

Registration number: 01399323

A & H Europe Limited

Annual Report and Audited Financial Statements

for the Year Ended 31 December 2016



A & H Europe Limited

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A & H Europe Limited

Company Information

Directors	Mr R M Andreoli Mrs J C Kerr Mr A Parsons
Company secretary	Mrs J C Kerr
Registered office	Farren Court The Street Cowfold Horsham RH13 8BP
Auditor	Kreston Reeves LLP Springfield House Springfield Road Horsham West Sussex RH12 2RG

A & H Europe Limited

(Registration number: 01399323) Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	5	1,645	2,219
Current assets			
Stocks		9,877	10,338
Debtors	6	444,059	305,828
Cash at bank and in hand		42,143	49,001
		<u>496,079</u>	<u>365,167</u>
Creditors: Amounts falling due within one year	7	<u>(45,371)</u>	<u>(47,068)</u>
Net current assets		<u>450,708</u>	<u>318,099</u>
Net assets		<u>452,353</u>	<u>320,318</u>
Capital and reserves			
Called up share capital	8	10,000	10,000
Capital redemption reserve		49	49
Profit and loss account		<u>442,304</u>	<u>310,269</u>
Total equity		<u>452,353</u>	<u>320,318</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and FRS 102 Section 1A - small entities.

In accordance with Section 444 of the Companies Act 2006, the company has elected not to file the profit and loss account and directors' report.

Approved and authorised by the Board on 10 April 2017 and signed on its behalf by:



Mrs J C Kerr

Company secretary and director

1 General information

The company is a private company limited by share capital incorporated in England. The address of its registered office and principal place of business is:

Faren Court

The Street

Cowfold

Horsham

RH13 8BP

These financial statements were authorised for issue by the Board on 10 April 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to the notes for an explanation of the transition.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

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

Going concern

The financial statements have been prepared on a going concern basis. The directors have prepared budgets for the year ended 31 December 2017 and have received assurances from the company's ultimate parent undertaking, R & J Manufacturing Company, that it will continue to support the company to enable it to continue trading and to meet its liabilities as they fall due for at least 12 months from 10 April 2017. On the assumption that the continuing support of R & J Manufacturing Company will be available, the directors consider it is appropriate for the financial statements to be prepared on the going concern basis. If this assumption proves to be inappropriate, then adjustments may have to be made to adjust the value of assets to their recoverable amounts and to provide for any further liabilities which may arise.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

Turnover from the commissions on sales and debt collection are recognised in the period the services are provided.

Leases

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the lease term.

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Notes to the Financial Statements for the Year Ended 31 December 2016

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, less their estimated residual value, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	At varying rates on cost (2-10 years straight line)
Office equipment	At varying rates on cost (4-10 years straight line)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

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Notes to the Financial Statements for the Year Ended 31 December 2016

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Impairment

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described earlier in the accounting policies note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

Stock valuation - Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. The determination of stock provisions requires significant judgement. In making this judgement the company evaluates amongst other factors the age and physical condition of stock and its expected saleability based on forecast demand for the products taking into account expected trading conditions.

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Notes to the Financial Statements for the Year Ended 31 December 2016

4 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 10 (2015 - 9).

5 Tangible assets

	Office equipment £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2016	<u>27,512</u>	<u>10,998</u>	<u>38,510</u>
At 31 December 2016	<u>27,512</u>	<u>10,998</u>	<u>38,510</u>
Depreciation			
At 1 January 2016	27,294	8,997	36,291
Charge for the year	<u>111</u>	<u>463</u>	<u>574</u>
At 31 December 2016	<u>27,405</u>	<u>9,460</u>	<u>36,865</u>
Carrying amount			
At 31 December 2016	<u>107</u>	<u>1,538</u>	<u>1,645</u>
At 31 December 2015	<u>218</u>	<u>2,001</u>	<u>2,219</u>

6 Debtors

	Note	2016 £	2015 £
Trade debtors		3,669	18,731
Amounts owed by group undertakings	10	423,113	271,829
Other debtors		<u>17,277</u>	<u>15,268</u>
		<u>444,059</u>	<u>305,828</u>

7 Creditors

	2016 £	2015 £
Due within one year		
Trade creditors	1,580	2,348
Corporation tax	1,709	148
Other taxes and social security	8,252	8,237
Other creditors	<u>33,830</u>	<u>36,335</u>
	<u>45,371</u>	<u>47,068</u>

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Notes to the Financial Statements for the Year Ended 31 December 2016

8 Share capital

Allotted, called up and fully paid shares

	No.	2016 £	No.	2015 £
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

9 Obligations under leases

Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	17,315	17,315
Later than one year and not later than five years	<u>62,648</u>	<u>78,648</u>
	<u>79,963</u>	<u>95,963</u>

10 Related party transactions

Directors' remuneration

During the year directors' remuneration (including benefits in kind and money purchase pension scheme contributions) totalled £100,937 (2015 - £101,299).

Summary of transactions with parent

A & H Worldwide LLC

During the year the company continued to provide a loan to A & H Worldwide LLC. During the year the company received interest of £8,130 (2015 - £6,757) on this loan charged at 4%. During the year the company was invoiced £12,651 (2015 - £11,745) by A & H Worldwide LLC. At the balance sheet date the amount due from A & H Worldwide LLC was £219,174 (2015 - £170,608).

Summary of transactions with other related parties

A & H Hong Kong Inc. (Group company)

During the year the company was invoiced £13,189 (2015 - £9,970) by and invoiced £1,464 (2015 - £2,231) to, and received commission and management charges of £400,080 (2015 - £327,532) from A & H Hong Kong Inc. At the balance sheet date the amount due from A & H Hong Kong Inc. was £203,939 (2015 - £101,221).

11 Parent undertaking

The company's immediate parent is A & H Worldwide LLC, incorporated in United States.

A & H Worldwide LLC registered office and principal place of business is 1 Carding Lane, Johnston, RI 02919.

The ultimate controlling party is Mr R Andreoli.

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Notes to the Financial Statements for the Year Ended 31 December 2016

12 Transition to FRS 102

This is the first year that the company has presented its financial statements under FRS 102. The company has applied Section 35 'Transition to this FRS', of FRS 102 in preparing these financial statements. The last financial statements for the year ended 31 December 2015 were prepared under the previous Financial Reporting Standards and the transition date to FRS 102 is therefore 1 January 2015.

In adopting FRS 102 there have been no changes to the company's reported reserves.

13 Audit

The name of the Senior Statutory Auditor who signed the audit report was Graham Hunt BA FCA who signed for and on behalf of Kreston Reeves LLP, Statutory Auditor. The Independent Auditor's Report was qualified as there was a limitation on our audit work relating to amounts owed by group undertakings in debtors of £423,113 and the assessment of the appropriateness of the going concern basis of preparation of the financial statements which meant that we were unable to obtain all the information and explanations that we considered necessary for the purpose of our audit.

In respect of amounts owed by group undertakings in debtors of £423,113, we have received confirmations from these counterparties of the accuracy of these debtor balances but were unable to obtain sufficient appropriate audit evidence regarding the recoverability of these debts in full.

In respect of the assessment of the appropriateness of the going concern basis of preparation of the financial statements we were unable to obtain sufficient appropriate audit evidence to enable us to assess the ability of R & J Manufacturing Company, the ultimate parent undertaking, to support the company as a going concern.