

E R ASSOCIATES (ITALY) LTD

Financial Statements

For the period ended 31 December 2013

Company Registration Number: 08259342

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E R ASSOCIATES (ITALY) LTD

Financial statements for the period ended 31 December 2013

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E R ASSOCIATES (ITALY) LTD

Directors, officers and advisers

Directors

R Clucas
C H Marfleet

Secretary and registered office

40 Churchill Square
Kings Hill
West Malling
Kent
ME19 4YU

Registered number

08259342

Auditors

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

E R ASSOCIATES (ITALY) LTD

Directors' report for the period ended 31 December 2013

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 franchisee management services.

Directors

The directors who served during the period were:

R Clucas (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 (ITALY) LTD

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

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



R CLUCAS
Director

Approved by the Board on 10 July 2014.

E R ASSOCIATES (ITALY) LTD

Independent auditors' report to the members of E R Associates (Italy) Ltd

We have audited the financial statements of E R Associates (Italy) Ltd for the period ended 31 December 2013 which are set out on pages 6 to 9. 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 (ITALY) LTD

Independent auditors' report to the members of E R Associates (Italy) Ltd (continued)

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 (ITALY) LTD**Profit and loss account for the period ended 31 December 2013**

	<u>Notes</u>	<u>2013</u>
		<u>£</u>
Turnover	2	247,468
Cost of sales		<u>13,505</u>
Gross profit		<u>233,963</u>
Administrative expenses		<u>193,982</u>
Operating profit		<u>39,981</u>
Taxation on profit on ordinary activities	3	<u>(9,292)</u>
Profit for the financial period	7	<u><u>30,689</u></u>

The notes on pages 8 to 9 form part of these financial statements.

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

	<u>Notes</u>	<u>2013</u> £
Current assets		
Debtors	4	115,706
Cash at bank and in hand		<u>2</u>
		115,708
Creditors: amounts falling due within one year	5	<u>(85,017)</u>
Net current assets		<u>30,691</u>
Capital and reserves		
Called up share capital	6	2
Profit and loss account	7	<u>30,689</u>
Shareholders' funds		<u>30,691</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: 08259342

The notes on pages 8 to 9 form part of these financial statements.

E R ASSOCIATES (ITALY) LTD

Notes to the financial statements for the period ended 31 December 2013

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) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the year end. Other gains and losses on exchange are dealt with in the profit and loss account.

2 Turnover

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

3 Tax on profit on ordinary activities

	2013
	£
United Kingdom corporation tax at 20%	9,292

4 Debtors

	2013
	£
Trade debtors	4,016
Amounts owed by group undertakings and undertakings in which the company has a participating interest	111,690
	115,706

5 Creditors: amounts falling due within one year

	2013
	£
Trade creditors	367
Amounts owing to group undertakings and undertakings in which the company has a participating interest	23,774
Other creditors	51,584
Corporation tax	9,292
	85,017

6 Called up share capital

	2013
	£
Allotted, called up and fully paid	
Ordinary shares of £1 each	2

E R ASSOCIATES (ITALY) LTD

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

7 Reserves

	Profit and loss account
	<u>£</u>
Profit for the period	30,689
At 31 December 2013	<u><u>30,689</u></u>

8 Related parties

The company's immediate parent undertaking is E R Associates (Europe) Limited. The company's ultimate parent is 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.

Administrative expenses include costs of £113,575 charged to the company by E R Associates (Europe) Limited. Other transactions including the recharge of expenses and the transfer of debts under a factoring arrangement to E R Associates (Europe) Limited totalled £225,265. The net amounts outstanding in respect of these transactions are shown in note 4.

Administrative expenses also include costs of £23,774 charged to the company by Associate Services & Network Support Limited (a fellow subsidiary of Montgomery Investment Company SA), the amounts outstanding in respect of these transactions are shown in note 5.

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

	<u>Note</u>	<u>2013</u>
		<u>£</u>
Sales	1	247,468
Cost of Sales		13,505
Gross profit		233,963
Less: Overheads		
Administration Expenses	2	193,775
Finance Charges	3	207
		193,982
Net profit before taxation		39,981

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

	2013
	£
1. Sales	
Area franchise license sales	146,761
Other income treated as turnover	104
Royalty income	100,603
	<u>247,468</u>
2. Administration Expenses	
Broker fees	4,000
ERA Conferences	308
Office salaries	2,083
Staff training	580
Sales coaching	12,450
Project coaching - mentoring	14,900
Stationery	24
Corporate services	136,692
Advertising	3,815
Commissions	17,500
Legal & professional charges	1,423
	<u>193,775</u>
3. Finance Charges	
Loss on exchange	<u>207</u>