

ARIAT EUROPE LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021



ARIAT EUROPE LTD

COMPANY INFORMATION

Directors	E Cross A V Hagen T A Levy
Company number	02182529
Registered office	Princes Manor Barn Reading Road Harwell Didcot Oxfordshire England OX11 0LU
Auditor	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP

ARIAT EUROPE LTD

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ARIAT EUROPE LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

Fair review of the business

In FY21 Ariat Europe recorded strong growth on the previous year in both the retail and wholesale channels. COVID generated a high demand as consumers had increased time and money to follow their equestrian and outdoor interests. The brand remains strong in the UK and many EU countries. The strategy is to continue growing the brand across the UK and EU. The Directors anticipate a year of continued growth in the coming year, but at lower levels to the previous year and will remain focused on growth of the brand, our consumer and operational excellence.

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 to the post-Brexit trade arrangements and its implications. This causes both increased duty exposure and transport costs to mainland Europe. In FY22 there will continue to be disruptions to the supply chain due to increased demand and global freight capacity management. The easing of COVID restrictions could result in a consumer demand shift to other leisure activities such as travel, food and beverage. Credit risk could become a concern once government aid is withdrawn from our retailers which might result in some of them facing financial challenges.

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.

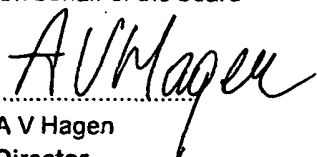
In respect of bank balances, the liquidity risk is managed by ensuring that all of the business cash balances are held in such a way that achieves a competitive rate of interest. Liquidity is guaranteed by parent company by providing company internal loans at market competitive interest rates.

Due to the company operating in overseas countries, mainly mainland Europe, there is exchange rate risk. This risk is managed through application of a prudent currency exchange risk policy which is reviewed annually.

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.

On behalf of the board



A V Hagen
Director

Date: 10/09/21

ARIAT EUROPE LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and financial statements for the year ended 30 June 2021.

Principal activities

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

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E Cross
A V Hagen
T A Levy
K Willemite

(Resigned 31 December 2020)

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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


A V Hagen
Director

Date: 10/09/21

ARIAT EUROPE LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARIAT EUROPE LTD

Opinion

We have audited the financial statements of Ariat Europe Ltd (the 'company') for the year ended 30 June 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 company's affairs as at 30 June 2021 and of its profit 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

ARIAT EUROPE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARIAT EUROPE LTD

Matters on which we are required to report by exception

In the light of the 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 directors' responsibilities statement, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

ARIAT EUROPE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARIAT EUROPE LTD

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing relevant correspondence.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

ARIAT EUROPE LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ARIAT EUROPE LTD

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.



Katherine Wilkes (Senior Statutory Auditor)
For and on behalf of Critchleys Audit LLP

15 September 2021

Date:

Chartered Accountants
Statutory Auditor

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

ARIAT EUROPE LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	2020 £
Turnover	3	24,451,289	15,751,817
Cost of sales		(14,238,972)	(7,681,716)
Gross profit		10,212,317	8,070,101
Distribution costs		(2,752,063)	(2,170,379)
Administrative expenses		(6,417,391)	(6,652,606)
Other operating income		70,299	55,481
Operating profit/(loss)	4	1,113,162	(697,403)
Interest receivable and similar income	5	232	1,001
Profit/(loss) before taxation		1,113,394	(696,402)
Tax on profit/(loss)	9	(16,660)	5,622
Profit/(loss) for the financial year		1,096,734	(690,780)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ARIAT EUROPE LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	£	£
Profit/(loss) for the year	1,096,734	(690,780)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>1,096,734</u>	<u>(690,780)</u>

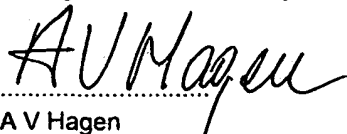
ARIAT EUROPE LTD

BALANCE SHEET

AS AT 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10		411,762		404,258
Current assets					
Stocks	11	6,070,611		6,467,842	
Debtors	12	2,139,278		1,724,609	
Cash at bank and in hand		4,450,525		1,172,435	
		12,660,414		9,364,886	
Creditors: amounts falling due within one year	13	(8,416,668)		(6,142,037)	
Net current assets			4,243,746		3,222,849
Total assets less current liabilities			4,655,508		3,627,107
Creditors: amounts falling due after more than one year	14		(136,667)		(205,000)
Net assets			4,518,841		3,422,107
Capital and reserves					
Called up share capital	17	6,000,436		6,000,436	
Share premium account		219,685		219,685	
Profit and loss reserves		(1,701,280)		(2,798,014)	
Total equity			4,518,841		3,422,107

The financial statements were approved by the board of directors and authorised for issue on 10/09/21 and are signed on its behalf by:



A V Hagen
Director

Company Registration No. 02182529

ARIAT EUROPE LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 July 2019	6,000,436	219,685	(2,107,234)	4,112,887
Year ended 30 June 2020:				
Loss and total comprehensive income for the year	-	-	(690,780)	(690,780)
Balance at 30 June 2020	6,000,436	219,685	(2,798,014)	3,422,107
Year ended 30 June 2021:				
Profit and total comprehensive income for the year	-	-	1,096,734	1,096,734
Balance at 30 June 2021	6,000,436	219,685	(1,701,280)	4,518,841

ARIAT EUROPE LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	21	3,520,578		482,741	
Income taxes paid		(9,384)		(7,906)	
Net cash Inflow from operating activities		3,511,194		474,835	
Investing activities					
Purchase of tangible fixed assets		(233,536)		(202,513)	
Proceeds on disposal of tangible fixed assets		200		-	
Interest received		232		1,001	
Net cash used in investing activities		(233,104)		(201,512)	
Net increase in cash and cash equivalents					
Cash and cash equivalents at beginning of year		1,172,435		899,112	
Cash and cash equivalents at end of year		4,450,525		1,172,435	

ARIAT EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Company information

Ariat Europe Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Princes Manor Barn Reading Road, Harwell, Didcot, Oxfordshire, England, OX11 0LU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, except that as disclosed in the accounting policies certain items are shown at fair value. The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have considered the consequences of COVID-19 and other events and conditions, and they have determined that these do not create a material uncertainty about the company's ability to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements.

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.

1.3 Turnover

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 dispatch from Ariat to the customer.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

ARIAT EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	20% straight line
Fixtures and fittings	20% straight line
Office equipment	33.3% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 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, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 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.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

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.

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ARIAT EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

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 LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

1.10 Taxation

The tax expense represents the sum of the tax currently payable 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.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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.

1.11 Employee benefits

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

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

1.12 Retirement benefits

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.

1.13 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.

1.14 Foreign exchange

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 LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company'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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives. Land element is considered to have unlimited useful life and therefore not depreciated.

Bad debt provision

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.

Stock provision

A provision has made at the year end to account for obsolete and slow moving stock based on historical sales data and how long stock has been held for across the various stock categories.

3 Revenue

An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by class of business		
Sale of goods	24,451,289	15,751,817

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 profit/(loss)

	2021 £	2020 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	302,446	41,207
Research and development costs	826	1,028
Fees payable to the company's auditor for the audit of the company's financial statements	11,800	11,400
Depreciation of owned tangible fixed assets	226,032	262,009
(Profit)/loss on disposal of tangible fixed assets	(200)	18,344

ARIAT EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

5 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	232	1,001
	<u>232</u>	<u>1,001</u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Administration and support	12	12
Sales, marketing and distribution	28	31
Other departments	14	11
	<u>54</u>	<u>54</u>
Total	54	54

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	3,950,959	4,015,748
Social security costs	332,634	397,857
Pension costs	99,124	88,814
	<u>4,382,717</u>	<u>4,502,419</u>

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	360,813	694,537
Company pension contributions to defined contribution schemes	15,012	27,581
	<u>375,825</u>	<u>722,118</u>

ARIAT EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

7 Directors' remuneration

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	314,138	300,420
Company pension contributions to defined contribution schemes	12,440	11,618

8 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	11,800	11,400

9 Taxation

	2021 £	2020 £
Current tax		
Double tax relief	9,384	7,906
Deferred tax		
Origination and reversal of timing differences	7,276	(13,528)
Total tax charge/(credit)	16,660	(5,622)

ARIAT EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

9 Taxation

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £	2020 £
Profit/(loss) before taxation	1,113,394	(696,402)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	211,545	(132,316)
Tax effect of expenses that are not deductible in determining taxable profit	2,655	1,944
Tax effect of utilisation of tax losses not previously recognised	(206,886)	-
Unutilised tax losses carried forward	-	122,885
Change in unrecognised deferred tax assets	7,276	(13,528)
Permanent capital allowances in excess of depreciation	(7,276)	7,677
Tax increase (decrease) arising from overseas tax suffered/expensed	9,384	7,906
Other tax effects for reconciliation between accounting profit and tax expense	(38)	(190)
Taxation charge/(credit) for the year	16,660	(5,622)

10 Tangible fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Office equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2020	94,456	416,746	966,618	9,995	1,487,815
Additions	-	40,885	192,651	-	233,536
Disposals	-	-	(5,740)	-	(5,740)
At 30 June 2021	94,456	457,631	1,153,529	9,995	1,715,611
Depreciation and impairment					
At 1 July 2020	71,836	227,143	779,995	4,583	1,083,557
Depreciation charged in the year	19,666	78,784	125,083	2,499	226,032
Eliminated in respect of disposals	-	-	(5,740)	-	(5,740)
At 30 June 2021	91,502	305,927	899,338	7,082	1,303,849
Carrying amount					
At 30 June 2021	2,954	151,704	254,191	2,913	411,762
At 30 June 2020	22,620	189,603	186,623	5,412	404,258

ARIAT EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

11 Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>6,070,611</u>	<u>6,467,842</u>

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	1,738,999	1,307,708
Other debtors	142,388	189,411
Prepayments and accrued income	<u>201,904</u>	<u>164,227</u>
	2,083,291	1,661,346
Deferred tax asset (note 15)	<u>55,987</u>	<u>63,263</u>
	<u>2,139,278</u>	<u>1,724,609</u>

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	464,990	627,890
Amounts owed to related parties	5,710,549	4,940,092
Social security and other taxes	105,163	94,552
Other creditors	283,782	11,923
Accruals	<u>1,852,184</u>	<u>467,580</u>
	<u>8,416,668</u>	<u>6,142,037</u>

14 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Accruals	<u>136,667</u>	<u>205,000</u>

ARIAT EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2021 £	Assets 2020 £
Balances:		
Accelerated capital allowances	<u>55,987</u>	<u>63,263</u>
Movements in the year:		2021 £
Asset at 1 July 2020		(63,263)
Charge to profit or loss		<u>7,276</u>
Asset at 30 June 2021		<u>(55,987)</u>

16 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>99,124</u>	<u>88,814</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £15,068 (2020 - £11,923) were payable to the scheme at the end of the year and are included in creditors.

17 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of 1p each	<u>600,043,622</u>	<u>600,043,622</u>	<u>6,000,436</u>	<u>6,000,436</u>

ARIAT EUROPE LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

18 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements was £212,385 (2020 - £260,020).

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	174,344	141,534
Between two and five years	404,941	65,670
	<u>579,285</u>	<u>207,204</u>

19 Related party transactions

Remuneration of 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.

20 Ultimate controlling party

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

Lipizzaner Inc is the ultimate controlling party.

21 Cash generated from operations

	2021 £	2020 £
Profit/(loss) for the year after tax	1,096,734	(690,780)
Adjustments for:		
Taxation charged/(credited)	16,660	(5,622)
Investment income	(232)	(1,001)
(Gain)/loss on disposal of tangible fixed assets	(200)	18,344
Depreciation and impairment of tangible fixed assets	226,032	262,009
Movements in working capital:		
Decrease/(increase) in stocks	397,231	(1,116,751)
(Increase)/decrease in debtors	(421,945)	363,245
Increase in creditors	2,206,298	1,653,297
Cash generated from operations	<u>3,520,578</u>	<u>482,741</u>