

Registration number: 2182529

# Ariat Europe Limited

Annual Report and Financial Statements

for the Year Ended 30 June 2017

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

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## **Ariat Europe Limited**

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## **Ariat Europe Limited**

### **Company Information**

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

## **Ariat Europe Limited**

### **Strategic Report for the Year Ended 30 June 2017**

The Directors present their strategic report for the year ended 30 June 2017.

#### **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 continues to grow satisfactorily in our main markets of the UK and Europe, with sales 8.9% ahead of the previous year despite tough economic conditions. 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.

This year was a major investment year for Ariat Europe and is part of a multi-year strategic investment plan to enable the Company to maximise growth opportunities in the future.

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.

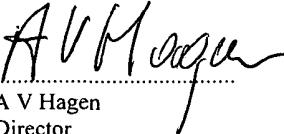
The business principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business operations.

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 21 September 2017 and signed on its behalf by:

  
A V Hagen  
Director

## **Ariat Europe Limited**

### **Directors' Report for the Year Ended 30 June 2017**

The Directors present their report and the financial statements for the year ended 30 June 2017.

#### **Directors of the Company**

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

E Cross

T A Levy

D P Bembridge (resigned 21 October 2016)

A V Hagen

A E Andrews (Resigned 28 April 2017)

N Hogan

The following director was appointed after the year end:

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.

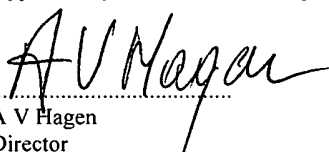
Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

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 21 September 2017 and signed on its behalf by:

  
.....  
A V Hagen  
Director

## **Ariat Europe Limited**

### **Statement of Directors' Responsibilities**

The Directors are responsible 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 has 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**

We have audited the financial statements of Ariat Europe Limited for the year ended 30 June 2017, set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of Directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 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.

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

In our opinion 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.

**Ariat Europe Limited**

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

**Matters on which we are required to report by exception**

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

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



.....  
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

21 September 2017



# Ariat Europe Limited

## Profit and Loss Account for the Year Ended 30 June 2017

|  | Note | 2017<br>£                 | 2016<br>£                 |
|--|------|---------------------------|---------------------------|
| Turnover                                     | 3    | 14,402,595                | 13,227,368                |
| Cost of sales                                |      | (8,362,629)               | (7,220,714)               |
| Foreign exchange losses                      |      | <u>186,214</u>            | <u>(967,640)</u>          |
| Gross profit                                 |      | 6,226,180                 | 5,039,014                 |
| Distribution costs                           |      | (1,819,089)               | (1,769,281)               |
| Administrative expenses                      |      | <u>(5,718,471)</u>        | <u>(5,029,203)</u>        |
| Operating loss                               | 4    | <u>(1,311,380)</u>        | <u>(1,759,470)</u>        |
| Other interest receivable and similar income | 5    | 1,086                     | 713                       |
| Interest payable and similar charges         | 6    | <u>(8,945)</u>            | <u>(6,516)</u>            |
|  |      | <u>(7,859)</u>            | <u>(5,803)</u>            |
| Loss before tax                              |      | (1,319,239)               | (1,765,273)               |
| Taxation                                     | 10   | <u>(71,558)</u>           | <u>171,995</u>            |
| Loss for the financial year                  |      | <u><u>(1,390,797)</u></u> | <u><u>(1,593,278)</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.

The notes on pages 11 to 21 form an integral part of these financial statements.

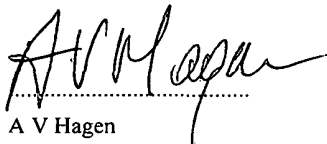
# Ariat Europe Limited

(Registration number: 2182529)

## Balance Sheet as at 30 June 2017

|   | Note | 2017<br>£           | 2016<br>£          |
|---|------|---------------------|--------------------|
| <b>Fixed assets</b>                                   |      |                     |                    |
| Tangible assets                                       | 11   | 598,137             | 622,186            |
| <b>Current assets</b>                                 |      |                     |                    |
| Stocks  | 12   | 5,486,681           | 5,475,137          |
| Debtors   | 13   | 2,213,980           | 2,692,694          |
| Cash at bank and in hand                              |      | <u>2,155,430</u>    | <u>1,103,853</u>   |
|   |      | 9,856,091           | 9,271,684          |
| <b>Creditors: Amounts falling due within one year</b> | 15   | <u>(10,600,858)</u> | <u>(8,649,703)</u> |
| <b>Net current (liabilities)/assets</b>               |      | <u>(744,767)</u>    | <u>621,981</u>     |
| <b>Net (liabilities)/assets</b>                       |      | <u>(146,630)</u>    | <u>1,244,167</u>   |
| <b>Capital and reserves</b>                           |      |                     |                    |
| Called up share capital                               | 17   | 436                 | 436                |
| Share premium reserve                                 |      | 219,685             | 219,685            |
| Other reserves  |      | 508,965             | 508,965            |
| Profit and loss account                               |      | <u>(875,716)</u>    | <u>515,081</u>     |
| <b>Total equity</b>                                   |      | <u>(146,630)</u>    | <u>1,244,167</u>   |

Approved and authorised by the Board on 21 September 2017 and signed on its behalf by:



A V Hagen  
Director

The notes on pages 11 to 21 form an integral part of these financial statements.

**Ariat Europe Limited**

**Statement of Changes in Equity for the Year Ended 30 June 2017**

|                   | Share capital<br>£ | Share premium<br>£ | Other reserves<br>£ | Profit and loss<br>account<br>£ | Total<br>£       |
|-------------------|--------------------|--------------------|---------------------|---------------------------------|------------------|
| 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> |
|                   | Share capital<br>£ | Share premium<br>£ | Other reserves<br>£ | Profit and loss<br>account<br>£ | Total<br>£       |
| At 1 July 2015    | 436                | 219,685            | 508,965             | 2,108,359                       | 2,837,445        |
| Loss for the year | -                  | -                  | -                   | (1,593,278)                     | (1,593,278)      |
| At 30 June 2016   | <u>436</u>         | <u>219,685</u>     | <u>508,965</u>      | <u>515,081</u>                  | <u>1,244,167</u> |

The notes on pages 11 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 2017

|   | Note | 2017<br>£   | 2016<br>£   |
|---|------|-------------|-------------|
| <b>Cash flows from operating activities</b>   |      |             |             |
| Loss for the year                             |      | (1,390,797) | (1,593,278) |
| Adjustments to cash flows from non-cash items |      |             |             |
| Depreciation and amortisation                 | 4    | 230,729     | 175,853     |
| (Profit)/loss on disposal of tangible assets  |      | (1,908)     | 40,141      |
| Finance income                                | 5    | (1,086)     | (713)       |
| Finance costs                                 | 6    | 8,945       | 6,516       |
| Income tax expense                            | 10   | 71,558      | (171,995)   |
|   |      | (1,082,559) | (1,543,476) |
| Working capital adjustments                   |      |             |             |
| Increase in stocks                            | 12   | (11,544)    | (1,632,137) |
| Decrease/(increase) in trade debtors          | 13   | 379,156     | (730,612)   |
| Increase in trade creditors                   | 15   | 1,951,155   | 5,175,250   |
| Cash generated from operations                |      | 1,236,208   | 1,269,025   |
| Income taxes received/(paid)                  | 10   | 28,000      | (28,002)    |
| Net cash flow from operating activities       |      | 1,264,208   | 1,241,023   |
| <b>Cash flows from investing activities</b>   |      |             |             |
| Interest received                             | 5    | 1,086       | 713         |
| Acquisitions of tangible assets               |      | (231,845)   | (573,190)   |
| Proceeds from sale of tangible assets         |      | 27,073      | 27,916      |
| Net cash flows from investing activities      |      | (203,686)   | (544,561)   |
| <b>Cash flows from financing activities</b>   |      |             |             |
| Interest paid                                 | 6    | (8,945)     | (6,516)     |
| Net increase in cash and cash equivalents     |      | 1,051,577   | 689,946     |
| Cash and cash equivalents at 1 July 2016      |      | 1,103,853   | 413,907     |
| Cash and cash equivalents at 30 June 2017     |      | 2,155,430   | 1,103,853   |

The notes on pages 11 to 21 form an integral part of these financial statements.

## **Ariat Europe Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2017**

#### **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

These financial statements were authorised for issue by the Board on 21 September 2017.

#### **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 goods and provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

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.

##### **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 2017**

#### **Tax**

The tax expense for the period comprises current and 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 income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Tangible assets**

Tangible assets is 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:

| <b>Asset class</b>    | <b>Depreciation method and rate</b> |
|-----------------------|-------------------------------------|
| Leasehold properties  | 20% straight line                   |
| Plant and machinery   | 33.3% straight line                 |
| Fixtures and fittings | 20% straight line                   |
| Motor vehicles        | 25% straight line                   |

In previous years leasehold properties had been depreciated at 33.3%, no prior year adjustments were needed.

#### **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 2017**

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A 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.

Bad debt provision has been reviewed in current year and the estimate of 1% of revenue is deemed more appropriate by directors than 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.

The cost of finished goods comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. 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. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **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 2017

#### 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:

|               | 2017<br>£         | 2016<br>£         |
|---------------|-------------------|-------------------|
| Sale of goods | <u>14,402,595</u> | <u>13,227,368</u> |

The analysis of the company's turnover for the year by market is as follows:

|               | 2017<br>£         | 2016<br>£         |
|---------------|-------------------|-------------------|
| UK            | 7,686,163         | 7,645,647         |
| Europe        | 6,479,779         | 5,356,674         |
| Rest of world | <u>236,653</u>    | <u>225,047</u>    |
|               | <u>14,402,595</u> | <u>13,227,368</u> |

### 4 Operating loss

Arrived at after charging/(crediting)

|  | 2017<br>£      | 2016<br>£     |
|--|----------------|---------------|
| Depreciation expense                                       | 230,729        | 175,853       |
| Research and development cost                              | 3,031          | 21            |
| Foreign exchange losses                                    | (5,360)        | 965,432       |
| (Profit)/loss on disposal of property, plant and equipment | <u>(1,908)</u> | <u>40,141</u> |



# Ariat Europe Limited

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 5 Other interest receivable and similar income

|                                  | 2017<br>£    | 2016<br>£  |
|----------------------------------|--------------|------------|
| Interest income on bank deposits | <u>1,086</u> | <u>713</u> |

### 6 Interest payable and similar charges

|   | 2017<br>£    | 2016<br>£    |
|---|--------------|--------------|
| Interest expense on other finance liabilities | <u>8,945</u> | <u>6,516</u> |

### 7 Staff costs

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

|  | 2017<br>£        | 2016<br>£        |
|--|------------------|------------------|
| Wages and salaries                         | 2,056,975        | 1,937,031        |
| Social security costs                      | 312,146          | 272,888          |
| Pension costs, defined contribution scheme | 70,212           | 70,354           |
| Redundancy costs                           | 43,127           | -                |
| Other employee expense                     | <u>73,887</u>    | <u>73,699</u>    |
|  | <u>2,556,347</u> | <u>2,353,972</u> |

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

|                                   | 2017<br>No. | 2016<br>No. |
|-----------------------------------|-------------|-------------|
| Administration and support        | 15          | 13          |
| Sales, marketing and distribution | 25          | 29          |
| Other departments                 | <u>13</u>   | <u>12</u>   |
|                                   | <u>53</u>   | <u>54</u>   |

## **Ariat Europe Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2017**

#### **8 Directors' remuneration**

The directors' remuneration for the year was as follows:

|  | <b>2017</b>    | <b>2016</b>    |
|--|----------------|----------------|
|  | <b>£</b>       | <b>£</b>       |
| Remuneration                                 | 581,407        | 642,005        |
| Contributions paid to money purchase schemes | 11,426         | 18,799         |
| Compensation for loss of office              | 61,500         | -              |
|  | <u>654,333</u> | <u>660,804</u> |

In respect of the highest paid director:

|   | <b>2017</b>    | <b>2016</b>    |
|---|----------------|----------------|
|   | <b>£</b>       | <b>£</b>       |
| Remuneration  | 314,766        | 305,105        |
| Company contributions to money purchase pension schemes | 9,019          | 8,610          |
|   | <u>323,785</u> | <u>313,715</u> |

#### **9 Auditors' remuneration**

|                                   | <b>2017</b>  | <b>2016</b>  |
|-----------------------------------|--------------|--------------|
|                                   | <b>£</b>     | <b>£</b>     |
| Audit of the financial statements | <u>9,000</u> | <u>9,270</u> |

# Ariat Europe Limited

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 10 Taxation

Tax charged/(credited) in the income statement

|   | 2017<br>£ | 2016<br>£ |
|---|-----------|-----------|
| <b>Current taxation</b>                                     |           |           |
| UK corporation tax adjustment to prior periods              | -         | (28,000)  |
| <b>Deferred taxation</b>                                    |           |           |
| Arising from origination and reversal of timing differences | 71,558    | (143,995) |
| Tax expense/(receipt) in the income statement               | 71,558    | (171,995) |

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19% (2016 - 20%).

The differences are reconciled below:

|  | 2017<br>£   | 2016<br>£   |
|--|-------------|-------------|
| Loss before tax  | (1,319,239) | (1,765,273) |
| Corporation tax at standard rate   | (250,655)   | (353,055)   |
| Effect of expense not deductible in determining taxable profit                 | -           | 10,236      |
| Increase in UK deferred tax from temporary difference from a prior period      | 76,831      | -           |
| Tax increase from effect of capital allowances and depreciation                | (7,063)     | (63,507)    |
| Tax increase from effect of unrelieved tax losses carried forward              | 252,972     | 214,219     |
| Other tax effects for reconciliation between accounting profit and tax expense | (527)       | 20,112      |
| Total tax charge/(credit)  | 71,558      | (171,995)   |

### Deferred tax

Deferred tax assets and liabilities

| 2017  | Asset<br>£ |
|---|------------|
| Difference between accumulated depreciation and amortisation and capital allowances | 40,097     |
| 2016  | Asset<br>£ |
| Difference between accumulated depreciation and amortisation and capital allowances | 111,655    |

**Ariat Europe Limited**

**Notes to the Financial Statements for the Year Ended 30 June 2017**

**11 Tangible assets**

|                          | Land and<br>buildings<br>£ | Furniture,<br>fittings and<br>equipment<br>£ | Motor vehicles<br>£ | Other<br>property, plant<br>and equipment<br>£ | Total<br>£ |
|--------------------------|----------------------------|--|---------------------|--|------------|
| <b>Cost or valuation</b> |                            |  |                     |  |            |
| At 1 July 2016           | 197,542                    | 331,064                                      | 169,384             | 623,159  | 1,321,149  |
| Additions                | 6,032                      | 17,170                                       | -                   | 208,643  | 231,845    |
| Disposals                | (119,545)                  | -  | (110,377)           | (3,708)  | (233,630)  |
| At 30 June 2017          | 84,029                     | 348,234                                      | 59,007              | 828,094  | 1,319,364  |
| <b>Depreciation</b>      |                            |  |                     |  |            |
| At 1 July 2016           | 120,148                    | 117,901                                      | 129,583             | 331,331  | 698,963    |
| Charge for the year      | 16,107                     | 47,063                                       | 15,351              | 152,208  | 230,729    |
| Eliminated on disposal   | (119,544)                  | -  | (87,192)            | (1,729)  | (208,465)  |
| At 30 June 2017          | 16,711                     | 164,964                                      | 57,742              | 481,810  | 721,227    |
| <b>Carrying amount</b>   |                            |  |                     |  |            |
| At 30 June 2017          | 67,318                     | 183,270                                      | 1,265               | 346,284  | 598,137    |
| At 30 June 2016          | 77,394                     | 213,163                                      | 39,801              | 291,828  | 622,186    |

# Ariat Europe Limited

## Notes to the Financial Statements for the Year Ended 30 June 2017

### 12 Stocks

|                                     | 2017<br>£        | 2016<br>£        |
|-------------------------------------|------------------|------------------|
| Finished goods and goods for resale | <u>5,486,681</u> | <u>5,475,137</u> |

### 13 Debtors

|                  | Note | 2017<br>£        | 2016<br>£        |
|------------------|------|------------------|------------------|
| Trade debtors    |      | 1,837,209        | 2,249,351        |
| Other debtors    |      | 134,473          | 150,680          |
| Prepayments      |      | 202,201          | 153,008          |
| Income tax asset | 10   | <u>40,097</u>    | <u>139,655</u>   |
|                  |      | <u>2,213,980</u> | <u>2,692,694</u> |

### 14 Cash and cash equivalents

|              | 2017<br>£        | 2016<br>£        |
|--------------|------------------|------------------|
| Cash at bank | <u>2,155,430</u> | <u>1,103,853</u> |

### 15 Creditors

|  | Note | 2017<br>£         | 2016<br>£        |
|--|------|-------------------|------------------|
| <b>Due within one year</b>                     |      |                   |                  |
| Trade creditors                                |      | 10,066,004        | 7,605,959        |
| Amounts due to related parties                 | 19   | 7,329             | 604,199          |
| Social security and other taxes                |      | 57,743            | 63,638           |
| Outstanding defined contribution pension costs |      | 10,812            | 10,218           |
| Accrued expenses                               |      | <u>458,970</u>    | <u>365,689</u>   |
|  |      | <u>10,600,858</u> | <u>8,649,703</u> |

## Ariat Europe Limited

### Notes to the Financial Statements for the Year Ended 30 June 2017

#### 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 £70,212 (2016 - £70,354).

Contributions totalling £10,812 (2016 - £10,218) were payable to the scheme at the end of the year and are included in creditors.

#### 17 Share capital

##### Allotted, called up and fully paid shares

|                               | 2017   |        | 2016   |        |
|-------------------------------|--------|--------|--------|--------|
|                               | No.    | £      | No.    | £      |
| Ordinary shares of £0.01 each | 43,622 | 436.22 | 43,622 | 436.22 |

#### 18 Obligations under leases and hire purchase contracts

##### Operating leases

The total of future minimum lease payments is as follows:

|   | 2017           | 2016           |
|---|----------------|----------------|
|   | £              | £              |
| Not later than one year                           | 195,205        | 180,440        |
| Later than one year and not later than five years | 292,222        | 445,331        |
| Later than five years                             | -              | 91,898         |
|   | <u>487,427</u> | <u>717,669</u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £201,226 (2016 - £221,080).

## **Ariat Europe Limited**

### **Notes to the Financial Statements for the Year Ended 30 June 2017**

#### **19 Related party transactions**

##### **Summary of transactions with parent**

##### **Expenditure with and payables to related parties**

###### **2017**

Purchase of goods

Amounts payable to related party

**Parent**

**£**

10,848,025

10,225,986

###### **2016**

Purchase of goods

Amounts payable to related party

**Parent**

**£**

9,506,352

6,527,269

#### **20 Parent and ultimate parent undertaking**

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

There is no majority shareholding in Ariat International Inc.