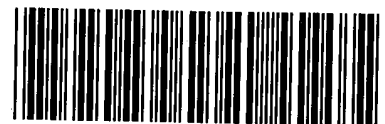


**E R ASSOCIATES (ITALY) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

TUESDAY



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## **E R ASSOCIATES (ITALY) LIMITED**

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### **COMPANY INFORMATION**

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<b>Directors</b>	Ronnie Clucas Henry Marfleet
<b>Registered number</b>	08259342
<b>Registered office</b>	40 Churchill Square Kings Hill West Malling Kent ME19 4YU
<b>Independent auditors</b>	MHA MacIntyre Hudson Statutory Auditors 31 St George's Place Canterbury Kent CT1 1XD

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**E R ASSOCIATES (ITALY) LIMITED**

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## **E R ASSOCIATES (ITALY) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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The directors present their report and the financial statements for the year ended 31 December 2015.

#### **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 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 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 for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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.

#### **Principal activity**

The principal activity of the company continued to be that of franchisee management services.

#### **Directors**

The directors who served during the year were:

Ronnie Clucas  
Henry Marfleet

#### **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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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's auditors are aware of that information.

#### **Auditors**

The auditors, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**E R ASSOCIATES (ITALY) LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**Small Companies Note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



.....  
**Ronnie Lucas**  
Director

Date: 28 July 2016

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## **E R ASSOCIATES (ITALY) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF E R ASSOCIATES (ITALY) LIMITED**

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We have audited the financial statements of E R Associates (Italy) Limited for the year ended 31 December 2015, set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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, 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 Financial Reporting Council'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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

#### **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

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**E R ASSOCIATES (ITALY) LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF E R ASSOCIATES (ITALY) LIMITED**

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- 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 take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

*MHA MacIntyre Hudson*

Duncan Cochrane-Dyet (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Statutory Auditors

31 St George's Place

Canterbury

Kent

CT1 1XD

Date: *29 July 2016*

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**E R ASSOCIATES (ITALY) LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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	Note	2015 £	2014 £
Turnover		286,758	247,493
Cost of sales		(28,131)	(19,856)
<b>Gross profit</b>		<b>258,627</b>	<b>227,637</b>
Administrative expenses		(208,956)	(212,912)
<b>Operating profit</b>		<b>49,671</b>	<b>14,725</b>
Tax on profit	6	(7,416)	(1,515)
<b>Profit for the year</b>		<b>42,255</b>	<b>13,210</b>

There was no recognised gains and losses for 2015 or 2014 other than those included in the income statement.

There was no other comprehensive income for 2015 (2014:£NIL).




**E R ASSOCIATES (ITALY) LIMITED**  
**REGISTERED NUMBER:08259342**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	225,361	158,217
Cash at bank and in hand	8	2	2
		<u>225,363</u>	<u>158,219</u>
Creditors: amounts falling due within one year	9	(139,243)	(114,354)
<b>Net current assets</b>		<u>86,120</u>	<u>43,865</u>
<b>Total assets less current liabilities</b>		<u>86,120</u>	<u>43,865</u>
 <b>Net assets excluding pension asset</b>		<u>86,120</u>	<u>43,865</u>
<b>Net assets</b>		<u>86,120</u>	<u>43,865</u>
 <b>Capital and reserves</b>			
Called up share capital	10	2	2
Profit and loss account	11	86,118	43,863
		<u>86,120</u>	<u>43,865</u>

The company's financial statements have been delivered in accordance with the 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:

  
 .....  
**Ronnie Clucas**  
 Director

Date: 28 July 2016

The notes on pages 9 to 14 form part of these financial statements.

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**E R ASSOCIATES (ITALY) LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	2	43,863	43,865
Profit for the year	-	42,255	42,255
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>42,255</b>	<b>42,255</b>
<b>At 31 December 2015</b>	<b>2</b>	<b>86,118</b>	<b>86,120</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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	Share capital £	Retained earnings £	Total equity £
At 1 January 2014	2	30,653	30,655
Profit for the year	-	13,210	13,210
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>13,210</b>	<b>13,210</b>
<b>At 31 December 2014</b>	<b>2</b>	<b>43,863</b>	<b>43,865</b>

The notes on pages 9 to 14 form part of these financial statements.

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**E R ASSOCIATES (ITALY) LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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	2015 £	2014 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	42,255	13,210
Taxation	7,416	1,515
Increase in debtors	(1,588)	(4,998)
Decrease in amounts owed by groups	(65,556)	(37,513)
Increase in creditors	(37,928)	15,420
Increase in amounts owed to groups	56,939	21,671
Corporation tax	(1,538)	(9,305)
<b>Net cash generated from operating activities</b>	-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	-	-
Cash and cash equivalents at beginning of year	2	2
<b>Cash and cash equivalents at the end of year</b>	2	2
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	2	2
	2	2

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**1. General information**

E R Associates (Italy) Limited is a company limited by shares incorporated in England within the United Kingdom. The address of the registered office is given in the Company Information on the company information page of these financial statements.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 13.

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

The following principal accounting policies have been applied:

**2.2 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.

**2.3 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**2. Accounting policies (continued)**

**2.4 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 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 company's cash management.

**2.5 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.

**2.6 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 Income Statement 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 Income Statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

**2.7 Taxation**

Tax is recognised in the Income Statement, except that a change 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 reporting date in the countries where the company operates and generates income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**3. Judgments 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. Analysis of turnover**

An analysis of turnover by class of business is as follows:

	2015 £	2014 £
Area franchise licence sales	87,840	96,708
Royalty income	198,478	150,602
Other income	440	183
	<u>286,758</u>	<u>247,493</u>

Analysis of turnover by country of destination:

	2015 £	2014 £
United Kingdom	286,758	247,493
	<u>286,758</u>	<u>247,493</u>

**5. Directors' remuneration**

No directors were paid any remuneration for their services in the period (2014: nil).

**6. Taxation**

	2015 £	2014 £
<b>Corporation tax</b>		
Current tax on profits for the year	7,416	1,538
Adjustments in respect of previous periods	-	(23)
	<u>7,416</u>	<u>1,515</u>
<b>Total current tax</b>	<u>7,416</u>	<u>1,515</u>

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**E R ASSOCIATES (ITALY) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**6. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 20%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<b>49,671</b>	14,725
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 20%)	<b>10,058</b>	2,945
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	-	(23)
Group relief	<b>(2,642)</b>	(1,407)
<b>Total tax charge for the year</b>	<b>7,416</b>	1,515

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**7. Debtors**

	2015 £	2014 £
Amounts owed by group undertakings	<b>214,759</b>	149,203
Other debtors	<b>2,587</b>	9,014
Prepayments and accrued income	<b>8,015</b>	-
	<b>225,361</b>	158,217

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**E R ASSOCIATES (ITALY) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**8. Cash and cash equivalents**

	2015 £	2014 £
Cash at bank and in hand	2	2
	<u>2</u>	<u>2</u>

**9. Creditors: Amounts falling due within one year**

	2015 £	2014 £
Amounts owed to group undertakings	102,384	45,445
Corporation tax	7,416	1,538
Accruals and deferred income	29,443	67,371
	<u>139,243</u>	<u>114,354</u>

**10. Share capital**

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

**11. Reserves****Profit and loss account**

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

**12. Controlling party**

The immediate parent company is E R Associates (ML) Limited, registered in England. The ultimate controlling undertaking is Vancouver Trust, a trust registered in Guernsey, over which no individual exercises control. The ultimate controlling party is deemed to be Mr C F Marfleet by virtue of his interest in Vancouver Trust and his ability to direct the financial and operating policies of E R Associates (Italy) Limited.



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**E R ASSOCIATES (ITALY) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**13. First time adoption of FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.