket trading climate. They feel confident that with both their new and established customer base, and the initiatives being taken, the company will be well placed to compete under the economic conditions for the foreseeable future.

#### **Dividends**

Interim dividends of £Nil (2007 - £88,000) were paid during the year. No final dividend is proposed.

#### **Post balance sheet events**

There have not been any significant post balance sheet events.

#### **Directors**

The following directors have held office since 1 June 2007:

A I Rose  
S Rose  
S L Quinnell  
N Hewitt  
G Palmer

#### **Charitable contributions**

During the year the company made charitable donations of £4,285 (2007 - £1,070).

# **BRAVADO LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2008**

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### **Directors' responsibilities**

The directors are responsible for preparing 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). The financial statements are required by law to 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;
- 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 that 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 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.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 company's auditors are aware of that information.

### **Auditors**

The auditors, Wilson Wright & Co. will be proposed for re-appointment in accordance with Section 385(2) of the Companies Act 1985.

On behalf of the board



G Palmer

Director

16-12-2008

# **BRAVADO LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF BRAVADO LIMITED**

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We have audited the financial statements of Bravado Limited for the year ended 31 May 2008 set out on pages 5 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

#### **Respective responsibilities of the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

# **BRAVADO LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF BRAVADO LIMITED**

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### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

### **Emphasis of matter - debt recoverability**

In forming our opinion, we have considered the adequacy of the disclosures made in Note 11 of the financial statements concerning a debt due to the company of £703,077. It is not possible to predict at this time with any certainty whether the debt will be recovered in full. In view of this uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.



**Wilson Wright & Co.**  
**Chartered Accountants**  
**and Registered Auditors,**  
71 Kingsway  
London  
WC2B 6ST

17-12-2008

**BRAVADO LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MAY 2008**

		2008 £	2007 £
	Notes		
Turnover	2	10,530,320	12,730,921
Cost of sales		(9,170,487)	(10,992,286)
Gross profit		1,359,833	1,738,635
Administrative expenses		(1,736,909)	(1,895,158)
Other operating income		156,070	152,444
Operating loss	3	(221,006)	(4,079)
Interest receivable		27,727	1,195
Interest payable	6	(107,199)	(54,368)
Loss on ordinary activities before taxation		(300,478)	(57,252)
Tax on loss on ordinary activities	7	(485)	15,966
Loss for the financial year	14	(300,963)	(41,286)

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 LIMITED

## BALANCE SHEET

AS AT 31 MAY 2008

	Notes	2008 £	£	2007 £	£
<b>Fixed assets</b>					
Tangible assets	9		14,476		27,128
<b>Current assets</b>					
Stocks	10	420,121		406,257	
Debtors	11	3,686,513		5,305,938	
Cash at bank and in hand		8,230		3,469	
		<u>4,114,864</u>		<u>5,715,664</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,320,622)</u>		<u>(4,633,111)</u>	
<b>Net current assets</b>			794,242		1,082,553
<b>Total assets less current liabilities</b>			<u>808,718</u>		<u>1,109,681</u>
<b>Capital and reserves</b>					
Called up share capital	13		1,200		1,200
Share premium account	14		74,800		74,800
Profit and loss account	14		732,718		1,033,681
<b>Shareholders' funds</b>	15		<u>808,718</u>		<u>1,109,681</u>

Approved by the Board and authorised for issue on 16/12/2008

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A I Rose  
Director

**BRAVADO LIMITED****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 MAY 2008**

	£	2008 £	£	2007 £
<b>Net cash outflow from operating activities</b>		(9,682)		(1,168,431)
<b>Returns on investments and servicing of finance</b>				
Interest received	27,727		1,195	
Interest paid	(110,573)		(32,418)	
<b>Net cash outflow from returns on investments and servicing of finance</b>		(82,846)		(31,223)
<b>Taxation</b>				
Corporation tax refunded/(paid)		15,020		(105,484)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	-		(20,683)	
<b>Net cash outflow for capital expenditure</b>		-		(20,683)
<b>Equity dividends paid</b>		-		(88,000)
<b>Net cash outflow before management of liquid resources and financing</b>		(77,508)		(1,413,821)
<b>Financing</b>				
Issue of ordinary share capital	-		75,000	
<b>Net cash inflow from financing</b>		-		75,000
<b>Decrease in cash</b>		(77,508)		(1,338,821)

# **BRAVADO LIMITED**

## **NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2008**

<b>1 Reconciliation of operating loss to net cash outflow from operating activities</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Operating loss	(221,006)	(4,079)
Depreciation of tangible assets	12,652	12,527
Increase in stocks	(13,864)	(133,354)
Decrease/(increase) in debtors	1,603,920	(2,315,132)
(Decrease)/Increase in creditors within one year	(1,391,384)	1,271,607
<b>Net cash outflow from operating activities</b>	<b>(9,682)</b>	<b>(1,168,431)</b>

  

<b>2 Analysis of net debt</b>	<b>1 June 2007</b>	<b>Cash flow</b>	<b>31 May 2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Net cash:			
Cash at bank and in hand	3,469	4,761	8,230
Bank overdrafts	(1,096,949)	(82,269)	(1,179,218)
<b>Net debt</b>	<b>(1,093,480)</b>	<b>(77,508)</b>	<b>(1,170,988)</b>

  

<b>3 Reconciliation of net cash flow to movement in net debt</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Decrease in cash in the year	(77,508)	(1,338,821)
<b>Movement in net debt in the year</b>	<b>(77,508)</b>	<b>(1,338,821)</b>
Opening net (debt)/funds	(1,093,480)	245,341
<b>Closing net debt</b>	<b>(1,170,988)</b>	<b>(1,093,480)</b>

# BRAVADO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

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### 1 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 are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

#### 1.3 Turnover

Turnover represents the value of goods sold, net of discounts and value added tax.

#### 1.4 Tangible fixed assets and depreciation

Depreciation is provided on a reducing balance basis at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	25%
Fixtures, fittings & equipment	20%/25%/33%

#### 1.5 Stock

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

#### 1.6 Deferred taxation

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. Deferred tax assets are recognised when it is more likely than not there will be suitable taxable profits from which the future reversal of the underlining timing differences can be deducted. Deferred tax balances are not discounted.

#### 1.7 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.

### 2 Turnover

#### Geographical market

	2008 £	2007 £
United Kingdom	9,795,755	12,530,649
Overseas	734,565	200,272
	<u>10,530,320</u>	<u>12,730,921</u>

**BRAVADO LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MAY 2008**

<b>3</b>	<b>Operating loss</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Operating loss is stated after charging:		
	Depreciation of tangible assets	12,652	12,527
	Operating lease rentals	60,840	59,552
	Auditors' remuneration	14,000	14,000

**4 Employees****Number of employees**

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

	<b>2008</b>	<b>2007</b>
	<b>Number</b>	<b>Number</b>
Administrative and management	2	2
Marketing	30	32
	<u>32</u>	<u>34</u>

**Employment costs**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,281,842	1,423,639
Social security costs	140,327	157,804
	<u>1,422,169</u>	<u>1,581,443</u>

**5 Directors' emoluments**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Emoluments	<u>276,208</u>	<u>396,978</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2007 - 1).

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

<u>92,441</u>	<u>124,243</u>
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# **BRAVADO LIMITED**

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

### **FOR THE YEAR ENDED 31 MAY 2008**

<b>6</b>	<b>Interest payable</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	On bank overdraft	89,784	54,368
	Other	17,415	-
		<u>107,199</u>	<u>54,368</u>

<b>7</b>	<b>Taxation</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	-	(15,021)
	Adjustment for prior years	485	(945)
		<u>485</u>	<u>(15,966)</u>
	<b>Current tax charge/(credit)</b>		

#### **Factors affecting the tax charge for the year**

Loss on ordinary activities before taxation	<u>(300,478)</u>	<u>(57,252)</u>
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#### **Theoretical tax credit at UK corporation tax rate 30%**

	<u>(90,143)</u>	<u>(17,176)</u>
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#### **Effects of:**

Non deductible expenses	2,960	3,651
Excess of depreciation over capital allowances	1,799	(235)
Adjustments to previous years	485	(945)
Other timing differences	-	(1,261)
Losses carried forward to future periods	85,384	-
	<u>90,628</u>	<u>1,210</u>

<b>Current tax charge/(credit)</b>	<u>485</u>	<u>(15,966)</u>
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A potential deferred tax asset of approximately £81,000 has not been recognised as its future recovery is considered uncertain.

<b>8</b>	<b>Dividends</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Dividends paid	<u>-</u>	<u>88,000</u>

**BRAVADO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 2008**

**9 Tangible fixed assets**

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 June 2007 & at 31 May 2008	13,428	131,221	144,649
<b>Depreciation</b>			
At 1 June 2007	10,207	107,314	117,521
Charge for the year	1,840	10,812	12,652
At 31 May 2008	12,047	118,126	130,173
<b>Net book value</b>			
At 31 May 2008	1,381	13,095	14,476
At 31 May 2007	3,221	23,907	27,128

**10 Stocks**

	2008 £	2007 £
Raw materials and consumables	420,121	406,257

# **BRAVADO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MAY 2008**

<b>11 Debtors</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,227,445	1,379,882
Accrued income	1,682,221	3,469,550
Corporation tax	-	15,505
Other debtors	745,786	408,628
Prepayments	31,061	32,373
	<u>3,686,513</u>	<u>5,305,938</u>

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

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Other debtors	<u>250,000</u>	<u>150,000</u>

Other debtors include an amount due from Bravado (UK) Limited of £703,077 (2007 - £407,628). The directors believe that the debt will be recovered in full and accordingly, no provision is required.

<b>12 Creditors: amounts falling due within one year</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank overdraft	1,179,218	1,096,949
Trade creditors	774,198	836,390
Taxation and social security	84,338	169,076
Amounts owed to directors - A I Rose	204,931	339
- N Hewitt	-	6,000
Other creditors	8,009	6,357
Accruals	1,069,928	2,518,000
	<u>3,320,622</u>	<u>4,633,111</u>

The bank overdraft is secured by a debenture over the company's assets.



# **BRAVADO LIMITED**

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

### **FOR THE YEAR ENDED 31 MAY 2008**

<b>13 Share capital</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100,000 Ordinary shares of £1 each	100,000	100,000
<b>Allotted, called up and fully paid</b>		
1,200 Ordinary shares of £1 each	1,200	1,200
<b>14 Statement of movements on reserves</b>		
	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
Balance at 1 June 2007	74,800	1,033,681
Loss for the financial year	-	(300,963)
Balance at 31 May 2008	74,800	732,718
<b>15 Reconciliation of movements in shareholders' funds</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(300,963)	(41,286)
Dividends	-	(88,000)
	(300,963)	(129,286)
Proceeds from issue of shares	-	75,000
Net depletion in shareholders' funds	(300,963)	(54,286)
Opening shareholders' funds	1,109,681	1,163,967
Closing shareholders' funds	808,718	1,109,681

## **BRAVADO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2008**

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#### **16 Related party disclosures**

##### **16.1 Control**

The company is controlled by A I Rose.

##### **16.2 Transactions**

During the year management charges of £136,070 (2007 - £132,444) and £20,000 (2007 - £20,000) were received in the normal course of business from The Alert Clothing Co Limited and Bravado (UK) Limited respectively.

During the year interest of £23,457 (2007 - £Nil) was received from Bravado (UK) Limited.

During the year interest of £9,622 (2007 - £Nil) and £7,793 (2007 - £Nil) was paid to The Alert Clothing Co Limited and A I Rose respectively.

A I Rose has a material interest in both Bravado (UK) Limited and The Alert Clothing Company Limited

##### **16.3 Balances**

Other debtors include amounts due from The Alert Clothing Co Limited and Bravado (UK) Limited of £4,003 (2007 - £Nil) and £703,077 (2007 - £407,628) respectively.

Other creditors include an amount due to The Alert Clothing Co Limited of £Nil (2007 - £5,042).

##### **16.4 Guarantees**

The rent and other obligations under the lease terms of a property leased to Bravado (UK) Limited are guaranteed by the company.

A I Rose has guaranteed the company's bank overdraft up to a maximum of £250,000.