

Registered number: 2227318

**PIONEER EUROPE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



**PIONEER EUROPE LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

Mrs E H Vlamis  
Mr T A Vlamis  
Mr T J Vlamis  
Mrs L Devlin (resigned 13 December 2017)  
Mrs M T Gransbury

**COMPANY SECRETARY**

Mrs C Shivers

**REGISTERED NUMBER**

2227318

**REGISTERED OFFICE**

9 Stortford Hall Industrial Park  
Dunmow Road  
Bishop's Stortford  
Hertfordshire  
CM23 5GZ

**INDEPENDENT AUDITORS**

Price Bailey LLP  
Chartered Accountants & Statutory Auditors  
Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

**BANKERS**

HSBC Bank Plc  
99 High Street  
Chelmsford  
Essex  
CM1 1EQ

## **PIONEER EUROPE LIMITED**

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**PIONEER EUROPE LIMITED**

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**INTRODUCTION**

The Company is principally engaged in the business of printing, packaging, distribution and sale of latex and microfoil balloons and other products.

**BUSINESS REVIEW**

Restructuring of each department and an expanded sales team has created a strong performance in 2017 strengthening the position for continued growth in 2018.

Current and future investment of equipment will also help achieve these goals.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The continued uncertainty over Brexit creates challenges with regards to the affect they have on the FX rates and also future expansion of warehousing facilities.

New market channels are being researched with further expansion into new territories which inevitably creates a degree of risk.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The principal goal of the business is to achieve sustainable growth and maximum return whilst delivering exceptional services to our customers, and creating a happy environment for our employees.

Increase in margin through KPI focus in each department is helping to achieve these objectives.

Sales performance for the year was 17% ahead of 2016.

Administration costs were 15% of Turnover (14% in 2016)

Distribution costs 14% of Turnover (15% in 2016)

**OTHER KEY PERFORMANCE INDICATORS**

Investment in training programmes for personnel is key and has enabled employee numbers to remain level.

This Report was approved by the Board and signed on its behalf.



**Mrs M T Gransbury**  
Director

Date: 23/3/18

## **PIONEER EUROPE LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors present their Report and the financial statements for the year ended 31 December 2017.

#### **DIRECTORS**

The Directors who served during the year were:

Mrs E H Vlamis  
Mr T A Vlamis  
Mr T J Vlamis  
Mrs L Devlin (resigned 13 December 2017)  
Mrs M T Gransbury

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £388,066 (2016 - £849,866).

The Directors have not recommended a dividend on approval of these financial statements.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the Strategic Report, 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 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's financial statements and then apply them consistently;
- make judgments and accounting 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 to 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**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are unaware, and
- the 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.

**PIONEER EUROPE LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

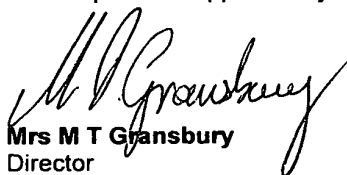
**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

**AUDITORS**

The Auditors, Price Bailey LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This Report was approved by the Board and signed on its behalf.



**Mrs M T Gransbury**  
Director

Date: 29/3/18

## **PIONEER EUROPE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIONEER EUROPE LIMITED**

#### **OPINION**

We have audited the financial statements of Pioneer Europe Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income (including Profit and loss), the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **OTHER INFORMATION**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

## **PIONEER EUROPE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIONEER EUROPE LIMITED (CONTINUED)**

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



## **PIONEER EUROPE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIONEER EUROPE LIMITED (CONTINUED)**

#### **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

#### **USE OF OUR REPORT**

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.

Gary Miller (Senior Statutory Auditor)

for and on behalf of  
**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

3 April 2018

**PIONEER EUROPE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME (INCLUDING PROFIT AND LOSS)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	19,912,015	17,006,903
Cost of sales		(13,617,048)	(10,896,043)
<b>GROSS PROFIT</b>		<b>6,294,967</b>	<b>6,110,860</b>
Distribution costs		(2,769,226)	(2,551,575)
Administrative expenses		(3,056,374)	(2,461,477)
Exceptional administrative expenses	11	-	(40,679)
Other operating income	5	20,824	31,366
<b>OPERATING PROFIT</b>	6	<b>490,191</b>	<b>1,088,495</b>
Interest payable and expenses	9	(14,196)	(8,845)
<b>PROFIT BEFORE TAX</b>		<b>475,995</b>	<b>1,079,650</b>
Tax on profit	10	(87,929)	(229,784)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>388,066</b>	<b>849,866</b>

There was no other comprehensive income for 2017 (2016:£NIL).

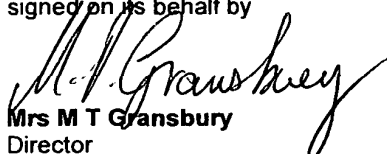
The notes on pages 11 to 22 form part of these financial statements.

**PIONEER EUROPE LIMITED**  
**REGISTERED NUMBER: 2227318**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	12	326,478	362,004
		<u>326,478</u>	<u>362,004</u>
<b>CURRENT ASSETS</b>			
Stocks	13	4,355,132	4,263,135
Debtors: amounts falling due within one year	14	2,373,354	2,787,090
Bank and cash balances		547,626	224,601
		<u>7,276,112</u>	<u>7,274,826</u>
Creditors: amounts falling due within one year	15	(1,281,323)	(1,646,639)
		<u>5,994,789</u>	<u>5,628,187</u>
<b>NET CURRENT ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,321,267</u>	<u>5,990,191</u>
Creditors: amounts falling due after more than one year	16	(95,974)	(143,058)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	19	(38,606)	(48,512)
		<u>(38,606)</u>	<u>(48,512)</u>
<b>NET ASSETS</b>		<u>6,186,687</u>	<u>5,798,621</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	1,000	1,000
Profit and loss account		6,185,687	5,797,621
		<u>6,186,687</u>	<u>5,798,621</u>

The financial statements were approved and authorised for issue by the Board on 29/3/18 and were signed on its behalf by

  
**Mrs M T Gransbury**  
 Director

The notes on pages 11 to 22 form part of these financial statements.

**PIONEER EUROPE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	1,000	5,797,621	5,798,621
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	388,066	388,066
<b>AT 31 DECEMBER 2017</b>	<u>1,000</u>	<u>6,185,687</u>	<u>6,186,687</u>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	1,000	4,947,755	4,948,755
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	849,866	849,866
<b>AT 31 DECEMBER 2016</b>	<u>1,000</u>	<u>5,797,621</u>	<u>5,798,621</u>

The notes on pages 11 to 22 form part of these financial statements.

**PIONEER EUROPE LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	388,066	849,866
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	137,290	177,269
Interest paid	14,196	8,845
Taxation charge	87,929	229,784
(Increase) in stocks	(91,997)	(1,334,207)
(Increase) in debtors	(204,363)	(131,104)
Decrease/(increase) in amounts owed by groups	618,099	(618,099)
Increase in creditors	146,509	84,149
Increase/(decrease) in amounts owed to groups	6,010	(138,848)
Corporation tax (paid)	(259,663)	(140,932)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u>842,076</u>	<u>(1,013,277)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(101,765)	(185,465)
HP interest paid	(7,551)	(1,400)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u>(109,316)</u>	<u>(186,865)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Movements on invoice discounting balance	(378,073)	307,249
(Repayment of)/new finance leases	(25,017)	100,917
Interest paid	(6,645)	(7,445)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(409,735)</u>	<u>400,721</u>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	323,025	(799,421)
Cash and cash equivalents at beginning of year	224,601	1,024,022
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<u>547,626</u>	<u>224,601</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	<u>547,626</u>	<u>224,601</u>
	<u>547,626</u>	<u>224,601</u>

## **PIONEER EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **1. GENERAL INFORMATION**

The Company is a private limited company by shares and is incorporated in England. The address of its Registered Office is 9 Stortford Hall Industrial Park, Dunmow Road, Bishops Stortford, Hertfordshire, CM23 5GZ.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared 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.

The company's functional and presentational currency is Sterling.

The following principal accounting policies have been applied:

##### **2.2 REVENUE**

Revenue from the sale of goods 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:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms;
- the amount of revenue can be measured reliably; and
- it is probable that the Company will receive the consideration due under the transaction.

##### **2.3 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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.

## **PIONEER EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **2. ACCOUNTING POLICIES (CONTINUED)**

The estimated useful lives range as follows:

Leasehold property	- Term of lease
Plant & machinery	- 5 years straight line
Fixtures & fittings	- 3-5 years straight line
Office equipment	- 5 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 within the Statement of Comprehensive Income (including Profit and loss).

#### **2.4 OPERATING LEASES**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income (including Profit and loss) on a straight line basis over the period of the lease.

#### **2.5 STOCKS AND WORK IN PROGRESS**

Stocks and work in progress are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes all direct costs and an appropriate proportion of labour and attributable overheads.

At each balance sheet date, stocks and work in progress are assessed for impairment. If stock is 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.

#### **2.6 FINANCIAL INSTRUMENTS**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable 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 payables or receivables, 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

## **PIONEER EUROPE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **2. ACCOUNTING POLICIES (CONTINUED)**

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income (including Profit and loss).

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **2.7 FOREIGN CURRENCY TRANSLATION**

Foreign currency transactions are translated into the functional currency using the rate ruling on 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 Statement of Comprehensive Income (including Profit and loss).

#### **2.8 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income (including Profit and loss) so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### **2.9 Pensions**

##### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income (including Profit and loss) when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.



**PIONEER EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.10 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 the Statement of Comprehensive Income (including Profit and 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.

**2.11 CURRENT AND DEFERRED TAX**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income (including Profit and 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 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.12 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**PIONEER EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property, plant and equipment, and note 2.3 for the useful economic lives for each class of asset.

**(ii) Stock provision**

Stock is provided for on the basis of the age and saleability of each individual item. This is considered a prudent method of providing against slow moving stock as due to the nature of the business, some items of stock will not move for many years whilst still maintaining economic value.

**4. TURNOVER**

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	9,164,123	8,029,679
Rest of Europe	10,675,849	8,660,646
Rest of the world	72,043	316,578
	<u>19,912,015</u>	<u>17,006,903</u>

**5. OTHER OPERATING INCOME**

	2017 £	2016 £
Commission	20,824	31,366
	<u>20,824</u>	<u>31,366</u>

**PIONEER EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**6. OPERATING PROFIT**

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	137,291	177,269
Fees payable to the Company's Auditor and its associates for the audit of the Company's annual financial statements	17,350	16,605
Operating lease payments	219,897	107,156
	<u>          </u>	<u>          </u>

**7. EMPLOYEES**

Staff costs, including Directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	2,741,066	2,520,510
Social security costs	276,888	256,888
Cost of defined contribution scheme	133,839	123,316
	<u>3,151,793</u>	<u>2,900,714</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2017 No.	2016 No.
Number of administrative and management staff	58	54
Number of warehouse and production staff	47	45
	<u>105</u>	<u>99</u>

**8. DIRECTORS' REMUNERATION**

	2017 £	2016 £
Directors' emoluments	168,176	167,423
Company contributions to defined contribution pension schemes	25,857	25,131
	<u>194,033</u>	<u>192,554</u>

During the year retirement benefits were accruing to no Directors (2016 - NIL) in respect of defined contribution pension schemes.

Remuneration of Key Management Personnel is consistent with Directors' remuneration.

**PIONEER EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	2017 £	2016 £
Bank interest payable	6,645	7,445
Finance leases and hire purchase contracts	7,551	1,400
	<u>14,196</u>	<u>8,845</u>

**10. TAXATION**

	2017 £	2016 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	97,835	220,297
Adjustments in respect of previous periods	-	(123)
<b>TOTAL CURRENT TAX</b>	<u>97,835</u>	<u>220,174</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(9,906)	9,610
<b>TOTAL DEFERRED TAX</b>	<u>(9,906)</u>	<u>9,610</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>87,929</u>	<u>229,784</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	475,995	1,079,650
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	91,629	215,930
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,647	8,694
Capital allowances for year in excess of depreciation	4,578	(4,133)
Utilisation of tax losses	(19)	(194)
Adjustments to tax charge in respect of prior periods	-	(123)
Changes in provisions leading to an increase / (decrease) in the tax charge	(9,906)	9,610
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>87,929</u>	<u>229,784</u>

**PIONEER EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**11. EXCEPTIONAL ITEMS**

	2017 £	2016 £
Consultancy fees written off	-	40,679
	<u>-</u>	<u>40,679</u>

**12. TANGIBLE FIXED ASSETS**

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>COST OR VALUATION</b>					
At 1 January 2017	778,047	1,341,900	497,970	117,209	2,735,126
Additions	29,316	23,267	49,182	-	101,765
At 31 December 2017	<u>807,363</u>	<u>1,365,167</u>	<u>547,152</u>	<u>117,209</u>	<u>2,836,891</u>
<b>DEPRECIATION</b>					
At 1 January 2017	724,921	1,138,652	396,587	112,962	2,373,122
Charge for the year on owned assets	13,733	48,750	71,820	2,988	137,291
At 31 December 2017	<u>738,654</u>	<u>1,187,402</u>	<u>468,407</u>	<u>115,950</u>	<u>2,510,413</u>
<b>NET BOOK VALUE</b>					
At 31 December 2017	<u>68,709</u>	<u>177,765</u>	<u>78,745</u>	<u>1,259</u>	<u>326,478</u>
At 31 December 2016	<u>53,126</u>	<u>203,248</u>	<u>101,383</u>	<u>4,247</u>	<u>362,004</u>

The net book value of assets held under hire purchase or finance leases is £94,251 (2016 - £106,970).

**13. STOCKS**

	2017 £	2016 £
Raw materials and consumables	99,479	96,831
Work in progress	31,438	71,223
Finished goods and goods for resale	4,224,215	4,095,081
	<u>4,355,132</u>	<u>4,263,135</u>

**PIONEER EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. DEBTORS**

	2017 £	2016 £
Trade debtors	1,865,664	1,740,945
Amounts owed by group undertakings	-	618,099
Other debtors	86,642	69,473
Prepayments and accrued income	421,048	358,573
	<u>2,373,354</u>	<u>2,787,090</u>

**15. CREDITORS: Amounts falling due within one year**

	2017 £	2016 £
Bank loans	343,360	721,433
Trade creditors	266,075	205,279
Amounts owed to group undertakings	6,010	-
Corporation tax	7,845	169,673
Other taxation and social security	69,217	63,407
Obligations under finance lease and hire purchase contracts	26,352	25,017
Other creditors	-	2,747
Accruals and deferred income	562,464	459,083
	<u>1,281,323</u>	<u>1,646,639</u>

**Secured loans**

An invoice finance facility of £343,360 (2016 - £721,433) is secured on trade debtors.

**16. CREDITORS: Amounts falling due after more than one year**

	2017 £	2016 £
Net obligations under finance leases and hire purchase contracts	49,548	75,900
Accruals and deferred income	46,426	67,158
	<u>95,974</u>	<u>143,058</u>

**PIONEER EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**17. HIRE PURCHASE AND FINANCE LEASES**

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within 1 year	26,352	25,017
Between 1-2 years	27,760	26,352
Between 2-5 years	21,788	49,548
	<u>75,900</u>	<u>100,917</u>

**18. FINANCIAL INSTRUMENTS**

	2017 £	2016 £
<b>FINANCIAL ASSETS</b>		
Financial assets that are debt instruments measured at amortised cost	1,952,306	1,827,411
	<u>1,952,306</u>	<u>1,827,411</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(1,300,235)	(1,542,622)
	<u>(1,300,235)</u>	<u>(1,542,622)</u>

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amounts owed by group companies and other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, accruals, obligations under hire purchase contracts and other creditors.

**19. DEFERRED TAXATION**

	2017 £
At beginning of year	(48,512)
Charged to the profit or loss	9,906
<b>AT END OF YEAR</b>	<u>(38,606)</u>

The provision for deferred taxation is made up of timing difference in relation to accelerated capital allowances on capital expenditure.

**PIONEER EUROPE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**19. DEFERRED TAXATION (CONTINUED)**

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(38,606)	(48,512)

**20. SHARE CAPITAL**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary Shares shares of £1 each	1,000	1,000

**21. PENSION COMMITMENTS**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £133,839 (2016 - £123,316). Contributions totalling £2,172 (2016 - £898) were payable to the fund at the balance sheet date and are included in creditors.

**22. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
<b>Land and Buildings:</b>		
Not later than 1 year	445,972	513,089
Later than 1 year and not later than 5 years	953,100	1,399,072
	<u>1,399,072</u>	<u>1,912,161</u>
<b>Other:</b>		
Not later than 1 year	117,778	131,978
Later than 1 year and not later than 5 years	188,827	171,618
	<u>306,605</u>	<u>303,596</u>



**PIONEER EUROPE LIMITED**

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**23. CONTROLLING PARTY**

The controlling party is Continental American Corp Inc., a company registered in the United States of America. This company heads the largest and smallest group of which the Company is a part for which consolidated financial statements are prepared.

The ultimate controlling parties are Mr T A Vlamis and Mrs E H Vlamis.

**24. RELATED PARTY TRANSACTIONS**

Under Section 33 of FRS 102, The Company has taken advantage of the exemption from the requirement to disclose transactions with wholly owned group companies.