

## **Ozbozz Limited**

Annual Report and Financial Statements

Year Ended

31 December 2016

Company Number 09631127



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# Ozbozz Limited

## Company Information

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<b>Directors</b>	Martin Alan Grossman Mark Walls (resigned 9 May 2016) Daniel McLoughlin (resigned 21 March 2016)
<b>Company secretary</b>	Elinor Ruth Grossman
<b>Registered number</b>	09631127
<b>Registered office</b>	133-137 Alexandra Road Wimbledon London SW19 7JY
<b>Independent auditor</b>	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
<b>Bankers</b>	The Royal Bank of Scotland plc 22 St Enoch Square Glasgow G1 4DA
<b>Solicitors</b>	Pannone Corporate LLP 378-380 Deansgate Manchester M3 4LY

# Ozbozz Limited

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# **Ozbozz Limited**

## **Group strategic report For the year ended 31 December 2016**

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### **Introduction**

The director presents his strategic report together with the audited financial statements for the year ended 31 December 2016.

### **Business review**

The group distributes a range of toys and children's sports items within the UK and Europe to major retailers, mail order and internet companies, and to the wholesale trade.

The group has always been at the forefront of toy innovation and is always looking for the latest toy trends. The group's large and diverse customer base allows it to capitalise on these trends as they arise.

During 2015, the entire share capital of H Grossman Limited was acquired by H Grossman Trading Limited, a company incorporated in Scotland, which in turn is 100% owned by Ozbozz Limited, a company incorporated in England. H Grossman Limited also acquired 100% of the share capital of H Grossman (H.K) Limited.

Under different management in 2015 turnover dropped and new product lines were not introduced into the group. As a result, Martin Grossman bought the company on 21 March 2016 and returned as managing director of the group. Since then the group has been aggressively importing new and exciting products to both stabilise the business and continue to grow its market share in its core products. The focus for 2016 trading has been in building customer interest in both core and new products. The results of these efforts has been very positive, with customer confidence returning and orders building in the latter part of 2016, the results of which will be seen in 2017.

### **Principal risks and uncertainties**

The principal risks and uncertainties affecting the group are £sterling / US\$ exchange rate fluctuations, changes in Government policy and legislation in the UK and China, increases in raw material and production costs due to changes in the Chinese economy and changes in policy of and terms applying to major customers.

To mitigate exchange rate fluctuations the group enters into exchange rate forwards as the director determines necessary. In order to comply with all relevant legislation in the UK and abroad, the group engages qualified, professional experts to assist with this ever changing landscape. The group maintains close relationships with all of their customers and suppliers in order to ensure any changes in cost base or pricing strategy are communicated early.

### **Financial key performance indicators**

Turnover remains a key driver to the day to day management of the business. This is monitored on an on-going basis in comparison to the director's expectations.

Cost management also plays an important role in the running of the business and the director monitors this on a monthly basis through detailed review of the management accounts and other management information.

# Ozbozz Limited

## Group strategic report (continued) For the year ended 31 December 2016

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### Future developments

The group has an on-going policy of product innovation using its own product moulds, product designs and branding and continues with a policy of intellectual property protection for its products. The group is always watching out for licensing opportunities and has successfully taken these on board over the years to give the group unique selling propositions. TV advertising in the UK and Ireland and retailer support is high on the group's priorities in order to maintain its product and brand profile within the toy industry.

This report was approved by the board on 12th December 2017 and signed on its behalf.



**Martin Alan Grossman**  
Director

# Ozbozz Limited

## Directors' report For the year ended 31 December 2016

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The director presents his report and the financial statements for the year ended 31 December 2016.

### Results and dividends

The loss for the year, after taxation, amounted to £343,265 (2015 - loss £308,870).

### Directors

The directors who served during the year were:

Martin Alan Grossman  
Mark Walls (resigned 9 May 2016)  
Daniel McLoughlin (resigned 21 March 2016)

### Disclosure of information to auditor

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 and the group's auditor is 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 and the group's auditor is aware of that information.

### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 12th December 2017 and signed on its behalf.



**Martin Alan Grossman**  
Director

# **Ozbozz Limited**

## **Directors' responsibilities statement For the year ended 31 December 2016**

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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 director has elected to prepare the group and company financial statements in accordance with applicable law and United Kingdom Generally Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under Company law the directors must not approve the financial statements unless they are satisfied that they present 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 and then apply them consistently;
- make judgments 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 company or group will continue in business.

The director is 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.

# **Ozbozz Limited**

## **Independent auditor's report to the shareholders of Ozbozz Limited**

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We have audited the financial statements of Ozbozz Limited ("the parent company") and its subsidiaries ("the group") for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, 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 (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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 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.

### **Opinion on other matter 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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

# Ozbozz Limited

## Independent auditor's report to the shareholders of Ozbozz Limited (continued)

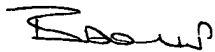
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### Responsibilities of directors

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and director's 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.



Alastair Rae (Senior statutory auditor)

for and on behalf of

**BDO LLP, STATUTORY AUDITOR**

4 Atlantic Quay

70 York Street

Glasgow, UK

G2 8JX

Date: 12 DECEMBER 2017

BDO LLP IS A LIMITED LIABILITY PARTNERSHIP REGISTERED IN ENGLAND + WALES (WITH REGISTERED NUMBER OC305127).

# Ozbozz Limited

## Consolidated statement of comprehensive income For the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	9,664,678	6,720,590
Cost of sales		(6,989,717)	(4,863,632)
<b>Gross profit</b>		<b>2,674,961</b>	1,856,958
Administrative expenses		(3,255,858)	(2,032,591)
Exceptional administrative expenses	12	-	(303,030)
Other operating income	5	203,463	253,371
<b>Operating loss</b>	6	<b>(377,434)</b>	(225,292)
Interest receivable and similar income	9	16	154
Interest payable and similar charges	10	(49,966)	(25,620)
<b>Loss before taxation</b>		<b>(427,384)</b>	(250,758)
Tax on loss	11	84,119	(58,112)
<b>Loss for the year</b>		<b>(343,265)</b>	(308,870)
Foreign exchange difference on retranslation of subsidiary undertakings		156,769	48,919
<b>Other comprehensive income for the year</b>		<b>156,769</b>	48,919
<b>Total comprehensive loss for the year</b>		<b>(186,496)</b>	(259,951)
<b>(Loss) for the year attributable to:</b>			
Owners of the parent company		(343,265)	(308,870)
		<b>(343,265)</b>	(308,870)
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the parent company		(186,496)	(259,951)
		<b>(186,496)</b>	(259,951)

All amounts relate to continuing activities.

The notes on pages 15 to 36 form part of these financial statements.

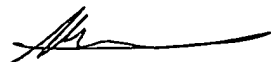
**Ozbozz Limited**  
Registered number: 09631127

**Consolidated balance sheet**  
As at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	14	88,206	109,428
		<u>88,206</u>	<u>109,428</u>
<b>Current assets</b>			
Stocks	16	3,199,429	2,659,943
Debtors: amounts falling due within one year	17	1,964,732	1,846,255
Cash at bank and in hand	18	1,238,743	881,299
		<u>6,402,904</u>	<u>5,387,497</u>
Creditors: amounts falling due within one year	19	(4,681,686)	(3,135,476)
<b>Net current assets</b>		<u>1,721,218</u>	<u>2,252,021</u>
<b>Total assets less current liabilities</b>		<u>1,809,424</u>	<u>2,361,449</u>
Creditors: amounts falling due after more than one year	20	(1,785,204)	(2,140,521)
<b>Provisions for liabilities</b>			
Deferred tax		-	(10,212)
		<u>-</u>	<u>(10,212)</u>
<b>Net assets</b>		<u><u>24,220</u></u>	<u><u>210,716</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	100,000	100,000
Foreign exchange reserve	25	205,688	48,919
Capital contribution reserve	25	305,513	348,405
Profit and loss account	25	(586,981)	(286,608)
		<u>24,220</u>	<u>210,716</u>

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

12 DECEMBER 2017



**Martin Alan Grossman**  
Director

The notes on pages 15 to 36 form part of these financial statements.

**Ozbozz Limited**  
Registered number: 09631127

**Company balance sheet**  
**As at 31 December 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investments	15	4,500,000	9,135,000
		<u>4,500,000</u>	<u>9,135,000</u>
Creditors: amounts falling due within one year	19	(2,064,719)	(6,792,527)
<b>Net current liabilities</b>		<u>(2,064,719)</u>	<u>(6,792,527)</u>
<b>Total assets less current liabilities</b>		<u>2,435,281</u>	<u>2,342,473</u>
Creditors: amounts falling due after more than one year	20	(1,785,204)	(2,140,521)
<b>Net assets excluding pension asset</b>		<u>650,077</u>	<u>201,952</u>
<b>Net assets</b>		<u><u>650,077</u></u>	<u><u>201,952</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	100,000	100,000
Other reserves	25	305,513	348,405
Profit and loss account	25	244,564	(246,453)
		<u>650,077</u>	<u>201,952</u>

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

12 DECEMBER 2017

  
**Martin Alan Grossman**  
Director

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 £448,125.

# Ozbozz Limited

## Consolidated statement of changes in equity For the year ended 31 December 2016

	Called up share capital	Foreign exchange reserve	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2016	100,000	48,919	348,405	(286,608)	210,716
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(343,265)	(343,265)
Foreign exchange difference on retranslation of subsidiary undertakings	-	156,769	-	-	156,769
<b>Total comprehensive income for the year</b>	-	156,769	-	(343,265)	(186,496)
Transfer between reserves	-	-	(42,892)	42,892	-
<b>Total transactions with owners</b>	-	-	(42,892)	42,892	-
<b>At 31 December 2016</b>	<b>100,000</b>	<b>205,688</b>	<b>305,513</b>	<b>(586,981)</b>	<b>24,220</b>

# Ozbozz Limited

## Consolidated statement of changes in equity For the year ended 31 December 2015

	Called up share capital	Foreign exchange reserve	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 11 June 2015	-	-	-	-	-
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(308,870)	(308,870)
Foreign exchange difference on retranslation of subsidiary undertakings	-	48,919	-	-	48,919
<b>Total comprehensive income for the year</b>	-	48,919	-	(308,870)	(259,951)
<b>Contributions by and distributions to owners</b>					
Shares issued during the year	100,000	-	-	-	100,000
Transfer between reserves	-	-	(22,262)	22,262	-
Fair value adjustment	-	-	370,667	-	370,667
<b>Total transactions with owners</b>	100,000	-	348,405	22,262	470,667
<b>At 31 December 2015</b>	100,000	48,919	348,405	(286,608)	210,716

The notes on pages 15 to 36 form part of these financial statements.

# Ozbozz Limited

## Company statement of changes in equity For the year ended 31 December 2016

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	100,000	348,405	(246,453)	201,952
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	448,125	448,125
<b>Total comprehensive loss for the year</b>	-	-	448,125	448,125
Transfer between reserves	-	(42,892)	42,892	-
<b>Total transactions with owners</b>	-	(42,892)	42,892	-
<b>At 31 December 2016</b>	<b>100,000</b>	<b>305,513</b>	<b>244,564</b>	<b>650,077</b>

## Company statement of changes in equity For the year ended 31 December 2015

	Called up share capital	Capital contribution reserve	Profit and loss account	Total equity
	£	£	£	£
At 11 June 2015	-	-	-	-
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(268,715)	(268,715)
<b>Total comprehensive income for the year</b>	-	-	(268,715)	(268,715)
<b>Contributions by and distributions to owners</b>				
Shares issued during the year	100,000	-	-	100,000
Transfer between reserves	-	(22,262)	22,262	-
Fair value adjustment	-	370,667	-	370,667
<b>Total transactions with owners</b>	<b>100,000</b>	<b>348,405</b>	<b>22,262</b>	<b>470,667</b>
<b>At 31 December 2015</b>	<b>100,000</b>	<b>348,405</b>	<b>(246,453)</b>	<b>201,952</b>

The notes on pages 15 to 36 form part of these financial statements.

# Ozbozz Limited

## Consolidated statement of cash flows For the year ended 31 December 2016

	2016 £	2015 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(343,265)	(308,870)
<b>Adjustments for:</b>		
Depreciation of tangible assets	49,025	19,852
Loss on disposal of tangible assets	7,993	-
Interest paid	49,966	25,620
Interest received	(16)	(154)
Taxation charge	(79,105)	10,200
(Increase)/decrease in stocks	(539,486)	706,094
(Increase)/decrease in debtors	(36,865)	2,028,564
Increase/(decrease) in creditors	1,114,217	(1,811,031)
Corporation tax (paid)/received	(528,464)	58,112
Foreign exchange	156,769	220,965
<b>Net cash generated from operating activities</b>	<u>(149,231)</u>	<u>949,352</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(45,346)	(1,808)
Sale of tangible fixed assets	9,550	-
Interest received	16	154
Cash paid out as part of group restructure	-	(5,035,000)
Cash acquired on purchase of subsidiaries	-	4,307,838
<b>Net cash from investing activities</b>	<u>(35,780)</u>	<u>(728,816)</u>

# Ozbozz Limited

## Consolidated statement of cash flows (continued) For the year ended 31 December 2016

	2016 £	2015 £
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	90,000
Other new loans	500,000	-
Repayment of other loans	(353,507)	-
Interest paid	(2,606)	(3,358)
<b>Net cash used in financing activities</b>	<b>143,887</b>	<b>86,642</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(41,124)</b>	<b>307,178</b>
Cash and cash equivalents at beginning of year	307,178	-
<b>Cash and cash equivalents at the end of year</b>	<b>266,054</b>	<b>307,178</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,238,743	881,299
Invoice financing and bank overdraft	(972,689)	(574,121)
	<b>266,054</b>	<b>307,178</b>

The notes on pages 15 to 36 form part of these financial statements.

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

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### 1. General information

Ozbozz Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the group's operations and its principal activities are set out in the group strategic report.

### 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 United Kingdom 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 group management to exercise judgement in applying the group accounting policies (see note 3).

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No statement of cash flows has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

#### 2.2 Going concern

At the balance sheet date the group had net assets of £24,220, having reported a loss for the year of £343,265. The company had net current liabilities of £2,064,719. The group and company are dependant on the continued financial support of its current director and ultimate shareholder, Martin Grossman. Mr Grossman is owed £2,999,413 at the balance sheet date (see note 28 for further details). Mr Grossman has undertaken not to seek repayment of the loans owed to him until such time as the group and company have sufficient cash reserves to do so, without detrimentally impacting the business. Accordingly, the director is satisfied that it is appropriate to prepare the financial statements on the going concern basis.

#### 2.3 Basis of consolidation

The consolidated financial statements present the results of the parent company and its subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

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.

# **Ozbozz Limited**

## **Notes to the financial statements For the year ended 31 December 2016**

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

#### **2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **2.5 Intangible assets - goodwill**

Negative goodwill represents the excess of the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition over the cost of a business combination. Negative goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

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### 2. Accounting policies (continued)

#### 2.6 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 year in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the following basis:

Freehold property	-	2% Straight line
Motor vehicles	-	25% Reducing balance
Fixtures and fittings	-	15% - 25% Reducing balance
Office equipment	-	20% Straight line

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 in the consolidated statement of comprehensive income.

#### 2.7 Impairment of fixed assets

Assets that are subject to depreciation and amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior years may no longer exist or may have decreased.

#### 2.8 Other operating income

Other operating income represents rental income earned by a subsidiary company in the year and other income relating to advertising and testing fees recognised in the year to which they relate.

#### 2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

# **Ozbozz Limited**

## **Notes to the financial statements For the year ended 31 December 2016**

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

#### **2.10 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 first in, first out basis. Net realisable value is based on estimated selling price less additional costs to complete and sell.

At each balance sheet date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### **2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans 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.

#### **2.12 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts and equivalent arrangements that are repayable on demand and form an integral part of the group's cash management, namely the invoice discounting facility.

# **Ozbozz Limited**

## **Notes to the financial statements For the year ended 31 December 2016**

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

#### **2.13 Financial instruments**

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and estimated recoverable value, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **2.14 Creditors**

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

# **Ozbozz Limited**

## **Notes to the financial statements For the year ended 31 December 2016**

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

#### **2.15 Foreign currency translation**

##### **Functional and presentation currency**

The group's functional and presentational currency is GBP.

##### **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. Non-monetary 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 statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

#### **2.16 Operating leases: the group as lessor**

Rental income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

#### **2.17 Operating leases: the group as lessee**

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

#### **2.18 Pensions**

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the 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.

# **Ozbozz Limited**

## **Notes to the financial statements For the year ended 31 December 2016**

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

#### **2.19 Borrowing costs**

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

#### **2.20 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 statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the director's estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

#### **2.21 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 that:

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

#### **2.22 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

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

In preparing these financial statements the director has made the following judgements:

Intangible fixed assets (see note 13)

Negative goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Tangible fixed assets (see note 14)

Tangible assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Investments (see note 15)

Unlisted investments are carried at cost less accumulated impairment. Impairment is considered in line with accounting standards. During the year the directors carried out an impairment review. The factors taken into consideration in concluding the review and quantifying the impairment included the economic viability and expected future financial performance of the investment. A discounted cash flow was prepared covering a five year period, including an adjustment for terminal cashflows, and using a discount factor of 18%. The directors believe this discount factor is appropriate relative to the company's weighted average cost of capital after adjusting for various factors including the size of the company, the volatility of cash flows and the market conditions. Assumptions were also made regarding forecast sales, costs and working capital requirements over a five year period with the terminal value applied to arrive at an estimated recoverable value of £4.5m, which resulted in an impairment charge as disclosed in note 5. Should the actual results over this period be significantly different or the actual weighted average cost of capital differ from that used in the model, a different recoverable amount would arise. This will be revisited and updated as required under accounting standards to ensure assumptions and the resulting impairment continue to be relevant.

Stock (see note 16)

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 first in, first out basis.

At each balance sheet date, inventories are assessed for impairment. In assessing impairment, factors such as the condition of the stock, demand for the stock and obsolescence are taken into account.

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Sale of goods	9,664,678	6,720,590
	<u>9,664,678</u>	<u>6,720,590</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	5,962,041	4,107,613
Rest of the world	3,702,637	2,612,977
	<u>9,664,678</u>	<u>6,720,590</u>

### 5. Other operating income

	2016 £	2015 £
Advertising income	64,878	159,838
Net rents receivable	98,424	36,535
Testing income	40,161	56,998
	<u>203,463</u>	<u>253,371</u>

### 6. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Rent of buildings - operating leases	309,250	313,130
Depreciation of tangible fixed assets	49,025	19,852
Stock recognised as an expense	6,471,809	4,343,064
Impairment of intangible assets	-	(292,210)
Fees payable to the group's auditor for the audit of the group's annual financial statements	20,000	26,650
Defined contribution pension cost	43,204	46,072

The company incurred an audit fee of £1,000.

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 7. Employees

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

	2016 £	2015 £
Wages and salaries	1,033,124	592,255
Social security costs	77,369	41,465
Cost of defined contribution scheme	43,204	46,072
	<u>1,153,697</u>	<u>679,792</u>

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

	2016 No.	2015 No.
Management	9	6
Distribution	19	18
Administration	18	18
	<u>46</u>	<u>42</u>

### 8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	114,494	114,720
Company contributions to defined contribution pension schemes	-	12,611
	<u>114,494</u>	<u>127,331</u>

During the year retirement benefits were accruing to no directors (2015 - 1) in respect of defined contribution pension schemes.

### 9. Interest receivable

	2016 £	2015 £
Other interest receivable	16	154
	<u>16</u>	<u>154</u>

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	7,074	3,358
Other loan interest payable	42,892	22,262
	<u>49,966</u>	<u>25,620</u>

### 11. Taxation

	2016 £	2015 £
<b>Corporation tax</b>		
Current tax on profits for the year	(27,441)	33,027
	<u>(27,441)</u>	<u>33,027</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	35,146	32,664
	<u>35,146</u>	<u>32,664</u>
<b>Total current tax</b>	<u>7,705</u>	<u>65,691</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(91,824)	(7,579)
<b>Total deferred tax</b>	<u>(91,824)</u>	<u>(7,579)</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(84,119)</u>	<u>58,112</u>

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year (2015 - period) is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>(427,384)</u>	<u>(250,758)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(85,477)	(50,152)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	53,510	116,969
Differences between capital allowances and depreciation	6,400	(276)
Lower rate taxes on overseas earnings	(3,151)	(6,921)
Non-taxable income	(40,000)	(58,442)
Fair value credit chargeable to tax	-	74,133
Short term timing difference	-	4,453
Losses arising in the year	84,226	-
Other differences leading to a decrease in the tax charge	(7,803)	(14,073)
Deferred tax	(91,824)	(7,579)
<b>Total tax charge for the year</b>	<u><b>(84,119)</b></u>	<u><b>58,112</b></u>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

### 12. Exceptional items

	2016 £	2015 £
Restructuring costs	-	595,240
Impairment of negative goodwill	-	(292,210)
	<u>-</u>	<u>303,030</u>

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 13. Intangible assets

#### Group and Company

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 January 2016	(292,210)
At 31 December 2016	(292,210)
<b>Amortisation</b>	
At 1 January 2016	(292,210)
At 31 December 2016	(292,210)
<b>Net book value</b>	
At 31 December 2016	-
At 31 December 2015	-

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 14. Tangible fixed assets

#### Group

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>					
At 1 January 2016	7,512	32,517	82,497	6,754	129,280
Additions	-	43,597	1,749	-	45,346
Disposals	-	(24,569)	-	-	(24,569)
At 31 December 2016	7,512	51,545	84,246	6,754	150,057
<b>Depreciation</b>					
At 1 January 2016	824	5,294	12,620	1,114	19,852
Charge for the year on owned assets	1,451	11,307	34,772	1,495	49,025
Disposals	-	(7,026)	-	-	(7,026)
At 31 December 2016	2,275	9,575	47,392	2,609	61,851
<b>Net book value</b>					
At 31 December 2016	5,237	41,970	36,854	4,145	88,206
At 31 December 2015	6,688	27,223	69,877	5,640	109,428

### 15. Fixed asset investments

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity - country of incorporation
H Grossman Trading Limited	Ordinary	100 %	Holding company - Scotland
H Grossman Limited	Ordinary	100 %	Purchase and sale of toys - Scotland
H Grossman (H.K.) Limited	Ordinary	100 %	Purchase and sale of toys - Hong Kong

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 15. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
H Grossman Trading Limited	4,500,000	569,567
H Grossman Limited	2,684,503	3,079,212
H Grossman (H.K.) Limited	1,105,943	4,114
	<u>8,290,446</u>	<u>3,652,893</u>

#### Company

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2016	9,135,000
At 31 December 2016	<u>9,135,000</u>
<b>Impairment</b>	
Charge for the year	4,635,000
At 31 December 2016	<u>4,635,000</u>
<b>Net book value</b>	
At 31 December 2016	<u>4,500,000</u>
At 31 December 2015	<u>9,135,000</u>

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 16. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Finished goods and goods for resale	3,199,429	2,659,943	-	-
	<u>3,199,429</u>	<u>2,659,943</u>	<u>-</u>	<u>-</u>

### 17. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	1,610,181	1,600,825	-	-
Other debtors	28,644	-	-	-
Prepayments and accrued income	244,295	245,430	-	-
Deferred taxation (note 23)	81,612	-	-	-
	<u>1,964,732</u>	<u>1,846,255</u>	<u>-</u>	<u>-</u>

### 18. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	1,238,743	881,299	-	-
Less: invoice financing and bank overdraft	(972,689)	(574,121)	-	-
	<u>266,054</u>	<u>307,178</u>	<u>-</u>	<u>-</u>

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Invoice financing and bank overdraft	972,689	574,121	-	-
Other loans	1,170,612	625,910	670,612	625,910
Trade creditors	2,027,579	843,034	-	-
Amounts owed to group undertakings	-	-	1,388,256	6,141,129
Corporation tax	13,099	528,844	5,851	25,488
Other taxation and social security	19,811	97,565	-	-
Other creditors	-	54,113	-	-
Accruals and deferred income	477,896	411,889	-	-
	<b>4,681,686</b>	<b>3,135,476</b>	<b>2,064,719</b>	<b>6,792,527</b>

Royal Bank of Scotland Invoice Financing Limited hold a floating charge over the assets and debtors book of H Grossman Limited in relation to the invoice discounting facility and bank overdraft used by H Grossman Limited. The debtors book of H Grossman Limited at the year end was £1,344,936 (2015 - £1,478,678). The balance of the invoice discounting facility at the year end was £299,844 (2015 - £574,121) and the balance of the bank overdraft at the year end was £672,845 (2015 - £Nil). Both are included in the bank overdraft above. The bank overdraft is also secured over the assets of H Grossman Limited by a bond and floating charge.

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other loans	1,785,204	2,140,521	1,785,204	2,140,521
	<b>1,785,204</b>	<b>2,140,521</b>	<b>1,785,204</b>	<b>2,140,521</b>

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 21. Loans

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
<b>Amounts falling due within one year</b>				
Other loans	1,170,612	625,910	670,612	625,910
	<u>1,170,612</u>	<u>625,910</u>	<u>670,612</u>	<u>625,910</u>
<b>Amounts falling due 1-2 years</b>				
Other loans	545,574	982,887	545,574	982,887
	<u>545,574</u>	<u>982,887</u>	<u>545,574</u>	<u>982,887</u>
<b>Amounts falling due 2-5 years</b>				
Other loans	641,643	602,539	641,643	602,539
	<u>641,643</u>	<u>602,539</u>	<u>641,643</u>	<u>602,539</u>
<b>Amounts falling due after more than 5 years</b>				
Other loans	597,987	555,095	597,987	555,095
	<u>597,987</u>	<u>555,095</u>	<u>597,987</u>	<u>555,095</u>
	<u><b>2,955,816</b></u>	<u><b>2,766,431</b></u>	<u><b>2,455,816</b></u>	<u><b>2,766,431</b></u>

Other loans comprise loan notes payable to Martin Grossman, director.

Amounts falling due in less than five years, relate to a loan of £1,857,829. This loan (loan note A) accrues 5% interest per annum and is repayable in quarterly instalments of £125,182. The loan will be fully repaid on the earlier of 30 June 2020 or the sale, disposal or public listing of Ozbozz Limited.

Martin Grossman made a loan to H Grossman Limited (a subsidiary company) of £500,000. As at 31 December 2016 the full amount was owed to Martin Grossman (2015 - £Nil) and it was due within one year.

Amounts falling due after more than five years, relate to a single loan of £903,500. This loan (loan note B) is not subject to interest and is repayable in full on the earlier of 30 June 2025 or the sale, disposal or public listing of Ozbozz Limited. Notional interest of £42,892 (2015 - £22,262) has been charged in the year and accrued in the closing loan balance of £597,987. A corresponding transfer has been effected from the capital contribution reserve to the profit and loss reserve in the period equal to the interest charge of £42,892 (2015 - £22,262).

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 22. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	-	-	4,500,000	9,135,000
Financial assets measured at amortised cost	1,610,181	1,600,825	-	-
Financial assets measured at fair value	1,238,743	881,299	-	-
	<u>2,848,924</u>	<u>2,482,124</u>	<u>4,500,000</u>	<u>9,135,000</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	(6,433,980)	(4,649,588)	(3,844,072)	(8,907,560)
	<u>(6,433,980)</u>	<u>(4,649,588)</u>	<u>(3,844,072)</u>	<u>(8,907,560)</u>

Financial assets measured at cost less accumulated impairment through profit or loss comprise investments.

Financial assets measured at amortised cost comprise trade debtors.

Financial assets measured at fair value comprise cash.

Financial liabilities measured at amortised cost comprise invoice financing, trade creditors, other creditors, accruals, other loans and amounts owed to group undertakings.

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 23. Deferred taxation

#### Group

	2016 £	2015 £
At beginning of year (provision)	(10,212)	-
Arising on business combinations	-	(17,791)
Credited to statement of comprehensive income in year	91,824	7,579
<b>Deferred tax asset (liability) at end of year</b>	<b>81,612</b>	<b>(10,212)</b>

The deferred taxation balance is made up as follows:

	Group 2016 £	Group 2015 £
Accelerated capital allowances	(2,614)	(10,212)
Tax losses carried forward	84,226	-
	<b>81,612</b>	<b>(10,212)</b>

### 24. Share capital

	2016 £	2015 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
51,000 A1 Ordinary shares of £1 each	51,000	51,000
39,000 A2 Ordinary shares of £1 each	39,000	39,000
10,000 B Ordinary shares of £1 each	10,000	10,000
	<b>100,000</b>	<b>100,000</b>

All ordinary shares rank pari passu.

# Ozbozz Limited

## Notes to the financial statements For the year ended 31 December 2016

### 25. Reserves

The company's and group's reserves are as follows:

- Share capital represents the nominal value of the shares issued.
- Share premium represents the premium on issue of equity shares, net of any issue costs.
- Foreign exchange reserve represents cumulative gain or loss on foreign exchange, arising from the translation of opening net assets of foreign subsidiaries at the opening balance sheet rate and the results of overseas operations at actual rate incurred at the time of the transaction.
- The capital contribution reserve comprises fair value adjustments considered as contributions from owners.
- The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 26. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £43,204. As at 31 December 2016 there were no contributions payable to the fund.

### 27. Commitments under operating leases - lessee

At 31 December 2016 the group had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2016 £</b>	<b>Group 2015 £</b>
Not later than 1 year	<b>346,049</b>	346,335
Later than 1 year and not later than 5 years	<b>812,171</b>	958,530
Later than 5 years	<b>900,000</b>	900,000
	<b><u>2,058,220</u></b>	<b><u>2,204,865</u></b>

# **Ozbozz Limited**

## **Notes to the financial statements For the year ended 31 December 2016**

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### **28. Related party transactions and controlling party**

The company is controlled by Martin Grossman, a director of the company, by virtue of his majority shareholding.

The company has taken advantage of the exemption conferred by Section 33 of FRS 102 not to disclose transactions with its wholly owned subsidiaries.

At 31 December 2016 the company owes Martin Grossman £2,455,816 in relation to loan notes. The loan is split into two loan notes; loan note A worth £1,857,829 which is due in less than 5 years and accrues 5% interest per annum, and loan note B worth £597,987 which is due in greater than 5 years and does not accrue any interest. An amount of £353,507 (2015 - £138,716) was paid to Martin Grossman during the year by the company (2015 - H Grossman Limited a subsidiary company).

During the year Martin Grossman made a loan to H Grossman Limited (a subsidiary company) of £500,000. As at 31 December 2016 the full amount was owed to Martin Grossman (2015 - £Nil).

During the year Martin Grossman paid expenses on behalf of H Grossman Limited (a subsidiary company) amounting to £43,597 which was outstanding and shown within other creditors at the balance sheet date. This balance has been fully repaid since the year end.

During the year an amount of £200,000 (2015 - £100,000) was payable to H Grossman Properties Limited (a company in which Martin Grossman is a director) for the rental of premises. £83,333 was paid (2015 - £100,000) with £106,607 being waived during the year, reducing the amount owed at the year end to £10,060.

The total of key management personnel remuneration for the year ended 31 December 2016 is £127,701 (2015 - £141,106).