

Company Registration No 1584795 (England and Wales)

BRAVADO LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2010

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BRAVADO LIMITED

COMPANY INFORMATION

Directors

D A Green
S L Quinnell
G F Palmer

Secretary

G F Palmer

Company number

1584795

Registered office

First Floor,
Thavies Inn House,
3-4 Holborn Circus,
London, EC1N 2HA

Auditors

Wilson Wright & Co ,
Chartered Accountants,
Thavies Inn House,
3-4 Holborn Circus,
London, EC1N 2HA

Bankers

Royal Bank of Scotland Plc

BRAVADO LIMITED

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BRAVADO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2010

The directors present their annual report and financial statements for the year ended 31 May 2010

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

Due to the continuing prevailing economic conditions, the company suffered a reduction in turnover, a significant reduction in gross profit margin due to the continuing competitiveness and incurred a substantial trading loss for the year

The directors aim to return to profitability with substantial overhead savings, whilst seeking to source production from the most advantageous markets worldwide, to enable them to return to the gross profit margin attained in previous years

With these initiatives, the directors are of the opinion that they will be in a good position to address and turn around the trading pattern going forward

Key financial highlights

	2010	2009	2008
Turnover	£10,446,001	£12,090,118	£10,530,320
Turnover growth / (reduction)	(14%)	15%	(17%)
Operating loss	£1,696,737	£246,438	£221,006

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

No dividend was proposed or paid during the year (2009 - £Nil)

Post balance sheet events

There have not been any significant post balance sheet events

Directors

The following directors have held office since 1 June 2009

D A Green

A I Rose

(Resigned 14 January 2010)

S Rose

(Resigned 14 January 2010)

S L Quinnell

N Hewitt

(Resigned 18 January 2010)

G F Palmer

BRAVADO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

Directors' responsibilities

The directors are responsible for preparing the 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 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 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,
- 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.

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 485 of the Companies Act 2006.

On behalf of the board



G F Palmer

Director

21/11

BRAVADO LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BRAVADO LIMITED

We have audited the financial statements of Bravado Limited for the year ended 31 May 2010 set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2010 and of its loss 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.

Emphasis of matter

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1.3 to the financial statements concerning the company's ability to continue as a going concern. The company has relied on the financial support of its major shareholder. In view of the significance of the support we consider it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BRAVADO LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF BRAVADO LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Michael Lerner FCA, FCCA (Senior Statutory Auditor)
for and on behalf of Wilson Wright & Co.,
Chartered Accountants and Statutory Auditors,
Thavies Inn House,
3-4 Holborn Circus,
London, EC1N 2HA

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BRAVADO LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MAY 2010**

	Notes	2010 £	2009 £
Turnover	2	10,446,001	12,090,118
Cost of sales		(9,376,393)	(10,395,363)
Gross profit		1,069,608	1,694,755
Administrative expenses		(2,771,345)	(2,047,283)
Other operating income		5,000	106,090
Operating loss	3	(1,696,737)	(246,438)
Interest receivable		201	18,116
Interest payable	6	(47,018)	(58,639)
Loss on ordinary activities before taxation		(1,743,554)	(286,961)
Tax on loss on ordinary activities	7	-	16,375
Loss for the financial year	15	(1,743,554)	(270,586)

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 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	8		300		5,001
Current assets					
Stock	9	294,091		499,863	
Debtors	10	2,016,512		5,298,153	
Cash at bank and in hand		98,680		67,440	
		<u>2,409,283</u>		<u>5,865,456</u>	
Creditors amounts falling due within one year	11	<u>(2,215,005)</u>		<u>(5,332,325)</u>	
Net current assets			<u>194,278</u>		<u>533,131</u>
Total assets less current liabilities			<u>194,578</u>		<u>538,132</u>
Creditors: amounts falling due after more than one year	12		<u>(1,400,000)</u>		<u>-</u>
			<u>(1,205,422)</u>		<u>538,132</u>
Capital and reserves					
Called up share capital	14		1,200		1,200
Share premium account	15		74,800		74,800
Profit and loss account	15		<u>(1,281,422)</u>		<u>462,132</u>
Shareholders' funds	16		<u>(1,205,422)</u>		<u>538,132</u>

Approved by the Board and authorised for issue on

21/1/11

D A Green
Director

Company Registration No. 1584795

BRAVADO LIMITED**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 MAY 2010**

	2010	2009
	£	£
Net cash outflow/inflow from operating activities	(1,336,647)	1,297,461
Returns on investments and servicing of finance		
Interest received	201	18,116
Interest paid	(47,084)	(77,149)
Net cash outflow from returns on investments and servicing of finance	(46,883)	(59,033)
Taxation		
Corporation tax refunded	16,375	-
Capital expenditure		
Payments to acquire tangible assets	(1,750)	-
Receipts from sales of tangible assets	145	-
Net cash outflow for capital expenditure	(1,605)	-
Financing		
New unsecured loan	1,400,000	-
Increase in cash	31,240	1,238,428

BRAVADO LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2010

1 Reconciliation of operating loss to net cash (outflow)/inflow from operating activities	2010	2009
	£	£
Operating loss	(1,696,737)	(246,438)
Depreciation of tangible assets	6,306	9,475
Decrease/(increase) in stocks	205,772	(79,742)
Decrease/(increase) in debtors	3,265,266	(1,595,265)
(Decrease)/increase in creditors	(3,117,254)	3,209,431
Net cash (outflow)/inflow from operating activities	(1,336,647)	1,297,461

2 Analysis of net funds/(debt)	1 June 2009	Cash flow	31 May 2010
	£	£	£
Cash at bank and in hand	67,440	31,240	98,680
Debts falling due after one year	-	(1,400,000)	(1,400,000)
Net funds/(debt)	67,440	(1,368,760)	(1,301,320)

3 Reconciliation of net cash flow to movement in net (debt)/funds	2010	2009
	£	£
Increase in cash in the year	31,240	1,238,428
Cash inflow from increase in debt	(1,400,000)	-
Movement in net funds in the year	(1,368,760)	1,238,428
Opening net funds/(debt)	67,440	(1,170,988)
Closing net (debt)/funds	(1,301,320)	67,440

BRAVADO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2010

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 Going concern

The company meets its day to day working capital requirements through funds provided by its factors and extended credit terms granted by a major supplier. Furthermore, the directors consider that, having regard to the financial support of its major shareholder, it is appropriate to prepare the financial statements on a going concern basis

1.4 Turnover

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

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight line 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%

1.6 Stock

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

1.7 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

1.8 Foreign currency translation

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

BRAVADO LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 MAY 2010**2 Turnover****Geographical market**

	2010 £	2009 £
United Kingdom	4,313,822	10,998,964
Overseas	6,132,179	1,091,154
	<u>10,446,001</u>	<u>12,090,118</u>

3 Operating loss

	2010 £	2009 £
Operating loss is stated after charging		
Depreciation of tangible assets	6,306	9,475
Exchange losses	14,316	9,549
Operating lease rentals	71,245	102,362
Provision for amount due from Bravado (UK) Limited	425,316	-
Bad debts	(7,943)	132,890
Auditors' remuneration	15,000	15,000
	<u></u>	<u></u>

4 Employees**Number of employees**

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

	2010 Number	2009 Number
Administrative and management	4	5
Marketing	35	28
	<u>39</u>	<u>33</u>

Employment costs

	2010 £	2009 £
Wages and salaries	1,679,693	1,366,800
Social security costs	172,534	149,577
	<u>1,852,227</u>	<u>1,516,377</u>

BRAVADO LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 MAY 2010

5	Directors' emoluments	2010	2009
		£	£
	Emoluments	487,315	423,475

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 0 (2009 - 1)

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

252,670	137,468
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6	Interest payable	2010	2009
		£	£
	On bank overdraft	-	32,942
	On amounts payable to factors	45,179	24,359
	Other	1,839	1,338
		47,018	58,639

BRAVADO LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 MAY 2010

7 Taxation	2010	2009
	£	£
Domestic current year tax		
U K corporation tax	-	(16,375)
	<u>-</u>	<u>(16,375)</u>
Current tax credit	<u>-</u>	<u>(16,375)</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(1,743,554)	(286,961)
	<u>(1,743,554)</u>	<u>(286,961)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	(488,195)	(80,349)
	<u>(488,195)</u>	<u>(80,349)</u>
Effects of		
Non deductible expenses	1,394	1,337
Excess of depreciation over capital allowances	348	1,484
Provision for amount due from Bravado (UK) Limited	119,088	-
Other tax differences	-	(2,375)
Losses carried forward to future periods	367,365	63,528
	<u>488,195</u>	<u>63,974</u>
Current tax credit	<u>-</u>	<u>(16,375)</u>

BRAVADO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

8 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 June 2009	13,428	131,221	144,649
Additions	-	1,750	1,750
Disposals	(1,530)	(23,447)	(24,977)
At 31 May 2010	11,898	109,524	121,422
Depreciation			
At 1 June 2009	13,283	126,365	139,648
On disposals	(1,530)	(23,447)	(24,977)
Charge for the year	145	6,306	6,451
At 31 May 2010	11,898	109,224	121,122
Net book value			
At 31 May 2010	-	300	300
At 31 May 2009	145	4,856	5,001

9 Stocks

	2010 £	2009 £
Raw materials and consumables	294,091	499,863

BRAVADO LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2010**

10 Debtors	2010	2009
	£	£
Trade debtors	1,257,867	3,155,342
Accrued income	680,642	1,631,739
Corporation tax	-	16,375
Other debtors	37,896	446,447
Prepayments	40,107	48,250
	<u>2,016,512</u>	<u>5,298,153</u>

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

	2010	2009
	£	£
Other debtors	-	250,000

Other debtors include an amount due from Bravado (UK) Limited of £Nil (2009 - £417,015)

11 Creditors: amounts falling due within one year	2010	2009
	£	£
Trade creditors	422,691	1,662,378
Taxation and social security	102,772	328,169
Amounts owed to factors	893,615	1,950,840
Amounts owed to former director - A I Rose	109,000	286,704
Other creditors	30,243	5,415
Accruals	656,684	1,098,819
	<u>2,215,005</u>	<u>5,332,325</u>

Amounts owed to factors and to a former director are secured by debentures over the company's assets

12 Creditors: amounts falling due after more than one year	2010	2009
	£	£
Other loans	<u>1,400,000</u>	<u>-</u>

BRAVADO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2010

13 Financial commitments

At 31 May 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 May 2011

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
Between two and five years	65,788	65,788

14 Share capital

	2010	2009
	£	£
Allotted, called up and fully paid		
1,200 Ordinary shares of £1 each	1,200	1,200

15 Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 June 2009	74,800	462,132
Loss for the financial year	-	(1,743,554)
Balance at 31 May 2010	74,800	(1,281,422)

16 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Loss for the financial year	(1,743,554)	(270,586)
Opening shareholders' funds	538,132	808,718
Closing shareholders' funds	(1,205,422)	538,132

BRAVADO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2010

17 Related party disclosures

17.1 Transactions

Stock and work in progress amounting to £Nil (2009 - £87,000) was acquired from the administrator of The Alert Clothing Co Limited

Management charges of £Nil (2009 - £86,090) and £5,000 (2009 - £20,000) were received in the normal course of business from The Alert Clothing Co Limited and Bravado (UK) Limited respectively

Management charges of £51,347 (2009 - £8,600) were payable in the normal course of business to Global Face Limited

Interest of £Nil (2009 - £16,761) was received from Bravado (UK) Limited

A former director, A I Rose, has a material interest in Bravado (UK) Limited, The Alert Clothing Co Limited and Global Face Limited

Purchases, in the normal course of business, amounting to £4,655,197 from Quality Asia Limited, a company in which a major shareholder of Bravado Limited, H W Young, has a significant interest

17.2 Balances

Other debtors include amounts due from The Alert Clothing Co Limited and Bravado (UK) Limited of £29,432 (2009 - £29,432) and £Nil (2009 - £417,015) respectively. The amounts due from The Alert Clothing Co Limited is after a bad debt provision of £20,000 (2009 - £20,000)

Other creditors include an amount of £1,418,906 due to Quality Asia Limited, in which £1,400,000 was due after more than 1 year