

**E R ASSOCIATES (EUROPE) LTD**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

		2020	As restated 2019
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	5	531,272	597,180
Tangible assets	6	41,032	55,351
Investments	7	35,840	35,840
		<u>608,144</u>	<u>688,371</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	8	93,972	-
Debtors: amounts falling due within one year	8	5,279,258	5,074,858
Cash at bank and in hand		1,830,519	930,385
		<u>7,203,749</u>	<u>6,005,243</u>
Creditors: amounts falling due within one year	9	(6,771,059)	(6,659,819)
<b>Net current assets/(liabilities)</b>		<u>432,690</u>	<u>(654,576)</u>
<b>Total assets less current liabilities</b>		<u>1,040,834</u>	<u>33,795</u>
Pension liability		(6,189)	(11,205)
<b>Net assets</b>		<u><u>1,034,645</u></u>	<u><u>22,590</u></u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account		1,034,545	22,490
		<u><u>1,034,645</u></u>	<u><u>22,590</u></u>

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

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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 on 1 September 2021.

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**Mr R Clucas**

Director

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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 its immediate parent undertaking established under the law of an EEA state 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. The Directors have considered the impact of COVID-19 as part of their going concern assessment.

**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  
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**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 2020**

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**2. Accounting policies (continued)**

**2.10 Taxation**

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.

**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.

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:

Office equipment	-	4	years
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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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2. Accounting policies (continued)**

**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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**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 34 (2019 - 34).

**5. Intangible assets**

	<b>Licensed rights £</b>	<b>CRM £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2020	434,782	236,716	671,498
Additions - internal	-	310,337	310,337
Disposals	(434,782)	-	(434,782)
At 31 December 2020	-	547,053	547,053
<b>Amortisation</b>			
At 1 January 2020	74,318	-	74,318
Charge for the year on owned assets	-	15,781	15,781
On disposals	(74,318)	-	(74,318)
At 31 December 2020	-	15,781	15,781
<b>Net book value</b>			
At 31 December 2020	-	531,272	531,272
<b>At 31 December 2019</b>	<u>360,464</u>	<u>236,716</u>	<u>597,180</u>



NOTES TO THE FINANCIAL STATEMENTS  
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6. Tangible fixed assets

	Office equipment £
<b>Cost</b>	
At 1 January 2020	58,793
Disposals	(368)
At 31 December 2020	<u>58,425</u>
<b>Depreciation</b>	
At 1 January 2020	3,442
Charge for the year on owned assets	13,951
At 31 December 2020	<u>17,393</u>
<b>Net book value</b>	
At 31 December 2020	<u>41,032</u>
At 31 December 2019	<u>55,351</u>

7. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2020	<u>35,840</u>
At 31 December 2020	<u>35,840</u>

NOTES TO THE FINANCIAL STATEMENTS  
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8. Debtors

	2020 £	As restated 2019 £
<b>Due after more than one year</b>		
Trade debtors	93,972	-
	<u>93,972</u>	<u>-</u>
<b>Due within one year</b>		
Trade debtors	644,832	455,873
Amounts owed by group undertakings	4,538,819	4,495,473
Other debtors	29,460	86,208
Prepayments and accrued income	66,147	37,304
	<u>5,279,258</u>	<u>5,074,858</u>

9. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	70,039	99,547
Amounts owed to group undertakings	6,347,399	6,461,880
Corporation tax	105,475	-
Other taxation and social security	81,305	56,144
Other creditors	61,306	423
Accruals and deferred income	105,535	41,825
	<u>6,771,059</u>	<u>6,659,819</u>

10. Prior year adjustment

Accumulated foreign exchange losses of £279,895 up to the 31 December 2016 were discovered and written off at that date. This adjustment reduced trade debtors and retained earnings by the listed amount. The adjustment has also created an additional taxable loss for that period, which can be used against future trading profits of the company.

**NOTES TO THE FINANCIAL STATEMENTS  
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**11. Ultimate parent entity and controlling party**

The ultimate parent company is Montgomery Investment Company SA, registered in Luxembourg. The ultimate parent undertaking's registered head office and principal place of business address is 16, rue Erasme, L - 1468, Luxembourg.

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.

**12. Auditor's information**

The auditor's report on the financial statements for the year ended 31 December 2020 was unqualified.

The audit report was signed on 8 September 2021 by Duncan Cochrane-Dyet BSc BFP FCA (Senior statutory auditor) on behalf of MHA MacIntyre Hudson.

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.