

E R ASSOCIATES (EUROPE) LTD

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2022

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	5	329,585	332,974
Tangible assets	6	19,112	33,048
Investments	7	35,840	35,840
		<u>384,537</u>	<u>401,862</u>
Current assets			
Debtors: amounts falling due within one year	8	4,490,381	3,777,347
Cash at bank and in hand		2,402,675	2,249,423
		<u>6,893,056</u>	<u>6,026,770</u>
Creditors: amounts falling due within one year	9	(6,342,134)	(5,485,032)
Net current assets		<u>550,922</u>	<u>541,738</u>
Total assets less current liabilities		<u>935,459</u>	<u>943,600</u>
Provisions for liabilities			
Deferred tax		(82,617)	(83,715)
		<u>(82,617)</u>	<u>(83,715)</u>
Pension liability		(5,867)	(6,439)
Net assets		<u><u>846,975</u></u>	<u><u>853,446</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		846,875	853,346
		<u><u>846,975</u></u>	<u><u>853,446</u></u>

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

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Mr R Clucas

Director

Date: 29 September 2023

The notes on pages 3 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. General information

E R Associates (Europe) Ltd is a private company limited by shares incorporated in England and Wales within the United Kingdom. The address of the registered office is 40 Churchill Square, Kings Hill, West Malling, Kent, ME19 4YU.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest pound.

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 Section 1A of 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 management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.3 Going concern

The financial statements are prepared on a going concern basis and there are no material uncertainties that cast significant doubt on the Company's ability to continue as a going concern.

2.4 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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:

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 company 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.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives of 15 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss 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 2022**

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.11 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 lives range as follows:

Licensed rights and CRM	-	15	years
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2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.12 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 straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- 4 years
Office equipment	- 4 years

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 profit or loss.

No depreciation is charged in the year of acquisition.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company 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 profit or loss in the year that the company 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.

2.18 Financial instruments

The company 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

No judgements have been made in the process of applying the above accounting policies that have had a significant effect on amounts recognised in the financial statements.

No key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year have been made.

4. Employees

The average monthly number of employees, including directors, during the year was 39 (2021 - 39).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. Intangible assets

	CRM £
Cost	
At 1 January 2022	385,225
Additions - internal	23,885
At 31 December 2022	<u>409,110</u>
Amortisation	
At 1 January 2022	52,251
Charge for the year on owned assets	27,274
At 31 December 2022	<u>79,525</u>
Net book value	
At 31 December 2022	<u><u>329,585</u></u>
At 31 December 2021	<u><u>332,974</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

6. Tangible fixed assets

	Leasehold improvements £	Office equipment £	Total £
Cost			
At 1 January 2022	49,446	14,918	64,364
Additions	-	1,961	1,961
At 31 December 2022	49,446	16,879	66,325
Depreciation			
At 1 January 2022	24,722	6,594	31,316
Charge for the year on owned assets	12,361	3,536	15,897
At 31 December 2022	37,083	10,130	47,213
Net book value			
At 31 December 2022	12,363	6,749	19,112
At 31 December 2021	24,724	8,324	33,048

7. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2022	35,840
At 31 December 2022	35,840

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Debtors

	2022 £	2021 £
Trade debtors	838,887	643,517
Amounts owed by group undertakings	3,284,636	2,806,149
Other debtors	286,932	223,281
Prepayments and accrued income	79,926	104,400
	<u>4,490,381</u>	<u>3,777,347</u>

9. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	126,221	74,550
Amounts owed to group undertakings	5,870,739	5,136,608
Other taxation and social security	65,192	64,937
Other creditors	91,213	59,593
Accruals and deferred income	188,769	149,344
	<u>6,342,134</u>	<u>5,485,032</u>

10. Parent undertaking

The immediate parent undertaking and the parent of the smallest group for which consolidated financial statements are available is Mico Holding Ltd, registered at Suite 24, 40 Churchill Square, Kings Hill, West Malling, England, ME19 4YU.

11. Auditor's information

The auditor's report on the financial statements for the year ended 31 December 2022 was unqualified.

The audit report was signed on 29 September 2023 by Duncan Cochrane-Dyet BSc BFP FCA (Senior Statutory Auditor) on behalf of MHA.

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.