
AIV EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

FRIDAY



A8738LWP

A23

07/06/2019

#102

COMPANIES HOUSE

AIV EUROPE LIMITED

COMPANY INFORMATION

Directors	E W Cook R G Cook II
Company secretary	E W Cook
Registered number	07304447
Registered office	5 New Street Square London EC4A 3TW
Independent auditors	Whiting & Partners Chartered Accountants & Statutory Auditor Greenwood House Greenwood Court Skyliner Way Bury St Edmunds Suffolk IP32 7GY

AIV EUROPE LIMITED

CONTENTS

	Page
Group Strategic Report	1
Directors' Report	2 - 3
Independent Auditors' Report	4 - 6
Consolidated Statement of Comprehensive Income	7
Consolidated Balance Sheet	8 - 9
Company Balance Sheet	10 - 11
Consolidated Statement of Changes in Equity	12 - 13
Company Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15 - 16
Notes to the Financial Statements	17 - 37

AIV EUROPE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their strategic report on the group for the year ended 31 December 2018.

Business review

The group's principal activity continues to be the sale and modification of valves.

The financial year has seen improvement in oil prices which have continued to recover from the low in 2016. This in turn has seen the group increase its turnover with customers starting to invest in capital projects. With a consistent gross profit margin, and overheads maintained at a similar level to the previous year, the group reports improved results.

Overall the directors are pleased with the performance of the company and its position at the balance sheet date and are confident for the company's future trading prospects.

Principal risks and uncertainties

The main risks are credit, foreign currency risk and market conditions

Credit risk arises principally from trade debtors. This is mitigated by assessing the credit worthiness of customers and setting appropriate credit limits.

Foreign currency risk arises from purchases and sales in currencies other than the group's reporting currency. This is mitigated by the group holding cash balances in currencies to which it is exposed to fluctuations.

Economic conditions are mitigated by holding sufficient reserves to allow the company to trade during periods of lower activity.

Financial key performance indicators

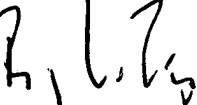
The group's financial key performance indicators are as follows:-

Turnover £17,999,953 (2017 - £12,779,003)

Gross profit margin 36.0% (2017 - 36.1%)

Net profit margin 17% (2017 - 12.4%)

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



R G Cook II
Director

Date: 22/05/19

AIV EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £3,000,269 (2017 - £1,556,144).

A dividend of £1,200,810 was declared during the year and is included within other creditors at the balance sheet date.

Directors

The directors who served during the year were:

E W Cook
R G Cook II

Future developments

Future developments are detailed within the Strategic Report.

AIV EUROPE LIMITED

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

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

Auditors

The auditors, Whiting & Partners, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



R G Cook II
Director

Date: 22/05/19

AIV EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AIV EUROPE LIMITED

Opinion

We have audited the financial statements of AIV Europe Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2018 and of the Group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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

AIV EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AIV EUROPE LIMITED (CONTINUED)

inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

AIV EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AIV EUROPE LIMITED (CONTINUED)

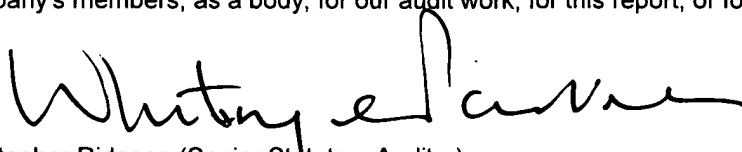
Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.



Christopher Ridgeon (Senior Statutory Auditor)

for and on behalf of
Whiting & Partners

Chartered Accountants
Statutory Auditor

Greenwood House
Greenwood Court
Skyliner Way
Bury St Edmunds
Suffolk
IP32 7GY

Date:

22/05/19

AIV EUROPE LIMITED

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

	Note	2018 £	2017 £
Turnover	4	17,999,953	12,779,003
Cost of sales		(11,512,464)	(8,170,431)
Gross profit		6,487,489	4,608,572
Administrative expenses		(2,663,957)	(2,649,962)
Operating profit	5	3,823,532	1,958,610
Interest receivable and similar income	7	346	216
Interest payable and expenses	8	(9,868)	(63,046)
Profit before tax		3,814,010	1,895,780
Tax on profit	9	(757,486)	(315,533)
Profit for the financial year		3,056,524	1,580,247
Profit for the year attributable to:			
Non-controlling interests		56,255	24,103
Owners of the parent company		3,000,269	1,556,144
		3,056,524	1,580,247

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 17 to 37 form part of these financial statements.

AIV EUROPE LIMITED
REGISTERED NUMBER: 07304447

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

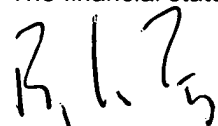
	Note	2018 £	2017 £
Fixed assets			
Intangible assets	11	503,103	581,509
Tangible assets	12	383,850	210,195
		<u>886,953</u>	<u>791,704</u>
Current assets			
Stocks	14	2,673,798	3,474,241
Debtors: amounts falling due within one year	15	2,280,594	2,236,355
Cash at bank and in hand	16	5,115,293	1,513,271
		<u>10,069,685</u>	<u>7,223,867</u>
Creditors: amounts falling due within one year	17	(3,107,460)	(1,187,871)
Net current assets		<u>6,962,225</u>	<u>6,035,996</u>
Total assets less current liabilities		<u>7,849,178</u>	<u>6,827,700</u>
Creditors: amounts falling due after more than one year	18	-	(854,566)
Provisions for liabilities			
Deferred taxation	20	(52,777)	(32,447)
		<u>(52,777)</u>	<u>(32,447)</u>
Net assets		<u><u>7,796,401</u></u>	<u><u>5,940,687</u></u>

AIV EUROPE LIMITED
REGISTERED NUMBER: 07304447

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital	21	1,022	1,022
Share premium account	22	109,281	109,281
Other reserves	22	1,267,973	1,267,973
Profit and loss account	22	6,363,616	4,538,308
Equity attributable to owners of the parent Company		<u>7,741,892</u>	<u>5,916,584</u>
Non-controlling interests		54,509	24,103
		<u><u>7,796,401</u></u>	<u><u>5,940,687</u></u>

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



R G Cook II
Director

Date: 22/05/19

The notes on pages 17 to 37 form part of these financial statements.

AIV EUROPE LIMITED
REGISTERED NUMBER: 07304447

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	56,924	57,496
Investments	13	1,508,197	1,508,197
		<u>1,565,121</u>	<u>1,565,693</u>
Current assets			
Stocks	14	2,524,285	3,358,456
Debtors: amounts falling due within one year	15	2,099,017	2,014,442
Cash at bank and in hand	16	4,323,313	1,022,107
		<u>8,946,615</u>	<u>6,395,005</u>
Creditors: amounts falling due within one year	17	(3,002,205)	(1,006,679)
Net current assets		<u>5,944,410</u>	<u>5,388,326</u>
Total assets less current liabilities		<u>7,509,531</u>	<u>6,954,019</u>
Creditors: amounts falling due after more than one year	18	-	(854,566)
Provisions for liabilities			
Deferred taxation	20	(7,217)	(9,612)
		<u>(7,217)</u>	<u>(9,612)</u>
Net assets		<u><u>7,502,314</u></u>	<u><u>6,089,841</u></u>

AIV EUROPE LIMITED
REGISTERED NUMBER: 07304447

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

	Note	31 December 2018 £	31 December 2017 £
Capital and reserves			
Called up share capital	21	1,022	1,022
Share premium account	22	109,281	109,281
Other reserves	22	1,267,973	1,267,973
Profit and loss account brought forward		4,711,565	3,032,046
Profit for the year		2,613,283	1,679,519
Dividends proposed		(1,200,810)	-
		<u>6,124,038</u>	<u>4,711,565</u>
Profit and loss account carried forward		<u><u>7,502,314</u></u>	<u><u>6,089,841</u></u>

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


R G Cook II
 Director

Date: 22/05/19

The notes on pages 17 to 37 form part of these financial statements.

AIV EUROPE LIMITED

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2018	1,022	109,281	1,267,973	4,538,308	5,916,584	24,103	5,940,687
Comprehensive income for the year							
Profit for the year	-	-	-	3,000,269	3,000,269	56,255	3,056,524
Total comprehensive income for the year	-	-	-	3,000,269	3,000,269	56,255	3,056,524
Dividends: Equity capital	-	-	-	(1,174,961)	(1,174,961)	(25,849)	(1,200,810)
Total transactions with owners	-	-	-	(1,174,961)	(1,174,961)	(25,849)	(1,200,810)
At 31 December 2018	1,022	109,281	1,267,973	6,363,616	7,741,892	54,509	7,796,401

The notes on pages 17 to 37 form part of these financial statements.

AIV EUROPE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
At 1 January 2017	1,000	-	1,267,973	2,982,164	4,251,137	-	4,251,137
Comprehensive income for the year							
Profit for the year	-	-	-	1,556,144	1,556,144	24,103	1,580,247
Total comprehensive income for the year	-	-	-	1,556,144	1,556,144	24,103	1,580,247
Shares issued during the year	22	109,281	-	-	109,303	-	109,303
Total transactions with owners	22	109,281	-	-	109,303	-	109,303
At 31 December 2017	1,022	109,281	1,267,973	4,538,308	5,916,584	24,103	5,940,687

The notes on pages 17 to 37 form part of these financial statements.

AIV EUROPE LIMITED

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

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2017	1,000	-	1,267,973	3,032,046	4,301,019
Comprehensive income for the year					
Profit for the year	-	-	-	1,679,519	1,679,519
Total comprehensive income for the year	-	-	-	1,679,519	1,679,519
Shares issued during the year	22	109,281	-	-	109,303
Total transactions with owners	22	109,281	-	-	109,303
At 1 January 2018	1,022	109,281	1,267,973	4,711,565	6,089,841
Comprehensive income for the year					
Profit for the year	-	-	-	2,613,283	2,613,283
Total comprehensive income for the year	-	-	-	2,613,283	2,613,283
Dividends: Equity capital	-	-	-	(1,200,810)	(1,200,810)
Total transactions with owners	-	-	-	(1,200,810)	(1,200,810)
At 31 December 2018	1,022	109,281	1,267,973	6,124,038	7,502,314

The notes on pages 17 to 37 form part of these financial statements.

AIV EUROPE LIMITED

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

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	3,056,524	1,580,247
Adjustments for:		
Amortisation of intangible assets	78,406	78,406
Depreciation of tangible assets	94,932	48,089
Loss on disposal of tangible assets	(158)	-
Interest paid	9,868	63,046
Interest received	(346)	(216)
Taxation charge	757,486	315,533
Decrease in stocks	800,445	483,337
(Increase)/decrease in debtors	(271,169)	13,618
Decrease/(increase) in amounts owed by groups	195,871	(259,344)
(Decrease)/increase in creditors	(77,070)	163,508
(Decrease) in amounts owed to groups	(335,637)	(1,482,871)
Corporation tax (paid)	(429,179)	(273,472)
Net cash generated from operating activities	3,879,973	729,881
Cash flows from investing activities		
Purchase of tangible fixed assets	(272,490)	(44,422)
Sale of tangible fixed assets	4,061	-
Interest received	346	216
Net cash from investing activities	(268,083)	(44,206)
Cash flows from financing activities		
Issue of ordinary shares	-	109,303
Interest paid	(9,868)	(63,046)
Net cash used in financing activities	(9,868)	46,257
Net increase in cash and cash equivalents	3,602,022	731,932

AIV EUROPE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Cash and cash equivalents at beginning of year	1,513,271	781,339
Cash and cash equivalents at the end of year	5,115,293	1,513,271
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,115,293	1,513,271
	5,115,293	1,513,271

The notes on pages 17 to 37 form part of these financial statements.

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

1. General information

AIV Europe Limited is a private company limited by shares and is incorporated in England & Wales, registered number 07304447. The address of its registered office is 5 New Street Square, London, EC4A 3TW. The Group's principal activity is the sale and modification of valves.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

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

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

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

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

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

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

2.6 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.7 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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

2. Accounting policies (continued)

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

2. Accounting policies (continued)

2.10 Intangible assets

Goodwill

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

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

The estimated useful life of goodwill is 10 years.

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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

Depreciation is provided on the following bases:

Leasehold improvements	- 5% or 20% on cost
Plant and machinery	- 5% to 25% reducing balance or 5% on cost
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance or 20% on cost
Office equipment	- 25% reducing balance or 20% on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average cost basis. Work in progress and finished goods include labour and attributable overheads.

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

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

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

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

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

2. Accounting policies (continued)

2.16 Creditors

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

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

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

2. Accounting policies (continued)

2.18 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

AIV EUROPE LIMITED

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

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i) Useful economic lives of tangible assets:-

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

ii) Impairment of stocks:-

The Group makes an estimate for the impairment of stocks using a formula based on the ageing of the stock and historical experience.

iii) Impairment of debtors:-

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

4. Turnover

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	13,289,431	8,898,722
Rest of the world	4,710,522	3,880,281
	<u>17,999,953</u>	<u>12,779,003</u>

AIV EUROPE LIMITED

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

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	94,932	48,090
Amortisation of intangible assets, including goodwill	78,406	78,406
(Profit)/loss on sale of fixed assets	(158)	-
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	10,350	9,800
Exchange differences	(79,996)	(11,898)
Other operating lease rentals	227,748	232,466
Defined contribution pension cost	49,523	43,747
	<u> </u>	<u> </u>

6. Employees

Staff costs were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	1,707,351	1,698,427	970,481	1,035,313
Social security costs	140,344	136,139	72,388	73,732
Cost of defined contribution scheme	49,523	43,747	38,944	36,471
	<u>1,897,218</u>	<u>1,878,313</u>	<u>1,081,813</u>	<u>1,145,516</u>

Key management:-

Key management includes directors and senior management. Compensation paid or payable to key management for employee services was £300,485 (2017 - £271,905).

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

	2018 No.	2017 No.
Management	4	4
Operations	12	12
	<u>16</u>	<u>16</u>

AIV EUROPE LIMITED

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

7. Interest receivable

	2018	2017
	£	£
Other interest receivable	346	216
	<u><u>346</u></u>	<u><u>216</u></u>

8. Interest payable and similar expenses

	2018	2017
	£	£
Loans from group undertakings	9,065	63,046
Other interest payable	803	-
	<u><u>9,868</u></u>	<u><u>63,046</u></u>

9. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	738,962	383,773
Adjustments in respect of previous periods	(1,806)	(67,935)
	<u><u>737,156</u></u>	<u><u>315,838</u></u>
Total current tax	<u><u>737,156</u></u>	<u><u>315,838</u></u>
Deferred tax		
Origination and reversal of timing differences	20,330	(305)
Total deferred tax	<u><u>20,330</u></u>	<u><u>(305)</u></u>
Taxation on profit on ordinary activities	<u><u>757,486</u></u>	<u><u>315,533</u></u>

AIV EUROPE LIMITED

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

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	3,814,010	1,895,780
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	724,662	364,938
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	14,897	15,093
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	795	2,707
Adjustments to tax charge in respect of prior periods	25,401	(67,933)
Consolidation adjustments to profit	(160)	973
Other timing differences leading to an increase (decrease) in taxation	(8,109)	(245)
Total tax charge for the year	757,486	315,533

Factors that may affect future tax charges

Future reductions to the UK Corporation tax rates substantively enacted to reduce the main rate of Corporation tax to 17% with effect from 1 April 2020. The deferred tax liabilities reflect this rate.

10. Dividends

At the balance sheet date a dividend of £1,200,810 had been declared but was unpaid and is recognised within other creditors.

AIV EUROPE LIMITED

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

11. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 January 2018	784,057
At 31 December 2018	<u>784,057</u>
Amortisation	
At 1 January 2018	202,548
Charge for the year	78,406
At 31 December 2018	<u>280,954</u>
Net book value	
At 31 December 2018	<u>503,103</u>
At 31 December 2017	<u>581,509</u>

AIV EUROPE LIMITED

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

12. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation						
At 1 January 2018	116,450	513,857	13,451	99,228	11,241	754,227
Additions	3,369	216,742	19,390	32,989	-	272,490
Disposals	-	(43,980)	(13,450)	-	-	(57,430)
At 31 December 2018	119,819	686,619	19,391	132,217	11,241	969,287
Depreciation						
At 1 January 2018	86,636	354,310	12,255	84,186	6,645	544,032
Charge for the year on owned assets	2,881	72,004	4,848	13,798	1,401	94,932
Disposals	-	(41,272)	(12,255)	-	-	(53,527)
At 31 December 2018	89,517	385,042	4,848	97,984	8,046	585,437
Net book value						
At 31 December 2018	30,302	301,577	14,543	34,233	3,195	383,850
At 31 December 2017	29,814	159,547	1,196	15,042	4,596	210,195

AIV EUROPE LIMITED

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

12. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 January 2018	35,443	141,158	10,784	11,241	198,626
Additions	-	16,691	-	-	16,691
Disposals	-	(13,945)	-	-	(13,945)
At 31 December 2018	35,443	143,904	10,784	11,241	201,372
Depreciation					
At 1 January 2018	35,443	91,568	7,474	6,645	141,130
Charge for the year on owned assets	-	14,850	1,012	1,401	17,263
Disposals	-	(13,945)	-	-	(13,945)
At 31 December 2018	35,443	92,473	8,486	8,046	144,448
Net book value					
At 31 December 2018	-	51,431	2,298	3,195	56,924
At 31 December 2017	-	49,590	3,310	4,596	57,496

AIV EUROPE LIMITED

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

13. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	1,508,197
At 31 December 2018	<u>1,508,197</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Adanac Valve Specialities Limited	5 New Street Square, London EC4A 3TW	Ordinary	100%

The above subsidiary is included in the consolidation.

14. Stocks

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Finished goods and goods for resale	<u>2,673,798</u>	<u>3,474,243</u>	<u>2,524,285</u>	<u>3,358,456</u>

Stock recognised in cost of sales during the year as an expense was £10,383,093 (2017 - £7,309,773).

An impairment loss of £142,677 (2017 - £212,819) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

AIV EUROPE LIMITED

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

15. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	1,647,079	1,414,069	1,527,217	1,238,478
Amounts owed by group undertakings	315,456	511,326	318,089	501,996
Other debtors	270,846	273,968	253,711	273,968
Prepayments and accrued income	11,118	11,381	-	-
Amounts recoverable on long term contracts	36,095	25,611	-	-
	2,280,594	2,236,355	2,099,017	2,014,442

16. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	5,115,293	1,513,271	4,323,313	1,022,107

17. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	527,204	515,458	413,887	462,620
Amounts owed to group undertakings	731,090	212,160	857,009	262,715
Corporation tax	489,570	212,656	470,988	122,423
Other taxation and social security	90,983	82,376	170	170
Other creditors	1,261,850	158,747	1,260,151	158,751
Accruals and deferred income	6,763	6,474	-	-
	3,107,460	1,187,871	3,002,205	1,006,679

Amounts owed to group undertakings are unsecured, interest free and are repayable on demand.

Included within other creditors is a declared dividend of £1,200,810.

AIV EUROPE LIMITED

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

18. Creditors: Amounts falling due after more than one year

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Amounts owed to group undertakings	-	854,566	-	854,566
	<u>-</u>	<u>854,566</u>	<u>-</u>	<u>854,566</u>

Amounts owed to group undertakings are unsecured and interest is charged at 5% per annum. The balances were due to be repaid by 1st February 2020 and 1st October 2021.

19. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>2,233,381</u>	<u>2,199,363</u>	<u>2,099,017</u>	<u>2,014,442</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>2,520,144</u>	<u>886,365</u>	<u>2,531,047</u>	<u>884,086</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts due from group undertakings and other debtors.

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

AIV EUROPE LIMITED

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

20. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	(32,447)	(32,753)
Charged to profit or loss	(20,330)	306
At end of year	<u>(52,777)</u>	<u>(32,447)</u>

Company

	2018 £	2017 £
At beginning of year	(9,612)	(11,303)
Charged to profit or loss	2,395	1,691
At end of year	<u>(7,217)</u>	<u>(9,612)</u>

The provision for deferred taxation is made up as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	(52,777)	(32,447)	(7,217)	(9,612)
	<u>(52,777)</u>	<u>(32,447)</u>	<u>(7,217)</u>	<u>(9,612)</u>

The net deferred tax expected to reverse next year is £11,718 (2017 - £5,932) relating to the reversal of timing differences on tangible fixed assets.

AIV EUROPE LIMITED

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

21. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
1,022 (2017 - 1,022) Ordinary shares of £1.00 each	<u>1,022</u>	<u>1,022</u>

22. Reserves

Share premium account

This includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Other reserves

This includes additional paid-in capital.

Profit and loss account

The includes all current and prior period retained profits and losses.

23. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £49,523 (2017 - £43,747). Contributions totalling £1,700 (2017 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

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

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	155,582	125,099	88,967	59,885
Later than 1 year and not later than 5 years	340,360	233,160	155,692	-
	<u>495,942</u>	<u>358,259</u>	<u>244,659</u>	<u>59,885</u>

AIV EUROPE LIMITED

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

25. Related party transactions

During the year dividends totalling £1,174,961 (2017 - £nil) have been declared to directors and companies in which directors hold an interest.

Included in debtors are balances of £315,456 (2017 - £511,326) due to companies in which the directors hold an interest.

Included in creditors are balances of £731,090 (2017 - £212,160) due to companies in which the directors hold an interest.

Included in creditors due in more than one year are balances of £nil (2017 - £854,566) due to companies in which the directors hold an interest. During the year interest was paid on these balances of £9,065 (2017 - £63,046) and is included within interest payable.

26. Controlling party

The immediate parent undertaking is AIV International, Inc, a company incorporated in USA. Group financial statements are not prepared.

The ultimate parent undertaking is AIV Holding, a partnership established in the USA. Group financial statements are prepared but are not publicly available.

The parents registered office and principal place of business is detailed at www.aivinc.com.