

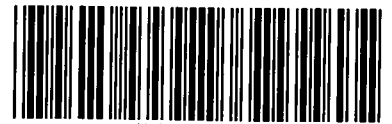
**E R ASSOCIATES (EUROPE) LTD**

**Financial Statements**

**For the period ended 31 December 2013**

**Company Registration Number: 08258451**

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# **E R ASSOCIATES (EUROPE) LTD**

## **Financial statements for the period ended 31 December 2013**

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**E R ASSOCIATES (EUROPE) LTD**

**Directors, officers and advisers**

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**Directors**

R Clucas  
Dr A Halbach  
C Henthorn  
C F Marfleet  
C H Marfleet

**Secretary and registered office**

40 Churchill Square  
Kings Hill  
West Malling  
Kent  
ME19 4YU

**Registered number**

08258451

**Auditors**

Day, Smith & Hunter  
Globe House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent ME14 3EN

## **E R ASSOCIATES (EUROPE) LTD**

### **Directors' report for the period ended 31 December 2013**

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The directors present their report and the financial statements of the company for the period ended 31 December 2013.

#### **Principal activity**

The company was incorporated on 18 October 2012 and commenced trade on 10 December 2012. The principal activity of the company is management services to fellow group undertakings.

#### **Directors**

The directors who served during the period were:

R Clucas (appointed 18 October 2012)  
Dr A Halbach (appointed 16 April 2013)  
C Henthorn (appointed 16 April 2013)  
C F Marfleet (appointed 18 October 2012)  
C H Marfleet (appointed 18 October 2012)

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' 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 estimates that are reasonable and prudent;
- 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.

#### **Disclosure of information to auditors**

To the knowledge and belief of the directors, there is no relevant information that the company's auditors are not aware of, and the directors have taken all the steps necessary to ensure the directors are aware of any relevant information, and to establish that the company's auditors are aware of the information.

#### **Auditors**

A resolution to reappoint Day, Smith & Hunter as auditors of the company will be proposed at the forthcoming annual general meeting.

**E R ASSOCIATES (EUROPE) LTD**

**Directors' report for the period ended 31 December 2013 (continued)**

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The above report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

**Signed on behalf of the board**

A handwritten signature in black ink, appearing to read 'R Clucas', written in a cursive style.

**R CLUCAS**  
**Director**

Approved by the Board on 10 July 2014.

We have audited the financial statements of E R Associates (Europe) Ltd for the period ended 31 December 2013 which are set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

#### **Respective responsibilities of directors and auditors**

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

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

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **E R ASSOCIATES (EUROPE) LTD**

### **Independent auditors' report to the members of E R Associates (Europe) Ltd (continued)**

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

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

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

**Duncan Cochrane-Dyet FCA (Senior Statutory Auditor)**  
**for and on behalf of Day, Smith & Hunter,**  
**Chartered Accountants**  
**Statutory Auditor**

Globe House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent ME14 3EN

10 July 2014

**E R ASSOCIATES (EUROPE) LTD****Profit and loss account for the period ended 31 December 2013**

	<u>Notes</u>	<u>2013</u>
		<u>£</u>
<b>Turnover</b>	2	<b>2,913,894</b>
Cost of sales		<u>177,903</u>
<b>Gross profit</b>		<u><b>2,735,991</b></u>
Distribution costs		<u>131,385</u>
Administrative expenses		<u>2,587,199</u>
		<u><b>2,718,584</b></u>
<b>Operating profit</b>	3	<b>17,407</b>
Taxation on profit on ordinary activities	4	<u>(7,193)</u>
<b>Profit for the financial period</b>	10	<u><u><b>10,214</b></u></u>

The notes on pages 8 to 11 form part of these financial statements.



**E R ASSOCIATES (EUROPE) LTD****Balance sheet at 31 December 2013**

	<u>Notes</u>	<u>2013</u>
		<u>£</u>
<b>Fixed assets</b>		
Intangible assets	5	197,333
Investments	6	35,840
		<u>233,173</u>
<b>Current assets</b>		
Debtors	7	1,043,568
Cash at bank and in hand		379,352
		<u>1,422,920</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(1,645,779)</u>
<b>Net current liabilities</b>		<u>(222,859)</u>
<b>Total assets less current liabilities</b>		<u><u>10,314</u></u>
<b>Capital and reserves</b>		
Called up share capital	9	100
Profit and loss account	10	10,214
		<u>10,314</u>
<b>Shareholders' funds</b>		<u><u>10,314</u></u>

These accounts have been prepared in accordance with the provisions available to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the board of directors on 10 July 2014 and signed on its behalf.



**R Clucas - Director**

**Company Registration No: 08258451**

The notes on pages 8 to 11 form part of these financial statements.

**1 Accounting policies**

**a) Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as it qualifies as a small company.

**b) Turnover**

Turnover represents net invoiced sales of goods and services, excluding value added tax.

**c) Consolidation**

The company is a parent company subject to the small companies regime. The company and its subsidiaries comprise a small group. The company is therefore not required to and has not chosen to prepare group accounts.

**d) Intangible assets**

Intangible fixed assets comprise licensed rights. These are shown in the financial statements at cost. Intangible assets which are considered to have an indefinite useful life are not amortised but are subjected to annual impairment tests to evaluate whether the asset has been impaired.

**e) Foreign currency translation**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the year end. The trading results of overseas operations are translated at average rates of exchange for the year. All other gains and losses on exchange are dealt with in the profit and loss account.

**f) Investments**

Investments held as fixed assets are stated at cost less provision for any diminution in value.

**g) Hire purchase and lease transactions**

Rentals under operating leases are charged to the profit and loss account as they fall due.

**2 Turnover**

The turnover and profit before taxation is attributable to the one principal activity of the company.

**3 Operating loss**

This is stated after charging:

	<u>2013</u>
	£
Auditors' remuneration - Audit fee	13,150
- Taxation	14,300
- Other	19,375
	<u><u>46,825</u></u>

Auditors' remuneration is paid by the company on behalf of all fellow group undertakings in the UK, and recharged accordingly as a management fee.

**4 Tax on profit on ordinary activities**

	<u>2013</u>
	£
United Kingdom corporation tax at 20%	<u><u>7,193</u></u>

# E R ASSOCIATES (EUROPE) LTD

## Notes to the financial statements for the period ended 31 December 2013 (continued)

### 5 Intangible fixed assets

	Licensed Rights
	£
Additions	197,333
<b>At 31 December 2013</b>	<b>197,333</b>
<b>Net book value:</b>	
<b>At 31 December 2013</b>	<b>197,333</b>

### 6 Investments

	Shares in subsidiary undertakings	Total
	£	£
<b>Cost:</b>		
Additions	35,840	35,840
<b>Net book value at 31 December 2013</b>	<b>35,840</b>	<b>35,840</b>

The company's investment, at the balance sheet date, in the share capital of companies comprises the following wholly owned subsidiaries all incorporated in the UK and engaged in providing franchisee management services:

Subsidiary	Capital and reserves	Profit/(loss)
E R Associates (Austria) Ltd	(1,818)	(1,820)
E R Associates (Belgium) Ltd	(420)	(422)
E R Associates (Czech) Ltd	3,360	3,358
E R Associates (Denmark) Ltd	33,418	33,416
E R Associates (Finland) Ltd	(4,757)	(4,759)
E R Associates (Germany) Ltd	(9,998)	(10,000)
E R Associates (Hungary) Ltd	1,362	1,364
E R Associates (Italy) Ltd	30,655	30,653
E R Associates (Luxemburg) Ltd	2	-
E R Associates (Netherlands) Ltd	67,106	67,104
E R Associates (Norway) Ltd	(7,585)	(7,857)
E R Associates (Poland) Ltd	862	860
E R Associates (Portugal) Ltd	9098	9096
E R Associates (Romania) Ltd	10,581	10,579
E R Associates (Slovakia) Ltd	(5,665)	(5,667)
E R Associates (Slovenia) Ltd	2	-
E R Associates (Spain) Ltd	(17,920)	(17,922)
E R Associates (Sweden) Ltd	(8,067)	(8,069)
E R Associates (Switzerland) Ltd	15,091	15,089
Expense Reduction Analysts GmbH	101,831	19,578
Expense Reduction Analysts Spain SL	61,982	27,091
ERA Global Management Srl	8,607	-

# E R ASSOCIATES (EUROPE) LTD

## Notes to the financial statements for the period ended 31 December 2013 (continued)

### 7 Debtors

	<u>2013</u>
	£
Trade debtors	230,133
Amounts owed by group undertakings and undertakings in which the company has a participating interest	610,745
Other debtors	202,690
	<u>1,043,568</u>

### 8 Creditors: amounts falling due within one year

	<u>2013</u>
	£
Trade creditors	128,477
Amounts owing to group undertakings and undertakings in which the company has a participating interest	1,052,005
Other creditors	465,297
	<u>1,645,779</u>

### 9 Called up share capital

	<u>2013</u>
	£
<b>Allotted, called up and fully paid</b>	
Ordinary shares of £1 each	<u>100</u>

### 10 Reserves

	Profit and loss account
	£
Profit for the period	10,214
At 31 December 2013	<u>10,214</u>

# E R ASSOCIATES (EUROPE) LTD

## Notes to the financial statements for the period ended 31 December 2013 (continued)

### 11 Related parties

The company is a wholly owned subsidiary of Montgomery Investment Company SA, registered in Luxemburg. The ultimate controlling party is C F Marfleet by virtue of his shareholding in Montgomery Investment Company SA.

Turnover includes management fees and royalty fees charged to fellow group companies as stated below. Other transactions with fellow group companies primarily comprise debts transferred under a factoring arrangement and other recharged expenses.

Company Name	Other Transactions	Management fees	Debtor/(creditor)
E R Associates (Austria) Ltd	(103,400)	59,000	(44,400)
E R Associates (Belgium) Ltd	(314,416)	182,572	(131,844)
E R Associates (Czech) Ltd	(37,784)	22,540	(15,244)
E R Associates (Denmark) Ltd	(167,005)	68,679	(98,326)
E R Associates (Finland) Ltd	(226,719)	150,124	(76,596)
E R Associates (Hungary) Ltd	(20,605)	8,604	(12,001)
E R Associates (Italy) Ltd	(225,265)	113,575	(111,690)
E R Associates (Luxembourg) Ltd	(2,200)	(7,800)	(10,000)
E R Associates (Netherlands) Ltd	(273,732)	137,652	(136,080)
E R Associates (Norway) Ltd	(20,757)	14,505	(6,252)
E R Associates (Poland) Ltd	(78,547)	41,332	(37,215)
E R Associates (Portugal) Ltd	(56,645)	29,067	(27,578)
E R Associates (Romania) Ltd	(105,029)	68,097	(36,932)
E R Associates (Slovakia) Ltd	(30,124)	12,348	(17,776)
E R Associates (Slovenia) Ltd	(3,691)	(6,271)	(9,962)
E R Associates (Spain) Ltd	(42,982)	21,528	(21,454)
E R Associates (Sweden)	(39,575)	28,051	(11,524)
E R Associates (Switzerland) Ltd	(144,253)	73,487	(70,766)
E R Associates (ML) Ltd	239,869	-	239,869
Associate Network & Support Services Ltd	370,676	-	370,876
Montgomery Investment Company SA	(14,332)	-	(14,332)
Expense Reduction Analysts GmbH	(1,442,219)	1,349,999	(92,220)
Expenses Reduction Analysts Spain SL	(599,198)	472,203	(126,995)
ERA USA Inc	(17,912)	-	(17,912)

**E R ASSOCIATES (EUROPE) LTD****Profit and loss account for the period ended 31 December 2013**

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	<u>Note</u>	<u>2013</u>
		<u>£</u>
<b>Sales</b>	1	<b>2,913,894</b>
<b>Cost of Sales</b>	2	<b>177,903</b>
<b>Gross profit</b>		<b>2,735,991</b>
<b>Less: Overheads</b>		
Establishment Expenses	3	219,813
Administration Expenses	4	2,378,950
Selling and Distribution	5	131,385
Finance Charges	6	(11,564)
		<b>2,718,584</b>
<b>Net profit before taxation</b>		<b>17,407</b>

# E R ASSOCIATES (EUROPE) LTD

## Profit and loss account for the period ended 31 December 2013 (continued)

	2013
	£
<b>1. Sales</b>	
Inter-Company Management fee	2,838,633
Other income treated as turnover	10,237
Royalty income	65,024
	<u>2,913,894</u>
<b>2. Cost of Sales</b>	
Direct royalty charge	92,000
AD Share-Minimums	85,903
	<u>177,903</u>
<b>3. Establishment Expenses</b>	
Rent and rates	77,628
Other occupancy costs	7,774
Insurance	12,823
IT Support	121,588
	<u>219,813</u>
<b>4. Administration Expenses</b>	
Entertaining	2,358
Bad debts	358,174
Audit fees	26,500
Public Relations	2,023
Marketing	34,431
Broker Fees	9,000
ERA Conferences	70,549
Outside services	119,033
Recruitment costs	9,412
Moving expense	6,915
Office salaries	762,497
Staff training	79,510
Sales Coaching	302,698
Project Coaching - Mentoring	14,400
Telephone	25,935
Postage	6,339
Stationery	11,905
Corporate services	430,833
Equipment hire	4,096
Telemarketing	400
Advertising	53,774
Commissions	21,509
Legal and professional charges	26,659
	<u>2,378,950</u>
<b>5. Selling and Distribution</b>	
Commission	67,110
Travelling	64,275
	<u>131,385</u>
<b>6. Finance Charges</b>	
Bank charges	10,834
Profit on exchange	(22,398)
	<u>11,564</u>