

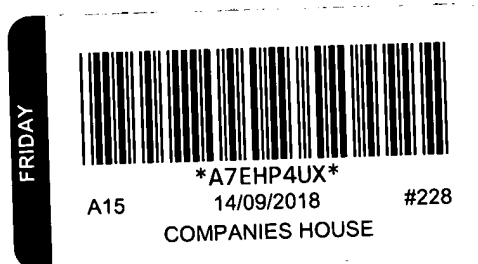
Registration number: 2182529

Ariat Europe Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2018

Critchleys Audit LLP
Registered Auditors
Beaver House
23-38 Hythe Bridge Street
Oxford
Oxon
OX1 2EP



Ariat Europe Limited

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Ariat Europe Limited

Company Information

Directors	E Cross
	T A Levy
	A V Hagen
	K Willemite
Registered office	Princes Manor Barns
	Reading Road
	Harwell
	Oxon
Auditors	OX11 0LU
	Critchleys Audit LLP
	Registered Auditors
	Beaver House
	23-38 Hythe Bridge Street
	Oxford
	Oxon
	OX1 2EP

Ariat Europe Limited

Strategic Report for the Year Ended 30 June 2018

The directors present their strategic report for the year ended 30 June 2018.

Principal activity

The principal activity of the company is that of the sale, marketing and distribution of equestrian related products.

Fair review of the business

The business has undergone a year of further investment in a turbulent year for the retail industry and tough economic conditions. The major investment has been in the launch of Ariat.com. The brand already has a high profile in the Equestrian market in the UK and continues to enhance its presence and status in Europe as well. The Directors anticipate continued growth in the coming year and an expanding product offering.

The main financial key performance indicators that are used to monitor business performance are sales, gross profit margin, EBITDA and inventory turnover. The directors are fully satisfied with the results for the year against key performance indicators.

Principal risks and uncertainties

Ariat Europe's business activities expose it primarily to the financial changes in foreign currency exchange rates. This risk increased due to the Brexit decision and its implications, which at this stage, is still very difficult to fully assess.

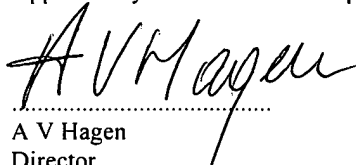
The business principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business operations.

In respect of bank balances, the liquidity risk is managed by ensuring that all of the business cash balances are held in such a way that achieves a competitive rate of interest. Liquidity is guaranteed by parent company by providing company internal loans at market competitive interest rate.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors. We have been prudent with regard to our bad debt provision.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Approved by the Board on 10 September 2018 and signed on its behalf by:



A V Hagen
Director

Ariat Europe Limited

Directors' Report for the Year Ended 30 June 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

Directors of the company

The directors who held office during the year were as follows:

E Cross

T A Levy

A V Hagen

N Hogan (resigned 30 April 2018)

K Willemite (appointed 4 September 2017)

Financial instruments

Objectives and policies

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

Price risk, credit risk, liquidity risk and cash flow risk

In respect of bank balances, the liquidity risk is managed by ensuring that all of the business' cash balances are held in such a way that achieves a competitive rate of interest.

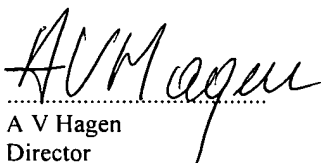
Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 10 September 2018 and signed on its behalf by:



.....
A V Hagen
Director

Ariat Europe Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ariat Europe Limited

Independent Auditor's Report to the Members of Ariat Europe Limited

Opinion

We have audited the financial statements of Ariat Europe Limited (the 'company') for the year ended 30 June 2018, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, 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, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 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.

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.

Ariat Europe Limited

Independent Auditor's Report to the Members of Ariat Europe Limited

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, set out on page 4, 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 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 company or to cease operations, or have no realistic alternative but to do so.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

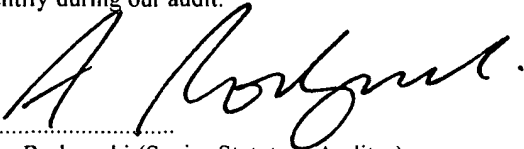
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Ariat Europe Limited

Independent Auditor's Report to the Members of Ariat Europe Limited

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



.....
Andrew Rodzynski (Senior Statutory Auditor)
For and on behalf of Critchleys Audit LLP, Statutory Auditor

Beaver House
23-38 Hythe Bridge Street
Oxford
Oxon
OX1 2EP

Date: 12/09/18

Ariat Europe Limited

Profit and Loss Account for the Year Ended 30 June 2018

	Note	2018 £	2017 £
Turnover	3	14,017,156	14,402,595
Cost of sales		(8,370,404)	(8,362,629)
Foreign exchange gain		<u>330,974</u>	<u>186,214</u>
Gross profit		5,977,726	6,226,180
Distribution costs		(1,683,109)	(1,819,089)
Administrative expenses		<u>(5,510,443)</u>	<u>(5,718,471)</u>
Operating loss	4	<u>(1,215,826)</u>	<u>(1,311,380)</u>
Other interest receivable and similar income	5	1,970	1,086
Interest payable and similar charges	6	<u>-</u>	<u>(8,945)</u>
		<u>1,970</u>	<u>(7,859)</u>
Loss before tax		(1,213,856)	(1,319,239)
Taxation	10	<u>(2,480)</u>	<u>(71,558)</u>
Loss for the financial year		<u><u>(1,216,336)</u></u>	<u><u>(1,390,797)</u></u>

The above results were derived from continuing operations.

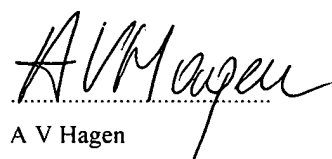
The company has no recognised gains or losses for the year other than the results above.

Ariat Europe Limited

(Registration number: 2182529)
Balance Sheet as at 30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	11	600,938	598,137
Current assets			
Stocks	12	4,886,391	5,486,681
Debtors	13	2,062,555	2,213,980
Cash at bank and in hand		<u>2,138,909</u>	<u>2,155,430</u>
		9,087,855	9,856,091
Creditors: Amounts falling due within one year	15	<u>(2,051,759)</u>	<u>(10,600,858)</u>
Net current assets/(liabilities)		<u>7,036,096</u>	<u>(744,767)</u>
Total assets less current liabilities		7,637,034	(146,630)
Creditors: Amounts falling due after more than one year	15	<u>(3,000,000)</u>	<u>-</u>
Net assets/(liabilities)		<u><u>4,637,034</u></u>	<u><u>(146,630)</u></u>
Capital and reserves			
Called up share capital	17	6,000,436	436
Share premium reserve		219,685	219,685
Other reserves		508,965	508,965
Profit and loss account		<u>(2,092,052)</u>	<u>(875,716)</u>
Total equity		<u><u>4,637,034</u></u>	<u><u>(146,630)</u></u>

Approved and authorised by the Board on 10 September 2018 and signed on its behalf by:



A V Hagen
Director

Ariat Europe Limited

Statement of Changes in Equity for the Year Ended 30 June 2018

	Share capital £	Share premium £	Foreign currency translation £	Profit and loss account £	Total £
At 1 July 2017	436	219,685	508,965	(875,716)	(146,630)
Loss for the year	-	-	-	(1,216,336)	(1,216,336)
New share capital subscribed	6,000,000	-	-	-	6,000,000
At 30 June 2018	<u>6,000,436</u>	<u>219,685</u>	<u>508,965</u>	<u>(2,092,052)</u>	<u>4,637,034</u>
	Share capital £	Share premium £	Foreign currency translation £	Profit and loss account £	Total £
At 1 July 2016	436	219,685	508,965	515,081	1,244,167
Loss for the year	-	-	-	(1,390,797)	(1,390,797)
At 30 June 2017	<u>436</u>	<u>219,685</u>	<u>508,965</u>	<u>(875,716)</u>	<u>(146,630)</u>

The notes on pages 12 to 21 form an integral part of these financial statements.
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Ariat Europe Limited

Statement of Cash Flows for the Year Ended 30 June 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Loss for the year		(1,216,336)	(1,390,797)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	279,511	230,729
Profit on disposal of tangible assets		(2,590)	(1,908)
Finance income	5	(1,970)	(1,086)
Finance costs	6	-	8,945
Income tax expense	10	2,480	71,558
Debt for equity swap		6,000,000	-
		5,061,095	(1,082,559)
Working capital adjustments			
Decrease/(increase) in stocks	12	600,290	(11,544)
Decrease in trade debtors	13	148,945	379,156
(Decrease)/increase in trade creditors	15	(5,549,099)	1,951,155
Cash generated from operations		261,231	1,236,208
Income taxes received	10	-	28,000
Net cash flow from operating activities		261,231	1,264,208
Cash flows from investing activities			
Interest received	5	1,970	1,086
Acquisitions of tangible assets		(282,312)	(231,845)
Proceeds from sale of tangible assets		2,590	27,073
Net cash flows from investing activities		(277,752)	(203,686)
Cash flows from financing activities			
Interest paid	6	-	(8,945)
Net (decrease)/increase in cash and cash equivalents		(16,521)	1,051,577
Cash and cash equivalents at 1 July 2017		2,155,430	1,103,853
Cash and cash equivalents at 30 June 2018		2,138,909	2,155,430

The notes on pages 12 to 21 form an integral part of these financial statements.

Ariat Europe Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Princes Manor Barns

Reading Road

Harwell

Oxon

OX11 0LU

UK

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The financial statements have been prepared on a going concern basis. The company's ultimate parent undertaking has committed to financially supporting the company on an on-going and indefinite basis therefore the directors can confirm that the company can and will continue to meet its liabilities as and when they fall due.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of merchandise in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Revenue from the sale of merchandise to retailers and other customers is recognised on the day of despatch from Ariat to the customer.

Foreign currency transactions and balances

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are included in the profit and loss account.

Ariat Europe Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

Tax

The tax expense for the period comprises deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current Income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold properties	20% straight line
Fixtures and fittings	20% straight line
Motor vehicles	25% straight line
Office Equipment	33.3% straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Ariat Europe Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

Trade debtors

Trade debtors are amounts due from customers for merchandise sold in the ordinary course of business. Trade debtors are recognised initially at the transaction price.

In the previous financial year the bad debt provision had been calculated as an estimate of 1% of total revenue. Based on this method the 2018 provision would have been calculated to be £140,417.

However following a change in accounting estimate this financial year the provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

On this basis the 2018 bad debt provision has been calculated to be £97,409.

This is deemed more appropriate by the directors than the previous rationale.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

At each reporting date, stocks are assessed for impairment. If stocks are 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Ariat Europe Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Research and development

Research and development expenditure is written off as incurred.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Sale of goods	<u>14,017,156</u>	<u>14,402,595</u>

In the directors opinion disclosure of the company's geographical analysis of turnover for each market would be seriously prejudicial to the company's interest and therefore no such disclosure has been made.

4 Operating loss

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	279,511	230,729
Research and development cost	5,855	3,031
Foreign exchange gains	(332,155)	(5,360)
Profit on disposal of property, plant and equipment	<u>(2,590)</u>	<u>(1,908)</u>

5 Other interest receivable and similar income

	2018 £	2017 £
Interest income on bank deposits	<u>1,970</u>	<u>1,086</u>

6 Interest payable and similar charges

	2018 £	2017 £
Interest expense on other finance liabilities	<u>-</u>	<u>8,945</u>

Ariat Europe Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018	2017
	£	£
Wages and salaries	2,044,109	2,056,975
Social security costs	320,193	312,146
Pension costs, defined contribution scheme	68,679	70,212
Redundancy costs	66,945	43,127
Other employee expense	1,429,024	1,475,504
	<u>3,928,950</u>	<u>3,957,964</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018	2017
	No.	No.
Administration and support	16	15
Sales, marketing and distribution	25	25
Other departments	10	13
	<u>51</u>	<u>53</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018	2017
	£	£
Remuneration	627,986	581,407
Contributions paid to money purchase schemes	19,783	11,426
Compensation for loss of office	-	61,500
	<u>647,769</u>	<u>654,333</u>

In respect of the highest paid director:

	2018	2017
	£	£
Remuneration	308,476	314,766
Company contributions to money purchase pension schemes	9,244	9,019

9 Auditors' remuneration

	2018	2017
	£	£
Audit of the financial statements	<u>12,800</u>	<u>9,000</u>

Ariat Europe Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

10 Taxation

Tax charged in the income statement

	2018 £	2017 £
Deferred taxation		
Arising from origination and reversal of timing differences	<u>2,480</u>	<u>71,558</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 19%).

The differences are reconciled below:

	2018 £	2017 £
Loss before tax	<u>(1,213,856)</u>	<u>(1,319,239)</u>
Corporation tax at standard rate	(230,633)	(250,655)
Effect of expense not deductible in determining taxable profit	1,746	-
Increase in UK deferred tax arising from temporary differences	2,480	76,831
Tax increase/(decrease) from effect of capital allowances and depreciation	3,950	(7,063)
Tax increase from effect of unrelieved tax losses carried forward	225,310	252,972
Other tax effects for reconciliation between accounting profit and tax expense	<u>(373)</u>	<u>(527)</u>
Total tax charge	<u>2,480</u>	<u>71,558</u>

Deferred tax

Deferred tax assets and liabilities

2018	Asset £
Difference between accumulated depreciation and amortisation and capital allowances	<u>37,617</u>
	Asset £
2017	
Difference between accumulated depreciation and amortisation and capital allowances	<u>40,067</u>

The amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period is £5,484 (2017 - £(30,930)).

Ariat Europe Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

11 Tangible assets

	Leasehold premises £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 July 2017	84,029	348,234	59,007	828,094	1,319,364
Additions	-	619	-	281,693	282,312
Disposals	-	(111,901)	(49,477)	(280,120)	(441,498)
At 30 June 2018	84,029	236,952	9,530	829,667	1,160,178
Depreciation					
At 1 July 2017	16,711	164,964	57,742	481,810	721,227
Charge for the year	16,808	49,190	1,265	212,248	279,511
Eliminated on disposal	-	(111,901)	(49,477)	(280,120)	(441,498)
At 30 June 2018	33,519	102,253	9,530	413,938	559,240
Carrying amount					
At 30 June 2018	50,510	134,699	-	415,729	600,938
At 30 June 2017	67,318	183,270	1,265	346,284	598,137

Ariat Europe Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

12 Stocks

	2018 £	2017 £
Finished goods and goods for resale	<u>4,886,391</u>	<u>5,486,681</u>

13 Debtors

	Note	2018 £	2017 £
Trade debtors		1,700,012	1,837,209
Other debtors		108,346	134,473
Prepayments		216,580	202,201
Deferred tax assets	10	<u>37,617</u>	<u>40,097</u>
		<u>2,062,555</u>	<u>2,213,980</u>

14 Cash and cash equivalents

	2018 £	2017 £
Cash at bank	<u>2,138,909</u>	<u>2,155,430</u>

15 Creditors

	2018 £	2017 £
Due within one year		
Trade creditors	318,187	293,407
Amounts due to related parties	1,154,178	9,779,926
Social security and other taxes	74,186	57,743
Outstanding defined contribution pension costs	11,233	10,812
Accruals	<u>493,975</u>	<u>458,970</u>
	<u>2,051,759</u>	<u>10,600,858</u>
Due after one year		
Amounts due to related parties	<u>3,000,000</u>	<u>-</u>

16 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £68,679 (2017 - £70,212).

Contributions totalling £11,233 (2017 - £10,812) were payable to the scheme at the end of the year and are included in creditors.

Ariat Europe Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

17 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £0.01 each	<u>600,043,622</u>	<u>6,000,436.22</u>	<u>43,622</u>	<u>436.22</u>

New shares allotted

During the year 600,000,000 Ordinary shares having an aggregate nominal value of £0.01 were allotted in a debt to equity swap where the aggregate value of debts totalling £6,000,000 were swapped for ordinary share capital.

18 Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Other borrowings	<u>3,000,000</u>	<u>-</u>

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	198,310	195,205
Later than one year and not later than five years	<u>211,318</u>	<u>292,222</u>
	<u>409,628</u>	<u>487,427</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £259,070 (2017 - £201,226).

20 Related party transactions

Key management personnel

There are no key management personnel requiring disclosure other than the directors of the company whose remuneration is disclosed in the directors' remuneration note.

Ariat Europe Limited

Notes to the Financial Statements for the Year Ended 30 June 2018

21 Parent and ultimate parent undertaking

The company's immediate parent is Ariat International Inc, incorporated in USA.

Lipizzaner Inc. is the ultimate controlling party and there is no majority shareholding in Ariat International Inc.