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**GREAT BOWERY (UK) LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**GREAT BOWERY (UK) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Michael Browning Wali Muhammad
<b>Registered number</b>	08878109
<b>Registered office</b>	Leytonstone House 3 Hanbury Drive Leytonstone London E11 1GA
<b>Business address</b>	Suite 05102 8 Devonshire Square London EC2M 4YF
<b>Independent auditor</b>	Barnes Roffe LLP Chartered Accountants Statutory Auditor Leytonstone House Leytonstone London E11 1GA

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**GREAT BOWERY (UK) LIMITED**

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## GREAT BOWERY (UK) LIMITED

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

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#### Introduction

The directors present the Strategic report of Great Bowery (UK) Limited and its subsidiaries (together "the Group") for the year ended 31 December 2018. The purpose of the Strategic report is to inform members of the Group and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote success of the company).

#### Business review

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

As one of the foremost creative agencies active in representing talents and licensing, the Group continues to work in the high-end and commercial market in fashion magazines, ad campaigns and moving images.

The Group's activities are organised into the following divisions:

- Photography
- Moving Images, Sound technology
- Styling, Art Direction, Design, Casting
- Hair & Make-up
- Licensing
- Illustration

Turnover has increased from £17.3m to £20.5m due to:

- i) New contracts from our clients and our continued focus in developing markets within the industry.
- ii) Continued attendance at custom made tradeshow for global networking and resource that offer exposure to companies and members of the creative community. These annual events in various cities bring participants and attendees together for networking, portfolio viewing, trend spotting and idea sharing to meet, greet and have a presence for Great Bowery. Our sales team continue their efforts with regular advertising and editorial appointments to meet and build relationships with clients, sell and showcase our talents. This develops new business and ultimately opens the agency and talents to new prospects.

Although the accounts show that the Group made a loss after taxation for the year of (£13,227,612) (2017 – (£656,806)), this change is primarily due to write downs of intangible assets and foreign exchange movements on long term loans. However, the adjusted EBITDA (which excludes foreign exchange movements and exceptional items) shows a profit and has increased to £2,570,120 (2017- £377,142).

It is expected that the Group will continue this improvement as a result of new business wins, continued business initiatives associated with the positive long term trends and continuing focus on cost reduction.

The Group also continues to focus on its strong artist and client relationships and the delivery of its services to both.

The Group's result for the year and the financial position at the end of the year are shown in the attached financial statements.

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## GREAT BOWERY (UK) LIMITED

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

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#### Key performance indicators

The Board uses a range of performance indicators to monitor and manage the business and to ensure focus is maintained on the key priorities of the Group. The relative focus on these will vary from period to period. The key performance indicators used to manage the business are:

- Revenue
- Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation excluding exceptional items and foreign exchange movements)

#### Principal risks and uncertainties

The principal risks and uncertainties facing the Group are:

Market risk – The Group is exposed to a decline in the economic environment due to high competition globally, clients spending patterns and their overall level of disposable income within the worldwide economy.

Loss of contracts and clients – The Group may lose contracts due to company mergers or acquisitions, business failures, potential political changes, contract expiration or strategic reassessment by clients to take services 'in-house'. Such a loss may have a material impact on the Group's profitability.

Foreign exchange risk - The Group currently operates in several countries and is, and will continue to be, exposed to foreign currency rate fluctuations. The Group uses external advice on currency dealings with its bank and where possible natural hedges are used on a project by project basis.

Liquidity risk – The Group believes that future cash flows from operations and financial support from the parent company will be sufficient to meet its ongoing operations and future developments. Under senior management's supervision, the Group manages its liquidity according to financial forecasts and expected cash flows.

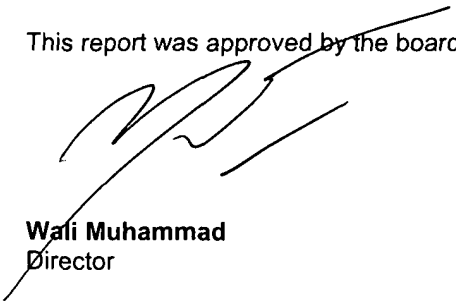
#### Going concern

At the balance sheet date, the Group is in a net liabilities position. The Group is dependent on the continued support of Great Bowery Inc., the parent company of the Group and the Group's principal creditor, who will support the Group for the foreseeable future. Great Bowery Inc. has provided a letter of support to ensure the financial wellbeing of the Group for the following 12 month period and beyond. The directors are satisfied that the accounts have been properly prepared on a going concern basis.

#### Future developments

We have stepped into the developing markets within our industry such as social media, branded content, endorsements and new collaborations for the talents. The plan is to expand our network within these markets and generate additional revenue streams for the business.

This report was approved by the board on 24 September 2019 and signed on its behalf.



Wali Muhammad  
Director

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## GREAT BOWERY (UK) LIMITED

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### 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.

#### Directors' responsibilities statement

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;
- 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.

#### Results and dividends

The loss for the year, after taxation, amounted to £13,227,612 (2017 - loss £656,806).

The directors do not propose the payment of a dividend (2017 - £Nil).

#### Directors

The directors who served during the year were:

Michael Browning (appointed 6 April 2018)  
Wali Muhammad (appointed 6 April 2018)  
Richard Companik (resigned 6 April 2018)

#### Research and development activities

The Group undertakes research and development activity specifically relating to developing accounting and sales database software to create efficiencies within internal divisions, quick turnaround to clients and easy access of information to our artists.

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**GREAT BOWERY (UK) LIMITED**

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

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**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.

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditor**

The auditor, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 24 September 2019 and signed on its behalf.



**Wali Muhammad**  
Director

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## **GREAT BOWERY (UK) LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GREAT BOWERY (UK) LIMITED**

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#### **Opinion**

We have audited the financial statements of Great Bowery (UK) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Profit and loss account, the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity 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 Auditor's 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 Auditor's 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.



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## GREAT BOWERY (UK) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GREAT BOWERY (UK) LIMITED (CONTINUED)

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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.

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 3, 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.

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## GREAT BOWERY (UK) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GREAT BOWERY (UK) LIMITED (CONTINUED)

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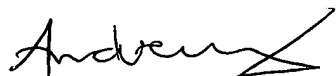
#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Auditor's report.

#### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew May (Senior statutory auditor)  
for and on behalf of

**Barnes Roffe LLP**  
Chartered Accountants  
Statutory Auditor  
Leytonstone House  
Leytonstone  
London  
E11 1GA

Date: 24 September 2019

**GREAT BOWERY (UK) LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	20,474,818	17,316,563
Cost of sales		(3,730,603)	(2,730,014)
<b>Gross profit</b>		<u>16,744,215</u>	<u>14,586,549</u>
Administrative expenses		(18,961,327)	(14,087,274)
Exceptional administrative expenses	5	(10,877,469)	(402,707)
<b>Operating (loss)/profit</b>	6	<u>(13,094,581)</u>	<u>96,568</u>
Interest receivable and similar income	10	5,462	1,276
Interest payable and similar expenses	11	(1,041,677)	(1,146,886)
<b>Loss before tax</b>		<u>(14,130,796)</u>	<u>(1,049,042)</u>
Tax on loss	12	903,184	392,236
<b>Loss for the financial year</b>		<u>(13,227,612)</u>	<u>(656,806)</u>
<b>Loss for the year attributable to:</b>			
Owners of the parent		<u>(13,227,612)</u>	<u>(656,806)</u>

The notes on pages 16 to 39 form part of these financial statements.

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**GREAT BOWERY (UK) LIMITED**

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

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	<b>2018 £</b>	<b>2017 £</b>
Loss for the financial year	<b>(13,227,612)</b>	<b>(656,806)</b>
<b>Other comprehensive income</b>		
Foreign exchange difference on translation of foreign subsidiary	<b>16,997</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>(13,210,615)</b>	<b>(656,806)</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent Company	<b>(13,227,612)</b>	<b>(656,806)</b>

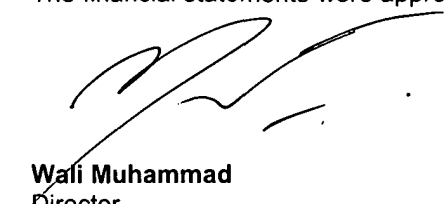
The notes on pages 16 to 39 form part of these financial statements.

**GREAT BOWERY (UK) LIMITED**  
**REGISTERED NUMBER: 08878109**

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

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	13	11,257,952	24,806,806
Tangible assets	14	141,630	88,883
		<u>11,399,582</u>	<u>24,895,689</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	16	64,392	55,738
Debtors: amounts falling due within one year	16	17,365,701	16,210,524
Cash at bank and in hand	17	10,181,322	8,723,498
		<u>27,611,415</u>	<u>24,989,760</u>
Creditors: amounts falling due within one year	18	(23,365,207)	(20,418,223)
<b>Net current assets</b>		<u>4,246,208</u>	<u>4,571,537</u>
<b>Total assets less current liabilities</b>		<u>15,645,790</u>	<u>29,467,226</u>
Creditors: amounts falling due after more than one year	19	(38,310,975)	(37,977,502)
<b>Provisions for liabilities</b>			
Deferred taxation	21	(1,867,527)	(2,852,779)
<b>Net liabilities</b>		<u>(24,532,712)</u>	<u>(11,363,055)</u>
<b>Capital and reserves</b>			
Called up share capital	22	101	101
Share premium account	23	55,187	55,187
Foreign exchange reserve	23	655,155	597,200
Profit and loss account	23	(25,243,155)	(12,015,543)
		<u>(24,532,712)</u>	<u>(11,363,055)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2019

  
**Wali Muhammad**  
Director

The notes on pages 16 to 39 form part of these financial statements.

**GREAT BOWERY (UK) LIMITED**  
**REGISTERED NUMBER: 08878109**

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

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	13	9,863,000	22,491,544
Tangible assets	14	103,254	43,756
Investments	15	1,395,353	1,910,150
		<u>11,361,607</u>	<u>24,445,450</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	16	64,392	55,738
Debtors: amounts falling due within one year	16	15,645,640	14,965,820
Cash at bank and in hand	17	9,168,534	7,405,083
		<u>24,878,566</u>	<u>22,426,641</u>
Creditors: amounts falling due within one year	18	(20,965,184)	(18,058,732)
<b>Net current assets</b>		<u>3,913,382</u>	<u>4,367,909</u>
<b>Total assets less current liabilities</b>		<u>15,274,989</u>	<u>28,813,359</u>
Creditors: amounts falling due after more than one year	19	(37,985,355)	(37,670,171)
<b>Provisions for liabilities</b>			
Deferred taxation	21	(1,674,091)	(2,629,513)
<b>Net liabilities</b>		<u>(24,384,457)</u>	<u>(11,486,325)</u>
<b>Capital and reserves</b>			
Called up share capital	22	101	101
Share premium account	23	55,187	55,187
Profit and loss account brought forward		(11,541,613)	(11,541,267)
Loss for the year		(12,898,132)	(346)
Profit and loss account carried forward		<u>(24,439,745)</u>	<u>(11,541,613)</u>
		<u>(24,384,457)</u>	<u>(11,486,325)</u>

GREAT BOWERY (UK) LIMITED  
REGISTERED NUMBER: 08878109

COMPANY BALANCE SHEET (CONTINUED)  
AS AT 31 DECEMBER 2018

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



Wali Muhammad  
Director

The notes on pages 16 to 39 form part of these financial statements.

**GREAT BOWERY (UK) LIMITED**

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

	Called up share capital £	Share premium account £	Foreign currency translation reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2017 (as previously stated)</b>	101	55,187	577,046	(11,805,936)	(11,173,602)
Prior year adjustment	-	-	-	447,199	447,199
<b>At 1 January 2017 (as restated)</b>	101	55,187	577,046	(11,358,737)	(10,726,403)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(656,806)	(656,806)
<b>Total comprehensive income for the year</b>	-	-	-	(656,806)	(656,806)
Other foreign exchange movement	-	-	20,154	-	20,154
<b>At 1 January 2018 (as previously stated)</b>	101	55,187	597,200	(12,462,742)	(11,810,254)
Prior year adjustment	-	-	-	447,199	447,199
<b>At 1 January 2018 (as restated)</b>	101	55,187	597,200	(12,015,543)	(11,363,055)
<b>Comprehensive income for the year</b>					
Loss for the year	-	-	-	(13,227,612)	(13,227,612)
Foreign exchange difference on translation of foreign subsidiary	-	-	16,997	-	16,997
<b>Total comprehensive income for the year</b>	-	-	16,997	(13,227,612)	(13,210,615)
Other foreign exchange movement	-	-	40,958	-	40,958
<b>At 31 December 2018</b>	101	55,187	655,155	(25,243,155)	(24,532,712)

The notes on pages 16 to 39 form part of these financial statements.



**GREAT BOWERY (UK) LIMITED**

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2017 (as previously stated)</b>	<b>101</b>	<b>55,187</b>	<b>(11,988,466)</b>	<b>(11,933,178)</b>
Prior year adjustment	-	-	447,199	447,199
<b>At 1 January 2017 (as restated)</b>	<b>101</b>	<b>55,187</b>	<b>(11,541,267)</b>	<b>(11,485,979)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(346)	(346)
<b>Total comprehensive income for the year</b>	-	-	(346)	(346)
<b>At 1 January 2018 (as previously stated)</b>	<b>101</b>	<b>55,187</b>	<b>(11,988,812)</b>	<b>(11,933,524)</b>
Prior year adjustment	-	-	447,199	447,199
<b>At 1 January 2018 (as restated)</b>	<b>101</b>	<b>55,187</b>	<b>(11,541,613)</b>	<b>(11,486,325)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(12,898,132)	(12,898,132)
<b>Total comprehensive income for the year</b>	-	-	(12,898,132)	(12,898,132)
<b>At 31 December 2018</b>	<b>101</b>	<b>55,187</b>	<b>(24,439,745)</b>	<b>(24,384,457)</b>

The notes on pages 16 to 39 form part of these financial statements.

**GREAT BOWERY (UK) LIMITED**

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

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(13,227,612)	(656,806)
<b>Adjustments for:</b>		
Amortisation of intangible assets	2,712,343	2,728,721
Depreciation of tangible assets	51,573	126,850
Impairment of intangible assets	10,877,469	433,869
Interest paid	1,041,677	1,146,886
Interest received	(5,462)	(1,276)
Taxation charge	(903,184)	(392,236)
(Increase) in debtors	(1,164,371)	(254,693)
Increase in creditors	2,703,132	2,394,056
Increase/(decrease) in amounts owed to group undertakings	2,121,797	(2,837,387)
Foreign exchange difference	16,997	-
Corporation tax (paid)/received	(4,263)	126,460
<b>Net cash generated from operating activities</b>	<b>4,220,096</b>	<b>2,814,444</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(103,780)	(44,384)
Interest received	5,462	1,276
<b>Net cash from investing activities</b>	<b>(98,318)</b>	<b>(43,108)</b>
<b>Cash flows from financing activities</b>		
Loans from group companies repaid	(1,784,014)	(2,253,282)
Interest paid	(879,940)	(2,348,039)
<b>Net cash used in financing activities</b>	<b>(2,663,954)</b>	<b>(4,601,321)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,457,824</b>	<b>(1,829,985)</b>
Cash and cash equivalents at beginning of year	8,723,498	10,553,483
<b>Cash and cash equivalents at the end of year</b>	<b>10,181,322</b>	<b>8,723,498</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	10,181,322	8,723,498

The notes on pages 16 to 39 form part of these financial statements.

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## **GREAT BOWERY (UK) LIMITED**

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

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

Great Bowery (UK) Limited ("the Company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Leytonstone House, 3 Hanbury Drive, Leytonstone, London, E11 1GA.

The Group consists of Great Bowery (UK) Limited and all of its subsidiaries.

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

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

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and loss account in these financial statements.

The following principal accounting policies have been applied:

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

The consolidated financial statements present the results of the Company and its own 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.

##### **2.3 Going concern**

At the balance sheet date, liabilities exceeded assets by £24,532,712 (2017 - £11,363,055). The Group is dependent on the continued support of Great Bowery Inc., the parent company of the Group and the Group's principal creditor, who will support the Group for the foreseeable future. Great Bowery Inc. has provided a letter of support to ensure the financial wellbeing of the Group for the following 12 month period and beyond.

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. The directors are therefore satisfied that the accounts have been properly prepared on a going concern basis.

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## GREAT BOWERY (UK) LIMITED

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

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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.

Revenue recognised is the commission proportion from gross proceeds. Revenue comprises of agency fees for the provision of artists photographic and illustrative services to third parties excluding licensing which is recognised at the invoice value, net of value added tax and discounts.

Revenue is recognised at the point at which the images are delivered to the client.

Production revenue is recognised when the significant risks and rewards of ownership have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably, which is generally only when production jobs have been fully reconciled.

##### 2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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## GREAT BOWERY (UK) LIMITED

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

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## 2. Accounting policies (continued)

### 2.6 Foreign currency translation

#### Functional and presentation currency

The Company'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 Consolidated profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

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.

### 2.7 Pensions

#### Defined contribution pension plan

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 payment obligations.

The contributions are recognised as an expense in the Consolidated profit and loss account 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 the Group in independently administered funds.

### 2.8 Employee benefits

The costs of short term employee benefits are recognised as a liability and an expense.

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

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

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## GREAT BOWERY (UK) LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.9 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### 2.10 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.

##### 2.11 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated profit and loss account over its useful economic life.

###### Other 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.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Artist relationships	-	Over 13 - 16 years straight line
Customer relationships	-	Over 15 years straight line
Non-compete agreements	-	Over 5 years straight line
Trade names and trademarks	-	Over 10 - 15 years straight line

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## GREAT BOWERY (UK) LIMITED

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

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## 2. Accounting policies (continued)

### 2.12 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, provided on the following annual bases:

Leasehold improvements	- 5 years straight line and 20% reducing balance
Plant and equipment	- 5 years straight line
Fixtures and fittings	- 5 years straight line
Office equipment	- 3 years straight line
Other fixed assets	- 4 years 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 profit and loss account.

### 2.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or 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 periods may no longer exist or may have decreased.

### 2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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

### 2.15 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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## GREAT BOWERY (UK) LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.16 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 debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

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 Consolidated profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount.

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.



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## GREAT BOWERY (UK) LIMITED

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

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#### 2. Accounting policies (continued)

##### 2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated profit and loss account, 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;
- 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.

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## GREAT BOWERY (UK) LIMITED

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### 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 the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Judgements in applying accounting policies

###### (i) Revenue recognition

The Group does not recognise any profit on production jobs until the job has been fully reconciled and closed. In the opinion of the directors, the costs for a job cannot be reliably measured until all invoices and paperwork have been received and reconciled. It is also the opinion of the directors that the Group is acting as agents in relation to these production jobs.

##### Accounting judgements and estimation

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

###### (i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for details on the tangible assets carrying values.

###### (ii) Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments and the economic utilisation. See note 13 for details on the intangible assets carrying values.

###### (iii) Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the carrying amount of the debtors.

###### (iv) Fixed asset investments

Fixed asset investments are stated at cost less provision for diminution in value, which is assessed on a regular basis. See note 15 for the carrying amount of the investments.

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**GREAT BOWERY (UK) LIMITED**

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

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**3. Judgements in applying accounting policies (continued)**

**(v) Impairment of intangible fixed assets**

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash generating units. The value in use calculation requires the Group to estimate future cashflows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. See note 13 for details on the intangible assets carrying values.

**4. Turnover**

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

	2018 £	2017 £
Sales of services	<u>20,474,818</u>	<u>17,316,563</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	5,926,102	4,843,284
Rest of Europe	11,184,780	8,035,079
Rest of the world	3,363,936	4,438,200
	<u>20,474,818</u>	<u>17,316,563</u>

**5. Exceptional items**

	2018 £	2017 £
Write off of balances arising on conversion of systems and unable to be analysed	-	402,707
Impairment of intangible fixed assets	<u>10,877,469</u>	<u>-</u>

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**GREAT BOWERY (UK) LIMITED**

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

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**6. Operating (loss)/profit**

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

	2018 £	2017 £
Exchange differences	2,023,316	(3,411,573)
Operating lease charges	494,858	422,573
Depreciation of owned tangible fixed assets	51,573	126,850
Amortisation of intangible assets	2,712,343	2,728,721
Impairment of goodwill	6,713,121	190,105
Impairment of intangible assets other than goodwill	4,164,348	243,764

Amortisation of intangible fixed assets is included within administrative expenses in the consolidated profit and loss account. Impairment of intangible fixed assets is included within exceptional administrative expenses in the consolidated profit and loss account (2017 - *included within administrative expenses*).

**7. Auditor's remuneration**

	2018 £	2017 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	38,500	47,000

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**GREAT BOWERY (UK) LIMITED**

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

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**8. Employees**

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

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Wages and salaries	<b>6,581,702</b>	6,691,552	<b>5,761,002</b>	6,044,062
Social security costs	<b>849,436</b>	1,072,307	<b>727,816</b>	955,456
Cost of defined contribution scheme	<b>157,351</b>	138,073	<b>157,351</b>	138,073
	<b><u>7,588,489</u></b>	<u>7,901,932</u>	<b><u>6,646,169</u></b>	<u>7,137,591</u>

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

	<b>Group 2018 No.</b>	<i>Group 2017 No.</i>	<b>Company 2018 No.</b>	<i>Company 2017 No.</i>
Employees	<b><u>101</u></b>	<u>97</u>	<b><u>87</u></b>	<u>85</u>

**9. Directors' remuneration**

	<b>2018 £</b>	<i>2017 £</i>
Directors' emoluments	<b>296,453</b>	103,500
Company contributions to defined contribution pension schemes	<b>6,646</b>	1,313
	<b><u>303,099</u></b>	<u>104,813</u>

During the year retirement benefits were accruing to 1 director (2017 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £210,170 (2017 - £NIL).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,646 (2017 - £NIL).

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**GREAT BOWERY (UK) LIMITED**

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

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**10. Interest receivable and similar income**

	2018 £	2017 £
Other interest	5,462	1,276

**11. Interest payable and similar expenses**

	2018 £	2017 £
Other loan interest	166	-
Loans from group undertakings	1,041,511	1,146,886
	<u>1,041,677</u>	<u>1,146,886</u>

**12. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	77,805	-
Adjustments in respect of previous periods	-	(129,354)
<b>Foreign tax</b>		
Foreign tax on income for the year	4,263	2,894
<b>Total current tax</b>	<u>82,068</u>	<u>(126,460)</u>
<b>Deferred tax</b>		
Deferred tax credit for the year	(985,252)	(265,776)
<b>Total deferred tax</b>	<u>(985,252)</u>	<u>(265,776)</u>
<b>Taxation on loss on ordinary activities</b>	<u>(903,184)</u>	<u>(392,236)</u>

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GREAT BOWERY (UK) LIMITED

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

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12. Taxation (continued)

**Factors affecting tax charge for the year**

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

	2018 £	2017 £
Loss on ordinary activities before tax	(14,130,796)	(1,049,042)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	(2,684,851)	(199,318)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,691,932	200,461
Unprovided deferred tax	(9,561)	12,781
Brought forward losses utilised	-	(316,257)
Other differences	(13,107)	5,038
Adjustments to tax charge in respect of prior periods	-	(129,354)
Difference due to different tax rates used	112,403	34,413
<b>Total tax charge for the year</b>	<b>(903,184)</b>	<b>(392,236)</b>

**Factors that may affect future tax charges**

A reduction in the UK Corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. Further reductions to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax liability at 31 December 2018 has been calculated based on these rates.

**GREAT BOWERY (UK) LIMITED**

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

**13. Intangible assets**

**Group**

	<b>Goodwill £</b>	<b>Artist relationships £</b>	<b>Customer relationships £</b>	<b>Non- compete agreements £</b>	<b>Trade names and trademarks £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 January 2018	11,513,896	12,161,450	7,337,666	800,775	1,577,820	33,391,607
Foreign exchange movement	19,406	10,257	8,268	919	2,108	40,958
At 31 December 2018	<u>11,533,302</u>	<u>12,171,707</u>	<u>7,345,934</u>	<u>801,694</u>	<u>1,579,928</u>	<u>33,432,565</u>
<b>Amortisation</b>						
At 1 January 2018	3,411,704	2,620,856	1,639,888	496,042	416,311	8,584,801
Charge for the year	1,151,389	800,147	481,200	157,433	122,174	2,712,343
Impairment charge	6,713,121	2,431,108	1,419,257	38,423	275,560	10,877,469
At 31 December 2018	<u>11,276,214</u>	<u>5,852,111</u>	<u>3,540,345</u>	<u>691,898</u>	<u>814,045</u>	<u>22,174,613</u>
<b>Net book value</b>						
At 31 December 2018	<u>257,088</u>	<u>6,319,596</u>	<u>3,805,589</u>	<u>109,796</u>	<u>765,883</u>	<u>11,257,952</u>
At 31 December 2017	<u>8,102,192</u>	<u>9,540,594</u>	<u>5,697,778</u>	<u>304,733</u>	<u>1,161,509</u>	<u>24,806,806</u>



**GREAT BOWERY (UK) LIMITED**

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

**13. Intangible assets (continued)**

**Company**

	<b>Goodwill £</b>	<b>Artist relationships £</b>	<b>Customer relationships £</b>	<b>Non-compete agreements £</b>	<b>Trade names and trademarks £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 January 2018	10,168,002	11,450,107	6,764,248	737,068	1,431,635	30,551,060
At 31 December 2018	<u>10,168,002</u>	<u>11,450,107</u>	<u>6,764,248</u>	<u>737,068</u>	<u>1,431,635</u>	<u>30,551,060</u>
<b>Amortisation</b>						
At 1 January 2018	3,159,586	2,505,382	1,540,599	462,950	390,999	8,059,516
Charge for the year	1,016,800	755,688	442,972	144,692	112,428	2,472,580
Impairment charge	5,991,616	2,431,108	1,419,257	38,423	275,560	10,155,964
At 31 December 2018	<u>10,168,002</u>	<u>5,692,178</u>	<u>3,402,828</u>	<u>646,065</u>	<u>778,987</u>	<u>20,688,060</u>
<b>Net book value</b>						
At 31 December 2018	<u>-</u>	<u>5,757,929</u>	<u>3,361,420</u>	<u>91,003</u>	<u>652,648</u>	<u>9,863,000</u>
At 31 December 2017	<u>7,008,416</u>	<u>8,944,725</u>	<u>5,223,649</u>	<u>274,118</u>	<u>1,040,636</u>	<u>22,491,544</u>

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## GREAT BOWERY (UK) LIMITED

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

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#### 13. Intangible assets (continued)

The following intangible assets have been material to the financial statements in the year:

- Artist relationships in the Camilla Lowther brand, which has a net book value of £1,590,174 at the year end, and a remaining useful life of 9.5 years
- Customer relationships in the Camilla Lowther brand, which has a net book value of £1,666,520 at the year end, and a remaining useful life of 11.5 years.
- Artist relationships in the Streeters UK brand, which has a net book value of £3,871,820 at the year end, and a remaining useful life of 12 years.
- Customer relationships in the Streeters UK brand, which has a net book value of £1,467,945 at the year end, and a remaining useful life of 11 years.
- Artist relationships in the Management and Production brand, which has a net book value of £284,131 at the year end, and a remaining useful life of 12 years.
- Customer relationships in the Management and Production brand, which has a net book value of £224,172 at the year end, and a remaining useful life of 11 years.

An impairment charge has been recognised on the intangible fixed assets due to changes in the market in terms of social media and brand campaigns which lead the Group to carry out an impairment review.

**GREAT BOWERY (UK) LIMITED**

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

**14. Tangible fixed assets**

**Group**

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Office equipment £	Other fixed assets £	Total £
<b>Cost</b>						
At 1 January 2018	207,216	208,804	326,874	72,049	5,558	820,501
Additions	7,838	85,669	10,273	-	-	103,780
Disposals	-	(21,065)	-	-	-	(21,065)
At 31 December 2018	215,054	273,408	337,147	72,049	5,558	903,216
<b>Depreciation</b>						
At 1 January 2018	207,216	142,696	304,099	72,049	5,558	731,618
Charge for the year on owned assets	1,176	46,689	3,708	-	-	51,573
Disposals	-	(21,605)	-	-	-	(21,605)
At 31 December 2018	208,392	167,780	307,807	72,049	5,558	761,586
<b>Net book value</b>						
At 31 December 2018	6,662	105,628	29,340	-	-	141,630
At 31 December 2017	-	66,108	22,775	-	-	88,883

**GREAT BOWERY (UK) LIMITED**

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

**Company**

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Office equipment £	Other fixed assets £	Total £
<b>Cost</b>						
At 1 January 2018	207,215	131,348	326,874	72,049	5,558	743,044
Additions	7,838	76,474	10,273	-	-	94,585
At 31 December 2018	<u>215,053</u>	<u>207,822</u>	<u>337,147</u>	<u>72,049</u>	<u>5,558</u>	<u>837,629</u>
<b>Depreciation</b>						
At 1 January 2018	207,215	110,368	304,098	72,049	5,558	699,288
Charge for the year on owned assets	1,176	30,203	3,708	-	-	35,087
At 31 December 2018	<u>208,391</u>	<u>140,571</u>	<u>307,806</u>	<u>72,049</u>	<u>5,558</u>	<u>734,375</u>
<b>Net book value</b>						
At 31 December 2018	<u>6,662</u>	<u>67,251</u>	<u>29,341</u>	<u>-</u>	<u>-</u>	<u>103,254</u>
At 31 December 2017	<u>-</u>	<u>20,980</u>	<u>22,776</u>	<u>-</u>	<u>-</u>	<u>43,756</u>

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**GREAT BOWERY (UK) LIMITED**

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**15. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2018	1,910,150
Amounts written off	(514,797)
	<hr/>
At 31 December 2018	1,395,353
 <b>Net book value</b>	
At 31 December 2018	1,395,353
	<hr/>
At 31 December 2017	1,910,150
	<hr/>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Camilla Lowther Limited	Dormant	Ordinary	100%
Management and Production Limited	Dormant	Ordinary	100%
GB Productions UK Ltd	Dormant	Ordinary	100%
Great Bowery Deutschland GmbH	Licensing agents	Ordinary	100%
Trunk Images (UK) Limited	Dormant	Ordinary	100%
Streeters Holdings Limited	Dormant	Ordinary	100%
CLM (NY) LLP	Dormant		100%

The registered office of Great Bowery Deutschland GmbH is Rumfordstr.5, 80469, Muenchen, Germany.  
All other subsidiaries registered offices are Leytonstone House, Leytonstone, London, E11 1GA.  
All subsidiaries are included in the consolidation.

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**16. 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>64,392</b>	<b>55,738</b>	<b>64,392</b>	<b>55,738</b>
	<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>13,438,910</b>	<b>13,386,996</b>	<b>11,736,330</b>	<b>12,154,647</b>
Other debtors	<b>708,267</b>	<b>501,249</b>	<b>690,873</b>	<b>488,980</b>
Prepayments and accrued income	<b>3,218,524</b>	<b>2,322,279</b>	<b>3,218,437</b>	<b>2,322,193</b>
	<b>17,365,701</b>	<b>16,210,524</b>	<b>15,645,640</b>	<b>14,965,820</b>

**17. 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>10,181,322</b>	<b>8,723,498</b>	<b>9,168,534</b>	<b>7,405,083</b>

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

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Trade creditors	<b>15,394,686</b>	<b>13,183,050</b>	<b>15,335,637</b>	<b>13,145,290</b>
Amounts owed to group undertakings	<b>2,503,617</b>	<b>2,337,570</b>	<b>279,305</b>	<b>139,041</b>
Corporation tax	<b>77,805</b>	<b>-</b>	<b>77,805</b>	<b>-</b>
Other taxation and social security	<b>447,763</b>	<b>700,516</b>	<b>403,103</b>	<b>666,791</b>
Other creditors	<b>211,091</b>	<b>81,927</b>	<b>152,915</b>	<b>40,502</b>
Accruals and deferred income	<b>4,730,245</b>	<b>4,115,160</b>	<b>4,716,419</b>	<b>4,067,108</b>
	<b>23,365,207</b>	<b>20,418,223</b>	<b>20,965,184</b>	<b>18,058,732</b>

**GREAT BOWERY (UK) LIMITED**

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

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Amounts owed to group undertakings	<b>38,310,975</b>	<b>37,977,502</b>	<b>37,985,355</b>	<b>37,670,171</b>

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Repayable other than by instalments	<b>38,310,975</b>	<b>37,977,502</b>	<b>37,985,355</b>	<b>37,670,171</b>

The above amounts are due for repayment on 31 December 2024 and attract interest at 2.75% per annum.

**20. Financial instruments**

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	<b>14,032,518</b>	<b>13,931,742</b>	<b>12,318,872</b>	<b>12,687,124</b>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<b>(58,384,994)</b>	<b>(54,381,718)</b>	<b>(55,704,011)</b>	<b>(51,748,621)</b>

**21. Deferred taxation**

**Group**

	<b>2018 £</b>	<b>2017 £</b>
At beginning of year	<b>2,852,779</b>	<b>3,118,555</b>
Credited to profit or loss	<b>(985,252)</b>	<b>(265,776)</b>
<b>At end of year</b>	<b>1,867,527</b>	<b>2,852,779</b>

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

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**21. Deferred taxation (continued)**

**Company**

	<b>2018 £</b>	<b>2017 £</b>
At beginning of year	<b>2,629,513</b>	2,934,293
Credited to profit or loss	<b>(955,422)</b>	(304,780)
<b>At end of year</b>	<b><u>1,674,091</u></b>	<u>2,629,513</u>

The provision for deferred taxation is made up as follows:

	<b>Group 2018 £</b>	<i>Group 2017 £</i>	<b>Company 2018 £</b>	<i>Company 2017 £</i>
Intangible fixed assets	<b><u>1,867,527</u></b>	<u>2,852,779</u>	<b><u>1,674,091</u></b>	<u>2,629,513</u>

The deferred tax liability set out above is not expected to reverse within the next 12 months and relates to a gain that will crystallise on the sale of intangible assets.

A deferred tax asset of £270,709 (2017 - £129,443) has not been recognised due to uncertainty over the future recoverability of the asset.

**22. Share capital**

	<b>2018 £</b>	<b>2017 £</b>
<b>Allotted, called up and fully paid</b>		
101 (2017 - 101) Ordinary shares shares of £1.00 each	<b><u>101</u></b>	<u>101</u>

All shares have equal rights, and there are no restrictions on the distribution of dividends and the repayment of capital.



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GREAT BOWERY (UK) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
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**23. Reserves**

**Share premium account**

The share premium account represents the excess over par value paid for shares.

**Foreign exchange reserve**

The foreign exchange reserve relates to the translation of foreign subsidiaries.

**Profit and loss account**

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

**24. Prior year adjustment**

The prior years results have been restated to correct an error in calculating amounts due to group companies.

**25. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £157,351 (2017 - £138,073). Contributions totalling £32,040 (2017 - £24,201) were payable to the fund at the balance sheet date and are included in creditors.

**26. Commitments under operating leases**

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

	<b>Group 2018 £</b>	<b>Group 2017 £</b>	<b>Company 2018 £</b>	<b>Company 2017 £</b>
Not later than 1 year	<b>414,584</b>	211,726	<b>402,542</b>	175,972
Later than 1 year and not later than 5 years	<b>508,750</b>	514,210	<b>508,750</b>	502,292
	<b>923,334</b>	725,936	<b>911,292</b>	678,264

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**GREAT BOWERY (UK) LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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**27. Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	<b>779,615</b>	<b>952,499</b>

**Transactions with related parties**

During the year the group entered into the following transactions with related parties:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Interest paid to the parent company	<b>1,041,511</b>	<b>1,146,886</b>
Management charge paid to the parent company	<b>1,869,864</b>	<b>2,009,000</b>
Purchases from the parent company	<b>3,730,603</b>	<b>2,463,738</b>
<b>Company</b>		
Interest paid to the parent company	<b>1,023,926</b>	<b>1,138,584</b>
Management charge paid to the parent company	<b>1,980,904</b>	<b>1,982,171</b>
Purchases from the parent company	<b>-</b>	<b>397,306</b>

The following amounts were outstanding at the reporting end date:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
Owed to the parent company	<b>40,814,592</b>	<b>40,315,072</b>
<b>Company</b>		
Owed to the parent company	<b>38,264,660</b>	<b>37,854,055</b>

**28. Controlling party**

The parent company is Great Bowery Inc., a company incorporated in the USA.

The ultimate parent company is Waddell & Reed Financial Inc., a company incorporated in the USA. Waddell & Reed Financial Inc. has no controlling party.

The largest group to consolidate these financial statements is Great Bowery Holdings Inc. Copies of consolidated financial statements cannot be obtained.