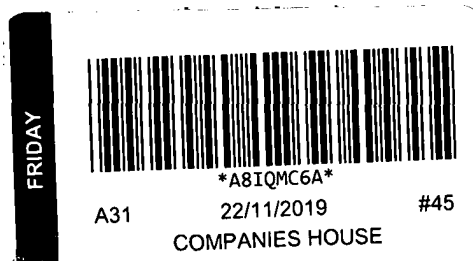


**BECKHAM BRAND HOLDINGS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



# **BECKHAM BRAND HOLDINGS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	V C Beckham D R J Beckham
<b>Registered number</b>	09176844
<b>Registered office</b>	7 Savoy Court London WC2R 0EX
<b>Independent auditor</b>	SRLV Audit Limited Chartered Accountants & Statutory Auditor Elsley Court 20-22 Great Titchfield Street London W1W 8BE
<b>Solicitors</b>	Harbottle & Lewis LLP 7 Savoy Court London WC2R 0EX

# **BECKHAM BRAND HOLDINGS LIMITED**

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**BECKHAM BRAND HOLDINGS LIMITED**

**GROUP STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their review of the group's financial and strategic performance during the year ended 31 December 2018.

**Business review**

The principal activity of the company is that of a holding company. The principal activities of the group continued to be as follows: 1. The management and licensing of the David Beckham business and brand; and 2. The operation of the Victoria Beckham global luxury fashion and beauty brand.

The group is committed to continuing to invest for long-term growth in both brands and this growth strategy is fully supported by its shareholders Victoria Beckham, David Beckham, and Footwork Productions Limited.

During 2018, the group undertook a comprehensive, strategic business review which resulted in the establishment of independent offices for all David Beckham business and brand management operations and the appointment of a dedicated senior management team with supporting specialist resource.

One of the group's significant achievements for the year was to secure investment partners for the Miami Major League Soccer (MLS) project. Together with those partners, the business announced the formation of Inter Miami CF, which will play its first game in February 2020. The ownership group confirmed plans to build both a temporary stadium and training facility, and longer term a permanent stadium, entertainment and retail park, and appointed its key executives.

The group reports a loss after tax of £1.5m (2017 - profit of £12.3m) and revenue of £45.8m (2017 - £55.7m). Excluding the non-controlling interests, the group achieved a profit of £2.1m (2017 - profit of £11.8m) for the owners of the parent company.

*David Beckham brand*

Profit of £11.5m (2017 - £23.2m) was reported as a result of continued brand partnerships, with full year revenues earned of £9.9m (2017 - £13.2m). The year-on-year reduction in profits was expected and was primarily as a result of the tapering off of annual earnout amounts following the 2015 sale of 51% of Seven Global LLP to Global Brands Group.

As a result of the strategic business review undertaken in the year, DB Ventures is now a fully independent global brand management operation which supports the David Beckham brand and its strategic partners across all commercial and brand marketing activities.

The newly organised team oversees all operational elements of the business and long term strategic plan to deliver commercial partnerships, grow brand value and unlock opportunities afforded by digital media channels and the global reach of the David Beckham brand. The new operation is also charged with supporting the work of David Beckham's 7 Fund for UNICEF.

*Victoria Beckham brand*

Whilst revenues and profits were down in 2018, the business performed in line with shareholders' expectations by cutting costs, focusing on its digital channels and refining the product to more closely reflect Victoria Beckham's aesthetics and values.

2018 was the first full year of investment from our shareholder, NEO, leading to a new strategy and a restructuring of the business which carried additional cost.

Full year revenues were £35.8m (2017 - £42.5m), primarily driven by wholesale. The main focus in 2018 was growing the company's digital channels by investing in new platforms through Shopify and partnerships with Farfetch and Global-e to improve the customer experience on international sites, enabling the business to distribute to over 120 countries.

The SS19 fashion show was brought to London for the first time, with a live stream on Piccadilly Circus Lights, for the company's 10-year anniversary. In addition to this, special capsule collections were launched in the flagship store on Dover Street, London, and were well-received. The wholesale sales channel experienced double-digit growth in the UK. However, current challenges affecting department store retailers resulted in a decline in key international markets.

2018 was the first full year of Victoria Beckham Limited's long-term licence partnership with heritage sports

## BECKHAM BRAND HOLDINGS LIMITED

### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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brand Reebok, reflecting Victoria's lifestyle ambitions and introducing the brand to a wider global audience. In the last quarter of the year, we signed a new collaboration with Marchon Eyewear to facilitate the distribution of eyewear products.

#### Principal risks and uncertainties

The group's principal risks are considered to be:

- Operating in an uncertain global economic environment; and
- Supply chain challenges related to the sourcing of materials and finished goods.

These risks are reviewed and managed through the group's business performance and risk management processes.

Following the investment from NEO, the group has invested significantly in appointing a world class leadership team to protect and drive the Victoria Beckham brand, develop and lead its strategic direction and optimise the operational efficiency of the underlying business.

#### Financial key performance indicators

The directors constantly monitor a number of key performance indicators to ensure optimal business performance.

Since November 2017, the Victoria Beckham group has greatly enhanced governance and the reporting of key performance indicators to ensure optimal business performance, including weekly and monthly reporting of key metrics to the senior leadership team and its board.

For the David Beckham brand business, analysis is maintained through reviews against budget and forecast.

This report was approved by the board on 06 NOVEMBER 2019 and signed on its behalf.



**D R J Beckham**  
Director

## **BECKHAM BRAND HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their report and the financial statements for the year ended 31 December 2018.

#### **Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £2,108,647 (2017 - £11,793,358).

The directors paid a dividend in the year of £11,100,000 (2017 - £18,750,000).

#### **Directors**

The directors who served during the year were:

V C Beckham  
D R J Beckham  
R C G Dodds (resigned 8 May 2019)

#### **Going concern and future developments**

The group continues to be successful and made a profit in the year, after tax and non-controlling interests.

The directors have identified a number of areas where growth can be achieved for both the David Beckham brand and Victoria Beckham businesses in 2019 and beyond.

In the context of a strong external environment for brand and IP focused businesses, the group plans to further expand the commercial and marketing opportunities of the David Beckham brand, new partnerships across a number of categories, and new media and entertainment propositions.

A new CEO was appointed to Victoria Beckham Limited in September 2019 who, together with the board and leadership team, will develop a new strategic plan for the Victoria Beckham brand for the coming three years. The brand is continuing to build momentum, with the store in Dover Street and the last three order books for wholesale experiencing double-digit growth compared with Financial Year 2018.

Victoria Beckham Limited meets its day to day working capital requirements through its bank facilities with HSBC and the shareholder' injections. The Facility Agreement dated 16 November 2017, for the sum of £10,000,000, is subject to a profit covenant and various working capital covenants including debtor's coverage, creditor days and stock turn. Covenants are tested and reported every month with a material breach in the profit covenant resulting in the facilities being reduced. Despite the company being in breach of the financial covenants, HSBC remains supportive by allowing time to explore the options available to the company and the shareholders.

The directors and shareholders are committed to delivering significant expansion of the businesses and the board is committed to ensuring the group has sufficient resources to deliver this strategy.

On the basis of the above and having taken into consideration all relevant matters, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the directors continue to adopt the going concern basis in preparing these financial statements.

#### **Events after the balance sheet date**

On 8 May 2019, the company issued new share capital for consideration of \$40,000,000, undertook a capital reduction and cancelled a class of ordinary share capital. Dividends in specie with a book value of £2,277,460 and \$20,000,000 were distributed and cash dividends of \$21,500,000 and £10,322,818 were voted and paid to shareholders. Please refer to the notes to the financial statements for further information.

## BECKHAM BRAND HOLDINGS LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### **Financial Instruments and key risks**

The group's operations expose it to a variety of financial risks that include the effects of changes in credit, liquidity, cash flow and exchange rates.

The group has in place a risk management programme that seeks to limit the possible adverse effects on its financial performance by monitoring levels of cash and performing a thorough appraisal of any potential new projects. The group does not use derivative financial instruments or manage interest rate costs and, as such, no hedge accounting is applied.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a subcommittee of the board. The group's financial department implements the policies set by the board of directors. The department has specific guidelines agreed by the directors to manage credit risk, liquidity and cash flow risk, plus exchange risk and circumstances where it would be appropriate to use financial instruments to manage these.

#### *Credit risk*

The group has implemented policies that require appropriate credit checks on potential customers to be carried out before new accounts are accepted. Credit risk arises from making wholesale sales to a large number of retailers around the world. The risk is mitigated in a number of ways. A range of risk-based credit terms are applied to different customers and clear procedures have been established to assist with the collection of debts, including regular review.

#### *Liquidity and cash flow risk*

The directors consider the group to have access to sufficient funds for operations and planned expansions. Financing opportunities, where considered appropriate in the circumstances, would be subject to approval by the board of directors.

The main source of revenue for the Victoria Beckham brand is the wholesale of fashion goods, which is inherently seasonal. This, combined with manufacturing lead times, creates a seasonal cash flow cycle that the group manages as part of its financial planning process. The group utilises bank working capital funding to help smooth this seasonal cash flow and the increase in the direct to consumer sales further assists this cycle.

The main source of revenue for the David Beckham brand is its commercialisation through licensing arrangements, which provides the group with steady, predictable cash flow.

#### *Price risk*

Expenditure made by the group is authorised prior to it being made by management in order to ensure that goods and services are fully negotiated.

#### *Exchange rate risk*

The group receives payment and incurs expenditure in foreign currencies. The group attempts to mitigate foreign exchange risk by utilising foreign currency bank accounts to match receipts with payments as a natural hedge.

#### **Matters covered in the strategic report**

The principal risks and uncertainties facing the group and financial key performance indicators have been considered within the group strategic report.

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**BECKHAM BRAND HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Auditor**

Under section 487(2) of the Companies Act 2006, SRLV Audit Limited will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 06 NOVEMBER, 2019 and signed on its behalf.



**D R J Beckham**  
Director



## **BECKHAM BRAND HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group 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 for the group's financial statements 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **BECKHAM BRAND HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BECKHAM BRAND HOLDINGS LIMITED**

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#### **Opinion**

We have audited the financial statements of Beckham Brand Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the related notes, including a summary of 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 of the parent company's affairs as at 31 December 2018 and of the group's 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.

#### **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 auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## **BECKHAM BRAND HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BECKHAM BRAND HOLDINGS LIMITED**

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We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group 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 group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **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 its environment obtained in the course of the audit, we have not identified material misstatements in the group 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 on page 6, 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 group's and 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' 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 auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**BECKHAM BRAND HOLDINGS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BECKHAM BRAND HOLDINGS LIMITED**

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**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 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.

Handwritten signature of Richard Gilbert in black ink, reading "SRLV Audit Limited".

Richard Gilbert (Senior Statutory Auditor)

for and on behalf of  
**SRLV Audit Limited**

Chartered Accountants  
Statutory Auditor

Elsley Court  
20-22 Great Titchfield Street  
London  
W1W 8BE

06 NOV 2019

**BECKHAM BRAND HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	<b>45,781,374</b>	55,721,026
Cost of sales		<b>(22,901,017)</b>	(25,871,237)
<b>Gross profit</b>		<b>22,880,357</b>	29,849,789
Distribution costs		<b>(249,784)</b>	(619,947)
Administrative expenses		<b>(27,268,120)</b>	(29,392,015)
<b>Operating loss</b>	5	<b>(4,637,547)</b>	(162,173)
Investment income	10	<b>5,664,954</b>	7,760,133
Profit on transfer of membership interests	15	<b>1,414,406</b>	8,450,791
Loss on derecognition of subsidiary		<b>(149,863)</b>	-
Interest receivable and similar income	10	<b>21,885</b>	5,658
Interest payable and similar charges	11	<b>(530,795)</b>	(341,035)
<b>Profit before taxation</b>		<b>1,783,040</b>	15,713,374
Tax on profit	12	<b>(3,328,434)</b>	(3,375,685)
<b>(Loss)/profit for the financial year</b>		<b>(1,545,394)</b>	12,337,689
Foreign currency translation differences on retranslation of overseas entity reserves		<b>440,126</b>	(398,534)
Share issue costs		-	(3,788,763)
Derecognition of non-controlling interests on dilution of subsidiary		<b>(451,596)</b>	-
<b>Other comprehensive income for the year</b>		<b>(11,470)</b>	(4,187,297)
<b>Total comprehensive income for the year</b>		<b>(1,556,864)</b>	8,150,392
<b>(Loss)/profit for the year attributable to:</b>			
Non-controlling interests		<b>(3,654,041)</b>	544,331
Owners of the parent company		<b>2,108,647</b>	11,793,358
		<b>(1,545,394)</b>	12,337,689
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interests		<b>(3,654,041)</b>	544,331
Owners of the parent company		<b>2,097,177</b>	7,606,061
		<b>(1,556,864)</b>	8,150,392

The notes on pages 18 to 41 form part of these financial statements.

**BECKHAM BRAND HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Foreign exchange reserve	Profit and loss account	Equity attributable to owners of parent company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 January 2018	2,998	885,264	46,860,411	47,748,673	(3,997,530)	43,751,143
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	2,108,647	2,108,647	(3,654,041)	(1,545,394)
Foreign currency translation differences on retranslation of overseas entity reserves	-	440,126	-	440,126	-	440,126
Derecognition of non-controlling interests on dilution of subsidiary	-	-	-	-	(451,596)	(451,596)
<b>Other comprehensive income for the year</b>	-	440,126	-	440,126	(451,596)	(11,470)
<b>Total comprehensive income for the year</b>	-	440,126	2,108,647	2,548,773	(4,105,637)	(1,556,864)
Dividends: Equity capital	-	-	(11,100,000)	(11,100,000)	-	(11,100,000)
<b>Total transactions with owners</b>	-	-	(11,100,000)	(11,100,000)	-	(11,100,000)
<b>At 31 December 2018</b>	<b>2,998</b>	<b>1,325,390</b>	<b>37,869,058</b>	<b>39,197,446</b>	<b>(8,103,167)</b>	<b>31,094,279</b>

**BECKHAM BRAND HOLDINGS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Equity attributable to owners of parent company £	Non- controlling interests £	Total equity £
At 1 January 2017	2,997	1,283,798	21,066,776	22,353,571	497,179	22,850,750
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	11,793,358	11,793,358	544,331	12,337,689
Foreign currency translation differences on retranslation of overseas entity reserves	-	(398,534)	-	(398,534)	-	(398,534)
Subsidiary share issue transaction costs	-	-	(3,788,763)	(3,788,763)	-	(3,788,763)
<b>Other comprehensive income for the year</b>	-	(398,534)	(3,788,763)	(4,187,297)	-	(4,187,297)
<b>Total comprehensive income for the year</b>	-	(398,534)	8,004,595	7,606,061	544,331	8,150,392
Dividends: Equity capital	-	-	(18,750,000)	(18,750,000)	-	(18,750,000)
Shares issued during the year	1	-	-	1	-	1
Transactions with non-controlling interests	-	-	36,539,040	36,539,040	(5,039,040)	31,500,000
<b>Total transactions with owners</b>	1	-	17,789,040	17,789,041	(5,039,040)	12,750,001
<b>At 31 December 2017</b>	<b>2,998</b>	<b>885,264</b>	<b>46,860,411</b>	<b>47,748,673</b>	<b>(3,997,530)</b>	<b>43,751,143</b>

**BECKHAM BRAND HOLDINGS LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2018	2,998	(75,891)	(72,893)
<b>Comprehensive income for the year</b>			
Profit for the year	-	10,953,697	10,953,697
<b>Total comprehensive income for the year</b>	-	10,953,697	10,953,697
Dividends: Equity capital	-	(11,100,000)	(11,100,000)
<b>Total transactions with owners</b>	-	(11,100,000)	(11,100,000)
<b>At 31 December 2018</b>	<b>2,998</b>	<b>(222,194)</b>	<b>(219,196)</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2017	2,997	(33,382)	(30,385)
<b>Comprehensive income for the year</b>			
Profit for the year	-	18,707,491	18,707,491
<b>Total comprehensive income for the year</b>	-	18,707,491	18,707,491
Dividends: Equity capital	-	(18,750,000)	(18,750,000)
Share issue	1	-	1
<b>Total transactions with owners</b>	<b>1</b>	<b>(18,750,000)</b>	<b>(18,749,999)</b>
<b>At 31 December 2017</b>	<b>2,998</b>	<b>(75,891)</b>	<b>(72,893)</b>



**BECKHAM BRAND HOLDINGS LIMITED**  
**REGISTERED NUMBER:09176844**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	13	2,263,382	1,670,026
Tangible assets	14	3,336,220	33,248,760
Investments	15	7,054,995	4,320,685
		<b>12,654,597</b>	<b>39,239,471</b>
<b>Current assets</b>			
Stocks	16	4,742,218	4,782,525
Debtors: amounts falling due after more than one year	17	4,695,992	12,337,910
Debtors: amounts falling due within one year	17	22,595,442	14,291,757
Cash at bank and in hand	18	14,816,388	20,988,784
		<b>46,850,040</b>	<b>52,400,976</b>
Creditors: amounts falling due within one year	19	(25,999,617)	(35,252,636)
<b>Net current assets</b>		<b>20,850,423</b>	<b>17,148,340</b>
<b>Total assets less current liabilities</b>		<b>33,505,020</b>	<b>56,387,811</b>
Creditors: amounts falling due after more than one year	20	-	(10,251,722)
<b>Provisions for liabilities</b>			
Deferred taxation	23	(2,306,251)	(2,280,456)
Other provisions	24	(104,490)	(104,490)
		<b>(2,410,741)</b>	<b>(2,384,946)</b>
<b>Net assets</b>		<b>31,094,279</b>	<b>43,751,143</b>
<b>Capital and reserves</b>			
Called up share capital	25	2,998	2,998
Foreign exchange reserve		1,325,390	885,264
Profit and loss account		37,869,058	46,860,411
<b>Equity attributable to owners of the parent company</b>		<b>39,197,446</b>	<b>47,748,673</b>
Non-controlling interests		(8,103,167)	(3,997,530)
		<b>31,094,279</b>	<b>43,751,143</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 06 NOVEMBER 2019

**D R J Beckham**  
Director



**BECKHAM BRAND HOLDINGS LIMITED**  
**REGISTERED NUMBER:09176844**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	14	<b>14,014</b>	-
Investments	15	<b>6,834,378</b>	6,834,378
		<b>6,848,392</b>	6,834,378
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	<b>15,027</b>	8,645
Cash at bank and in hand	18	<b>7,445</b>	2,014
		<b>22,472</b>	10,659
Creditors: amounts falling due within one year	19	<b>(7,090,060)</b>	(6,917,930)
<b>Net current liabilities</b>		<b>(7,067,588)</b>	(6,907,271)
<b>Total assets less current liabilities</b>		<b>(219,196)</b>	(72,893)
<b>Net liabilities</b>		<b>(219,196)</b>	(72,893)
<b>Capital and reserves</b>			
Called up share capital	25	<b>2,998</b>	2,998
Profit and loss account		<b>(222,194)</b>	(75,891)
		<b>(219,196)</b>	(72,893)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on ~~06 NOVEMBER~~ 2019



**D R J Beckham**  
Director

**BECKHAM BRAND HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Profit for the financial year	<b>(1,545,394)</b>	12,337,689
<b>Adjustments for:</b>		
Amortisation of intangible assets	<b>236,598</b>	129,809
Depreciation of tangible assets	<b>785,920</b>	812,225
Loss on disposal of tangible assets	<b>67,403</b>	46,182
Interest payable and similar charges	<b>706,901</b>	341,035
Interest receivable and similar income	<b>(197,991)</b>	(5,658)
Taxation charge	<b>3,328,434</b>	3,375,685
Decrease in stocks	<b>40,307</b>	197,559
(Increase)/decrease in debtors	<b>(15,049,485)</b>	8,116,594
Increase/(decrease) in creditors	<b>12,602,064</b>	(5,728,076)
Corporation tax paid	<b>(2,727,272)</b>	(3,836,226)
Profit on transfer of membership interests	<b>(1,414,406)</b>	(8,450,791)
Investment income	<b>(5,291,780)</b>	(7,760,133)
Foreign exchange movements	<b>(1,040,827)</b>	466,595
Loss on dilution of subsidiary	<b>149,863</b>	-
<b>Net cash generated from operating activities</b>	<b>(9,349,665)</b>	42,489
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	<b>(829,954)</b>	(149,104)
Purchase of tangible fixed assets	<b>(2,013,145)</b>	(3,451,390)
Interest received	<b>197,991</b>	5,658
Proceeds from sale of investments	<b>3,951,879</b>	5,188,434
Partnership profit distributions	<b>11,155,516</b>	6,314,682
Cash on derecognition of subsidiary	<b>227,453</b>	-
<b>Net cash from investing activities</b>	<b>12,689,740</b>	7,908,280
<b>Cash flows from financing activities</b>		
New secured loans	<b>7,644,140</b>	10,000,000
Repayment of loans	<b>(5,354,652)</b>	(10,373,459)
Dividends paid	<b>(11,100,000)</b>	(18,750,000)
Interest paid	<b>(706,901)</b>	(341,035)
Proceeds from subsidiary share issue (net of issue costs)	<b>-</b>	26,211,237
<b>Net cash generated from financing activities</b>	<b>(9,517,413)</b>	6,746,743
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,177,338)</b>	14,697,512
Cash and cash equivalents at beginning of year	<b>20,988,778</b>	6,291,266
<b>Cash and cash equivalents at the end of year</b>	<b>14,811,440</b>	20,988,778

**BECKHAM BRAND HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<b>14,816,388</b>	20,988,784
Bank overdrafts	<b>(4,948)</b>	(6)
	<b>14,811,440</b>	20,988,778

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The notes on pages 18 to 41 form part of these financial statements.

## **BECKHAM BRAND HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1. General information**

The principal activity of the company continued to be that of a holding company. The principal activities of the group are the 'Victoria Beckham' fashion business (and related Victoria Beckham brand activities), plus the licensing and other forms of commercialisation of the 'David Beckham' brand.

The company is a private company limited by shares and is registered in England and Wales. The address of its registered office is 7 Savoy Court, London, WC2R 0EX.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of Beckham Brand Holdings Limited and all of its subsidiary undertakings together with the group's share of the results of associates made up to 31 December each year. Intercompany transactions and balances between group companies are therefore eliminated in full.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies from the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the group holds a long-term interest and where the group has significant influence. The group considers it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014. On 10 December 2014 and subsequent to the transition to FRS 102, a group reconstruction took place whereby Beckham Brand Holdings Limited became the parent of Victoria Beckham Limited and Beckham Brand Limited. These financial statements have been prepared using the principles of Section 19 of FRS 102 whereby merger accounting has been applied. Therefore the financial information included represents the results of the group as if the business combination had always been in place despite the reconstruction actually taking place in December 2014.

## **BECKHAM BRAND HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **2. Accounting policies (continued)**

##### **2.3 Associates and joint ventures**

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

*Any premium on acquisition is dealt with in accordance with the goodwill policy.*

##### **2.4 Turnover**

Turnover, which is stated excluding Value Added Tax and other sales related taxes, is the amount receivable by the group for goods supplied (less returns, trade discounts and allowances) and under the group's license, royalty and collaboration arrangements with external third parties.

Retail sales, returns and allowances are reflected at the dates of transactions with customers. Wholesale sales are recognised when the significant risks and rewards of ownership have transferred to the customer, with provisions made for expected returns and allowances. Provisions for returns on retail and wholesale sales are calculated based on historical returns levels.

Royalties and license fees receivable from licensees are recognised within turnover when the right to the consideration has been earned on the basis of the terms of the relevant royalty or license agreement.

Non-returnable advances from licensees or sub-licensees are recorded as deferred income and carried forward until the services to which they relate have been performed by the company, at which point they are taken to turnover in line with the terms of the associated underlying agreements. Returnable advances received from licensees or sub-licensees are carried forward until they are recouped or returned.

## BECKHAM BRAND HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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## 2. Accounting policies (continued)

### 2.5 Investment income

Investment income represents divided profit shares due from the group's participation in its partnership arrangements, along with management fees receivable for services provided.

DB Ventures Limited has entered into partnership with its business partner in an arrangement to exploit certain rights attaching to the 'David Beckham' brand. In accordance with the terms of the agreement, the profits of the partnership are formally divided to the members on an automatic and ongoing basis as they are generated. The specific determination of how profits are divided between each member is governed by the formal agreement. The group recognises these profits as investment income when formal division takes place. Drawings received, if any, in advance of formal profit division are shown as a liability until such time as the formal division of partnership profits is made. Management fees receivable from the group's participation in the partnership are recorded at the fair value of the consideration received or receivable and represent the recharge of overhead costs incurred in the ongoing administration of the arrangement.

### 2.6 Foreign currency translation

#### *Functional and presentation currency*

The group's functional and presentational currency is pound sterling.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at the exchange rate ruling at the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences are classified as equity within a foreign exchange reserve.

### 2.7 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

### 2.8 Pensions

#### *Defined contribution pension plan*

Certain group companies operate defined contribution plans for its employees. A defined contribution plan is a pension plan under which those companies pay fixed contributions into a separate entity. Once the contributions have been paid those entities have no further payment obligations. The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from those of the group in independently administered funds.

## **BECKHAM BRAND HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **2. Accounting policies (continued)**

##### **2.9 Finance costs**

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

##### **2.10 Interest income**

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

##### **2.11 Borrowing costs**

All borrowing costs are recognised in the consolidated statement of comprehensive income in the year in which they are incurred.

##### **2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except;

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **2.13 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.



## BECKHAM BRAND HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.14 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to administration expenses in the consolidated statement of comprehensive income as incurred.

Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Amortisation is provided on the following bases:

Website	-	3 years
Intellectual property	-	25-30 years

##### 2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over the estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

S/term leasehold property	- over the term of the lease
Fixtures and fittings	- 3 or 5 years, depending on expected useful life of the asset
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the consolidated statement of comprehensive income.

## BECKHAM BRAND HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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## 2. Accounting policies (continued)

### 2.16 Valuation of investments

Investments in subsidiaries, associated undertakings and non-controlling interests in group companies are all measured at cost less accumulated impairment.

Within the consolidated results for the year, the group accounts for its interests in associated undertakings using the equity method of accounting.

### 2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

Work in progress and finished goods include labour and attributable overheads. At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its estimated selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 2.18 Debtors

Short term debtors are measured at transaction price, less any impairment. Loan balances receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.19 Other financial instruments

Deferred contingent consideration receivable after more than one year is considered to be a non-basic derivative financial instrument. It is initially and subsequently measured at fair value, which has been considered to be equivalent to the discounted expected future cash flows in connection with the instrument. Changes in the fair value of derivative financial instruments are recognised in the consolidated statement of comprehensive income as finance costs or income as appropriate. The unwinding of the discount is taken to finance costs within the consolidated statement of comprehensive income.

### 2.20 Cash and cash equivalents

Cash is represented by cash in hand and deposit with financial institutions repayable without penalty on notice of not more than 24 hours. The group does not hold cash equivalents.

### 2.21 Financial instruments

With the exception of deferred contingent consideration noted above, the group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

## BECKHAM BRAND HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.22 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

##### 2.23 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

The group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. Subsequently, the measurement of financial liabilities depends on their classification.

Obligations for interest bearing loans and borrowings are recognised when the company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

##### 2.24 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

##### *Dilapidations provision*

The provision for restorative works is recognised as the estimated future expenditure to return the store to its existing condition at the start of the lease. A corresponding tangible fixed asset is capitalised and amortised over the shorter of the asset's useful life and the remainder of the lease term. The provision for building wear and tear works is the estimate of repairs costs, anticipated by the company's management, to be payable in the next 10 years. Where the wear and tear has already been incurred this is fully provided for. Where the wear and tear expenditure is expected to be incurred in the next 10 years it is provided for over the remaining term of the lease on a straight line basis.

## BECKHAM BRAND HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying value of assets and liabilities. The directors' judgement, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised prospectively.

In assessing whether there have been any indicators of impairment to assets, the directors consider both external and internal sources of information such as market conditions and experience of recoverability and establishes a provision for receivables that are estimated not to be recoverable.

##### *Income recognition*

The group recognises income within turnover in line with the terms contained in underlying license and royalty agreements. When assessing the amounts to be recognised, the directors consider various factors such as length of term, specific service provisions and the extent to which the company and its licensee collaborate under the arrangements.

##### *Recoverability of receivables*

The group establishes a provision for receivables that are estimated not to be recoverable or recoupable. When assessing recoverability, the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of the debtor. When assessing if licensee balances are recoupable the directors consider factors such as the current and likely future sales performance.

##### *Determining residual values and useful economic lives of intangible fixed assets*

The group depreciates intangible fixed assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for intangible fixed assets. When determining the residual value, management aim to assess the amount that the group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

##### *Determining residual values and useful economic lives of property, plant and equipment*

The group depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for tangible fixed assets. When determining the residual value, management aim to assess the amount that the group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

##### *Provisions against slow moving inventory*

The group establishes a provision for slow moving inventory. When determining the provision, the directors consider factors such as the amount of the inventory holding and subsequent sales.

##### *Provisions*

Provision is made for dilapidations. These provisions require management's best estimate of the costs that will be incurred based contractual requirements.

**BECKHAM BRAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

*Assessing the value of deferred contingent consideration*

The group has entered into an arrangement whereby consideration under this agreement is receivable over time and is contingent upon the future performance of underlying partnership activities. When determining the fair value of expected future cash flows, judgement is applied by management when determining the anticipated profitability of existing contractual relationships, the probability and value of renewals to ongoing license agreements, along with the probability and value of future new contractual relationships. Management also make judgements in assessing the discount rate, the weighted average cost of capital and the timing of expected future cash flows under the arrangement.

**4. Turnover**

Turnover is analysed in relation to the directors' assessment of the principal components of the business. Turnover comprised the Victoria Beckham fashion business (and related brand activities) amounting to £35,837,200 (2017 - £42,499,468) and the licensing and commercialisation of the David Beckham Brand amounting to £9,944,174 (2017 - £13,221,558).

The directors do not consider any one part of the worldwide market to be significantly different from any other. Full segmental information has not been disclosed as permitted by Statutory Instrument 2008/410 as in the opinion of the directors such disclosure would be commercially sensitive.

**5. Operating loss**

The operating profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	785,920	812,225
Amortisation of intangible fixed assets	236,598	129,809
Exchange differences	(905,890)	1,141,009
Operating lease rentals	2,348,902	1,441,748
Defined contribution pension cost	115,805	4,509

**6. Auditors' remuneration**

	2018 £	2017 £
Fees payable to the company's auditor for the audit of the company's annual accounts	6,000	10,250
	<b>6,000</b>	<b>10,250</b>
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
The auditing of subsidiaries' financial statements	88,050	134,530
All other non-audit services not included above	202,050	291,895

# BECKHAM BRAND HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 7. Employees

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Wages and salaries	<b>10,221,790</b>	10,660,579	-	-
Social security costs	<b>1,062,607</b>	1,100,032	-	-
Cost of defined contribution scheme	<b>115,805</b>	4,509	-	-
	<b>11,400,202</b>	11,765,120	-	-

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2018 No.</b>	<b>2017 No.</b>
David Beckham Brand	<b>6</b>	3
Victoria Beckham Brand	<b>150</b>	176
	<b>156</b>	179

### 8. Directors' remuneration

	<b>2018 £</b>	<b>2017 £</b>
Directors' emoluments	<b>735,000</b>	700,000

The highest paid director received remuneration of £735,000 (2017 - £700,000). A one-off additional payment of £105,000 was made in the prior year upon successful completion of a share issue on 30 November 2017.

### 9. Investment income

	<b>2018 £</b>	<b>2017 £</b>
Management fees receivable	<b>373,174</b>	388,614
Share of partnership profit	<b>5,291,780</b>	7,371,519
	<b>5,664,954</b>	7,760,133

**BECKHAM BRAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. Interest receivable and similar income**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<b>21,885</b>	5,658

**11. Interest payable and similar charges**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank interest payable	<b>492,571</b>	341,035
Other interest payable	<b>38,224</b>	-
	<b>530,795</b>	341,035

**12. Taxation**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on results for the year	<b>3,387,181</b>	2,867,800
Adjustments in respect of previous periods	<b>(130,427)</b>	-
	<b>3,256,754</b>	2,867,800
Double taxation relief	<b>(148,398)</b>	(196,235)
	<b>3,108,356</b>	2,671,565
<b>Foreign tax</b>		
Foreign tax on income for the year	<b>148,398</b>	196,235
Foreign tax in respect of prior periods	<b>61,283</b>	-
	<b>209,681</b>	196,235
<b>Total current tax</b>	<b>3,318,037</b>	2,867,800
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>10,397</b>	507,885
<b>Total deferred tax</b>	<b>10,397</b>	507,885
<b>Taxation on profit on ordinary activities</b>	<b>3,328,434</b>	3,375,685

# BECKHAM BRAND HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 12. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<b>1,783,040</b>	15,713,374
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	<b>338,778</b>	3,024,825
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>238,909</b>	238,971
Capital allowances for year in excess of depreciation	<b>99,493</b>	69,959
Foreign tax adjustment	<b>47,068</b>	68,907
Non-taxable income	<b>(269,116)</b>	(1,626,488)
Chargeable gains	<b>671,871</b>	1,480,055
Losses utilised	-	3,475
Other differences	<b>66,536</b>	25,729
Adjust closing deferred tax to average rate	<b>224,997</b>	(67,979)
Prior period adjustments	<b>(35,927)</b>	-
Deferred tax not recognised	<b>1,945,825</b>	158,231
<b>Total tax charge for the year</b>	<b>3,328,434</b>	3,375,685

#### Factors that may affect future tax charges

The group has losses available for use in future periods amounting to £12,236,434 (2017 - £821,981).



**BECKHAM BRAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**13. Intangible assets**

**Group**

	<b>Intellectual property £</b>	<b>Website £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2018	<b>1,500,000</b>	<b>926,343</b>	<b>2,426,343</b>
Additions	<b>217,254</b>	<b>612,700</b>	<b>829,954</b>
At 31 December 2018	<b>1,717,254</b>	<b>1,539,043</b>	<b>3,256,297</b>
<b>Amortisation</b>			
At 1 January 2018	<b>-</b>	<b>756,317</b>	<b>756,317</b>
Charge for the year	<b>80,131</b>	<b>156,467</b>	<b>236,598</b>
At 31 December 2018	<b>80,131</b>	<b>912,784</b>	<b>992,915</b>
<b>Net book value</b>			
At 31 December 2018	<b>1,637,123</b>	<b>626,259</b>	<b>2,263,382</b>
At 31 December 2017	<b>1,500,000</b>	<b>170,026</b>	<b>1,670,026</b>

Amortisation was applied to intellectual property with effect from 1 January 2018.

**BECKHAM BRAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

**14. Tangible fixed assets**

**Group**

	Freehold property £	S/Term Leasehold Property £	Assets in the course of construction £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>						
At 1 January 2018	22,531,670	3,553,814	8,095,533	1,374,081	571,077	36,126,175
Additions	173,611	1,272,998	271,548	164,868	130,120	2,013,145
Disposals	-	(105,196)	-	-	-	(105,196)
Derecognition of subsidiary	(23,831,255)	-	(8,722,060)	-	-	(32,553,315)
Exchange adjustments	1,125,974	-	354,979	-	-	1,480,953
At 31 December 2018	-	4,721,616	-	1,538,949	701,197	6,961,762
<b>Depreciation</b>						
At 1 January 2018	-	1,273,213	-	1,166,990	437,212	2,877,415
Charge for the year	-	460,141	-	209,686	116,093	785,920
Disposals	-	(37,793)	-	-	-	(37,793)
At 31 December 2018	-	1,695,561	-	1,376,676	553,305	3,625,542
<b>Net book value</b>						
At 31 December 2018	-	3,026,055	-	162,273	147,892	3,336,220
At 31 December 2017	22,531,670	2,280,601	8,095,533	207,091	133,865	33,248,760

**BECKHAM BRAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**14. Tangible fixed assets (continued)**

**Company**

	<b>Fixtures and fittings £</b>
<b>Cost</b>	
Additions	<b>16,124</b>
At 31 December 2018	<b>16,124</b>
<b>Depreciation</b>	
Charge for the year	<b>2,110</b>
At 31 December 2018	<b>2,110</b>
<b>Net book value</b>	
At 31 December 2018	<b>14,014</b>
At 31 December 2017	<b>-</b>

Assets in the course of construction relate to costs incurred by former subsidiary undertaking, Miami Beckham United LLC, in respect of the development of a soccer franchise in the United States of America. No depreciation has been charged on these amounts on the basis that these assets were not available for use.

Freehold property relates to costs incurred by former subsidiary undertaking, 0101 Miami Properties LLC, in respect of land acquired in Miami upon which to develop a soccer stadium. No depreciation is charged on freehold land.

These amounts were derecognised during 2018 when Miami Beckham United LLC and 0101 Miami Properties LLC ceased being subsidiary undertakings as disclosed at note 15.

**BECKHAM BRAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**15. Fixed asset investments**

**Group**

	Investment in associate £	Other fixed asset investment £	Total £
<b>Cost</b>			
At 1 January 2018	4,320,685	-	4,320,685
Share of partnership profit	5,291,780	-	5,291,780
Capitalisation of loans	-	3,795,471	3,795,471
Foreign exchange movement	(53,369)	197,859	144,490
Investment cost on derecognition of subsidiary	-	4,658,085	4,658,085
Profit distributions	(11,155,516)	-	(11,155,516)
At 31 December 2018	<u>(1,596,420)</u>	<u>8,651,415</u>	<u>7,054,995</u>

**Investment in associate**

With effect from 1 January 2015, the company entered into partnership with Global Brands Group, one of the world's leading branded fashion accessories, footwear and apparel companies, with its global headquarters in Hong Kong, to exploit certain David Beckham product categories and to develop new product categories on a worldwide scale. These arrangements were formalised during 2015, resulting in the formation of limited liability partnership Seven Global LLP, an entity registered in England and Wales and within which all activity resulting from this collaboration takes place. In 2015, DB Ventures Limited transferred a 51% membership interest in the LLP to the London-based arm of Global Brands Group. Consideration recognised in the current year under this arrangement amounted to £1.4m (2017 - £8.4m). The remaining 49% interest in the LLP is held by DB Ventures Limited, which is treated as an associate and is held at its cost of £NIL (2017 - £NIL).

**Other fixed asset investment**

During 2018, the group continued its long term plans to procure investment partners sharing the same strategic objective to operate a professional football team out of the State of Florida, United States of America. On 21 August 2018, this partnership was realised and significant additional investment was secured by Miami Beckham United LLC, consideration for which was the issue of additional membership units in that entity, resulting in the planned dilution of aggregate membership interests held by the group from 90% to a minority holding. This investment facilitated Miami Beckham United LLC becoming a member of Major League Soccer LLC and Soccer United Marketing LLC and enables it to move forward with its expansion plans in the creation of the infrastructure necessary to support the operation of a major league football team from its inaugural season. As part of this process, the group capitalised working capital loans amounting to £3,795,471.

**BECKHAM BRAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**15. Fixed asset investments (continued)**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 January 2018	<b>6,834,378</b>
At 31 December 2018	<b>6,834,378</b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>
Victoria Beckham Holdings Limited <sup>1</sup>	England and Wales	Ordinary	70.9%
Victoria Beckham Limited <sup>1</sup>	England and Wales	Ordinary	70.9%
Victoria Beckham Inc. <sup>3</sup>	United States	Ordinary	70.9%
Beckham Retail Limited <sup>2</sup>	England and Wales	Ordinary	70.9%
DB Ventures Limited <sup>2</sup>	England and Wales	Held indirectly	100%
Beckham Brand Limited <sup>2</sup>	England and Wales	Held indirectly	100%
DBrazil TV Ltd <sup>2</sup>	England and Wales	Held indirectly	100%

**Associate**

The following was an associate of the company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Class of shares</b>	<b>Holding</b>
Seven Global LLP <sup>4</sup>	England and Wales	Held indirectly	49%

The registered office for each of the above is as follows:

<sup>1</sup> 202 Hammersmith Road, London, W6 7DN

<sup>2</sup> 33 Ransome's Dock, 35-37 Parkgate Road, London, SW11 4NP

<sup>3</sup> 2711 Centerville Road, Suite 400, Wilmington, DE 19808, County of New Castle, USA

<sup>4</sup> 242-246 Marylebone Road, London, NW1 6JQ

**BECKHAM BRAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**16. Stocks**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>
Raw materials and consumables	-	362,741
Work in progress	<b>508,197</b>	653,809
Finished goods and goods for resale	<b>4,234,021</b>	3,765,975
	<b>4,742,218</b>	4,782,525

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**17. Debtors**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
<b>Due after more than one year</b>				
Other debtors	<b>4,695,992</b>	12,337,910	-	-
	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
<b>Due within one year</b>				
Trade debtors	<b>6,851,517</b>	6,872,694	-	-
Amounts owed by group undertakings	-	-	<b>10</b>	4,650
Other debtors	<b>13,724,886</b>	5,318,204	<b>15,017</b>	3,995
Prepayments and accrued income	<b>1,374,231</b>	1,455,393	-	-
Tax recoverable	<b>644,808</b>	645,466	-	-
	<b>22,595,442</b>	14,291,757	<b>15,027</b>	8,645

Included in other debtors above is the fair value of deferred consideration amounting to \$17,308,538 (£13,639,295) (2017 - \$21,055,311 (£15,606,700)) receivable under the agreement described at note 12 and which is contingent on the underlying performance of Seven Global LLP. Of these amounts, the directors anticipate \$5,216,929 (£4,110,990) (2017 - \$15,577,536 (£11,546,442)) falling due after more than one year.

**BECKHAM BRAND HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**18. Cash and cash equivalents**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Cash at bank and in hand	<b>14,816,388</b>	20,988,784	<b>7,445</b>	2,014
Less: bank overdrafts	<b>(4,948)</b>	(6)	-	(6)
	<b>14,811,440</b>	20,988,778	<b>7,445</b>	2,008

Included within cash balances above is an amount of £4,000,000 (2017 - £4,000,000) pledged as security by DB Ventures Limited for a term loan drawn by Victoria Beckham Limited.

**19. Creditors: Amounts falling due within one year**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Bank overdrafts	<b>4,948</b>	6	-	6
Bank loans	<b>12,886,186</b>	2,010,647	-	-
Other loans	-	19,996,086	-	-
Trade creditors	<b>1,909,098</b>	2,045,988	<b>6,648</b>	750
Amounts owed to group undertakings	-	-	<b>7,023,012</b>	6,893,386
Corporation tax	<b>1,354,924</b>	780,212	-	-
Other taxation and social security	<b>317,789</b>	947,274	-	-
Other creditors	<b>231,919</b>	619,839	-	-
Accruals and deferred income	<b>9,294,753</b>	8,852,584	<b>60,400</b>	23,788
	<b>25,999,617</b>	35,252,636	<b>7,090,060</b>	6,917,930

**20. Creditors: Amounts falling due after more than one year**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>
Bank loans	-	10,251,722

# BECKHAM BRAND HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 21. Loans and other facilities

Analysis of the maturity of the group's facilities is given below:

	Group 2018 £	Group 2017 £
<b>Amounts falling due within one year</b>		
Bank facilities	12,886,186	2,010,647
Other loans	-	19,996,086
	<b>12,886,186</b>	<b>22,006,733</b>
<b>Amounts falling due 1-2 years</b>		
Bank facilities	-	1,175,432
<b>Amounts falling due 2-5 years</b>		
Bank facilities	-	9,076,290
	<b>12,886,186</b>	<b>32,258,455</b>

On 16 November 2017, Victoria Beckham Limited completed the process of modifying its financing arrangements by combining certain term loans, the aggregate amounts drawn at that date being £12,000,000, into a single facility of £10,000,000. Amounts drawn under the new facility attract interest at 3.5% over LIBOR and are repayable in quarterly instalments starting on 30 June 2019 and ending on 31 March 2021. The direct costs of arranging this finance, being £130,000, have been attributed to the carrying value of the facility and are being released to the consolidated statement of comprehensive income over the term. As a result of that company breaching the terms of this facility during the year, the entire amount drawn under this arrangement has become payable upon demand. Consequently, the carrying value recorded in the financial statements has been derecognised as payable over the original term and has been recognised as falling due within one year.

In addition, Victoria Beckham Limited's financing arrangements include a term loan of £2,600,000 payable in equal instalments over five years, accruing interest on a daily basis at a fixed rate of 3.75% per annum. At the balance sheet date, the remaining obligation of this loan amounted to £172,022 (2017 - £859,421).

Victoria Beckham Limited also has a trade import loan facility and a trade finance invoice discounting facility, the outstanding obligation at the balance sheet date being £10,595 (2017 - £556,536) and £543,230 (2017 - £492,372) respectively. Additional foreign currency trade import loan facilities entered into during the year and their respective balance sheet date positions were Euro (€1,314,979 (£1,180,306)), United States Dollar (\$156,129 (£123,031)) and Japanese Yen (¥637,000 (£4,552)). A Euro trade finance invoice discounting facility was also entered into during the year, the outstanding obligation at the balance sheet date being €496,653 (£448,109). All facilities fall due within one year and attract a daily interest at 2% over the Bank of England base rate per annum.

Victoria Beckham Limited has a United States Dollar trade finance invoice discounting facility, the outstanding obligation at the balance sheet date being \$448,010 (£404,341) (2017 - \$652,520 (£484,040)). The facility falls due within one year and attracts a daily interest at 2% over an amount up to the upper limit of the federal funds target rate quoted by the US Federal Reserve per annum.

All the above financing arrangements are secured by fixed and floating charges over all the assets of Victoria Beckham Limited, a secured cash deposit which, at 31 December 2018, amounted to £4,000,000 (2017 - £4,000,000) provided by sister company DB Ventures Limited and a cross guarantee and debenture as detailed in note 29.



# BECKHAM BRAND HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 22. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	14,816,388	20,988,784	-	2,014
Financial assets that are debt instruments measured at amortised cost	25,324,398	29,378,276	10	8,645
	<u>40,140,786</u>	<u>50,367,060</u>	<u>10</u>	<u>10,659</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(21,507,063)	(41,433,807)	(7,090,060)	(6,917,930)

Financial assets measured at fair value through profit or loss comprise bank balances.

Financial assets measured at amortised cost comprise trade debtors, amounts due from related undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank facilities, trade creditors, other creditors and accruals.

### 23. Deferred taxation

#### Group

	2018 £	2017 £
At beginning of year	2,280,456	1,772,571
Profit and loss account movement	25,795	507,885
<b>At end of year</b>	<u>2,306,251</u>	<u>2,280,456</u>

The provision for deferred taxation is made up as follows:

	Group 2018 £	Group 2017 £
Fixed asset timing differences	124,128	98,501
Capital gains	2,182,123	2,181,955
	<u>2,306,251</u>	<u>2,280,456</u>

# BECKHAM BRAND HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 24. Provisions

#### Group

	Dilapidations £
At 1 January 2018	104,490
<b>At 31 December 2018</b>	<b>104,490</b>

A dilapidations provision has been recognised in respect of the estimated cost of returning the group's retail store to its original state at the end of the lease term. The provision is spread over the remaining period of tenancy.

The company has no provisions.

### 25. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
1,998 (2017 - 1,998) A ordinary shares of £1 each	1,998	1,998
999 (2017 - 999) B ordinary shares of £1 each	999	999
1 (2017 - 1) C ordinary share of £1	1	1
	<b>2,998</b>	<b>2,998</b>

The 'A' ordinary shares and the 'B' ordinary shares rank pari passu and all have attached to them full voting, dividend and capital distribution rights.

The 'C' ordinary share is non-transferrable, has no voting rights, no rights to dividends and no right to any distribution on a winding up of the company. No transfer or issue of any class of shares may occur without the prior written approval of the holder of the C ordinary share.

On 8 May 2019, related company Footwork Productions Limited subscribed for 999 D ordinary shares of £1 each for total consideration, including share premium, of \$40,000,000.

On the same date, the company's directors resolved to reduce the entire share premium and to reduce and cancel all of the issued B ordinary shares of £1 each in accordance with Chapter 10 of Part 17 of the Companies Act 2006.

### 26. Non-controlling interests

	2018 £	2017 £
At 1 January 2018	(3,997,530)	497,179
Share of results after taxation in the year	(4,105,637)	(4,494,709)
<b>At 31 December 2018</b>	<b>(8,103,167)</b>	<b>(3,997,530)</b>

# BECKHAM BRAND HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 27. Dividends

	2018 £	2017 £
Dividends paid	<b>11,100,000</b>	18,750,000

On 8 May 2019, one third of the company's investment in the issued share capital of Victoria Beckham Holdings Limited was distributed in specie to XIX Management UK Limited at its book value of £2,277,460.

On the same date, a cash dividend of \$20,000,000 was voted and paid to a shareholder. In addition, deferred consideration receivable with a book value of \$20,000,000 was distributed in specie.

On 16 May 2019, 4 June 2019 and 16 October 2019, cash dividends of \$1,500,000, £8,822,818 and £1,500,000 respectively were voted and paid.

### 28. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £10,953,697 (2017 - £18,707,491).

### 29. Contingent liabilities

The company has entered into a cross guarantee dated 9 December 2014, along with DB Ventures Limited, to secure the banking arrangements of Victoria Beckham Limited. At the balance sheet date, the indebtedness under this arrangement amounted to £12,886,186 (2017 - £12,262,369).

### 30. Commitments under operating leases

At 31 December 2018 the group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £
Not later than 1 year	<b>1,621,787</b>	1,189,369
Later than 1 year and not later than 5 years	<b>6,031,918</b>	3,766,301
Later than 5 years	<b>3,402,695</b>	1,677,372
	<b>11,056,400</b>	6,633,042

Included within the above are aggregate future minimum lease payments payable in United States Dollars amounting to \$NIL (2017 - \$296,400), which have been translated into pound sterling at the rate ruling at the balance sheet date.

The company does not have any operating lease commitments (2017 - same).

## **BECKHAM BRAND HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **31. Related party transactions**

No disclosure has been made of transactions with the company's wholly owned subsidiaries in accordance with FRS 102 Section 33 Paragraph 33.1A. Details of related party transactions are described below:

During the year, the group charged management services to its associate Seven Global LLP amounting to £373,174 (2017 - £388,614). At the balance sheet date, the group's current account in the partnership amounted to £1,596,420 (credit) (2017 - £4,365,980 (debit)).

At the balance sheet date, XIX Management Limited held the entire issued share capital of XIX Management UK Limited, which held a one third share in Beckham Brand Holdings Limited. During the year, administrative expenses were recharged between XIX Management Limited and group companies resulting in a net amount payable by XIX Management Limited, as at 31 December 2018, of £172,102 (2017 - payable to of £147,761).

XIX Entertainment LP, a limited liability partnership formed in the United States, is the ultimate controlling entity of XIX Management Limited. At 31 December 2018, the group was owed £99,023 (2017 - £99,023) from XIX Entertainment LP which, on 8 May 2019, was waived in full.

During the year, a working capital loan of \$3,666,692 (2017 - \$NIL) was provided by the group to XIX Management UK Limited at an interest rate of 5% per annum, all of which remained due (£2,603,613) at the balance sheet date.

Key management personnel include all directors and a number of senior managers across the group who together have authority and responsibility for planning, directing and controlling the activities of group companies. The total compensation paid in respect of key management personnel for services provided to group companies was £735,000 (2017 - £805,000).

#### **32. Controlling party**

At the balance sheet date, the ultimate controlling parties are David Beckham, Victoria Beckham and XIX Management UK Limited, who each held one third of the company.