

Registered No. 08492819

Euro-Pro Europe Limited

Reports and Financial Statements

31 March 2017

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COMPANIES HOUSE

Euro-Pro Europe Limited

Directors

X Wang

Company Secretary

Norose Company Secretarial Services Limited

Auditors

Ernst & Young LLP
1 Bridgewater Place
Water Lane
Leeds LS11 5QR

Registered Office

15 Mariner Court
Calder Park
Wakefield
West Yorkshire
WF4 3FL

Strategic report

The directors present their strategic report for the year ended 31 March 2017.

Principal activity and review of the business

The principal activity of the company is the sale of small kitchen appliances under the Ninja brand name and floor care appliances under the Shark brand name.

Review of the business

In the year, the company achieved sales of £48,454,584 (2016: £36,655,216), an increase of 32% over the previous 12 month period.

Gross profits increased from £16,893,655 in 2016 to £19,661,179 in 2017. The directors consider this increase in gross profit to be a satisfactory result.

Included in the £8,783,572 operating loss in 2017 is £4,740,885 relating in the main to GBP devaluation after the Brexit result against the USD. The directors consider this a one-off event and do not expect the trend to continue.

The directors continue to adopt a going concern basis in preparing the financial statements.

Principal risks and uncertainties

Euro-Pro Europe Limited is committed to effectively identifying and managing its risks, and embedding the process of risk management into the business management system.

The Key business risks affecting the company are considered to relate to pressure on margins due to foreign exchange rates or increases in costs, product substitute and the general state of economic activity in the UK and Europe.

Key performance indicators

The company uses a number of measures, both financial and non-financial to monitor the performance of the company:

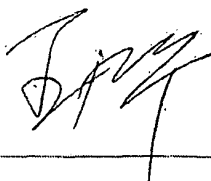
- Net cash flow from operating activities – measuring the performance in translating operating profit into cash flow through management of working capital
- Sales and margin analysis
- 5 star customer service – ensuring every customer receives 5 star purchasing experience in both product and service
- Complete and on time deliveries – monitoring and maintaining high service levels

Future Outlook

The company is looking forward to consolidating its position in the UK and expand into European markets whilst still challenging and pushing forward in its aim to become market leader.

Approved by the Board on 15 December 2017 and signed on its behalf by:

X Wang
Director



Registered No. 08492819

Directors' report

The directors present their report and financial statements for the year ended 31 March 2017.

Results and dividends

The loss for the year after taxation amounted to £7,422,811 (2016 – £1,116,264). The directors do not recommend a final dividend for the year ended 31 March 2017 (2016 – £nil).

Directors

The directors who served the company during the year were as follows:

M A Knight (Resigned 29 September 2017)
M Barrocas (Resigned 29 September 2017)
S Gruber (Resigned 29 September 2017)
B Lagarto (Resigned 29 September 2017)
M Rosenzweig (Resigned 29 September 2017)
X Wang (Appointed 29 September 2017)

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to all of its directors against liabilities in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

X Wang
Director
15 December 2017



Directors' responsibilities statement

The directors are responsible for preparing the annual reports 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, including FRS 102 'The Financial Reporting Standard' applicable to 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 and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Independent Auditors' Report To The Members Of Euro-Pro Europe Limited

We have audited the financial statements of Euro-Pro Europe Limited for the year ended 31 March 2017 which comprise the Income Statement, Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework" and FRS 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 Reports and Financial Statements 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 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework", FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; 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, 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.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report To The Members of Euro-Pro Europe Limited (Continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.

Ernst & Young LLP

Peter Buckler (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds, UK
15 December 2017

Income statement and other comprehensive income

for the year ended 31 March 2017

		12 months to 31 March 2017	12 months to 31 March 2016
	Notes	£	£
<i>Turnover</i>	2	48,454,584	36,655,216
<i>Cost of Sales</i>		(28,793,405)	(19,761,561)
Gross Profit		19,661,179	16,893,655
Administrative expenses		(28,444,751)	(18,111,085)
<i>Operating (loss)</i>	3	<i>(8,783,572)</i>	<i>(1,217,430)</i>
Interest payable and similar charges	7	(133,082)	(141,290)
<i>(Loss) on ordinary activities before taxation</i>		<i>(8,916,654)</i>	<i>(1,358,720)</i>
Tax	8	1,493,843	242,456
<i>(Loss) for the financial year</i>		<i>(7,422,811)</i>	<i>(1,116,264)</i>
<i>Other Comprehensive Income</i>		-	-
Total comprehensive loss for the year		(7,422,811)	(1,116,264)

All amounts relate to continuing activities.

Statement of changes in equity

for the year ended 31 March 2017

	<i>Called-up capital</i> £	<i>Profit and loss account</i> £	<i>Total Equity</i> £
At 1 April 2015	100	256,689	256,789
Loss for the financial year	-	(1,116,264)	(1,116,264)
At 31 March 2016	100	(859,575)	(859,475)
Loss for the financial year	-	(7,422,811)	(7,422,811)
As at 31 March 2017	100	(8,282,386)	(8,282,286)

Statement of financial position

at 31 March 2017

		12 months to 31 March 2017	12 months to 31 March 2016
	Notes	£	£
Fixed assets			
Intangible assets	9	2,438,251	3,045,615
Tangible assets	10	82,657	132,418
		<u>2,520,908</u>	<u>3,178,033</u>
Current assets			
Stocks	11	24,555,325	12,678,869
Debtors	12	15,822,126	5,622,815
Cash at bank and in hand		325,484	6,069,046
		<u>40,702,935</u>	<u>24,370,730</u>
Creditors: amounts falling due within one year	13	<u>(39,001,908)</u>	<u>(28,271,160)</u>
Net current assets/(liabilities)		<u>1,701,027</u>	<u>(3,900,430)</u>
Total assets less current liabilities		<u>4,221,935</u>	<u>(722,397)</u>
Creditors: amounts falling due after more than one year	13	<u>(12,407,378)</u>	<u>-</u>
Provisions for liabilities	14	<u>(96,843)</u>	<u>(137,078)</u>
Net assets		<u>(8,282,286)</u>	<u>(859,475)</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account		<u>(8,282,386)</u>	<u>(859,575)</u>
Shareholders' funds		<u>(8,282,286)</u>	<u>(859,475)</u>

Approved by the board on 15 December 2017 and signed on its behalf by

X Wang
Director


Statement of cash flows

for the year ended 31 March 2017

		2017	2016
	Notes	£	£
Net cash inflow/(outflow) from operating activities	16	(22,038,172)	(2,456,615)
Returns on investments and servicing of finance			
Interest paid		(133,082)	(141,290)
Taxation		-	(34,429)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(39,124)	(60,179)
Payments to acquire intangible fixed assets		(109,337)	(3,694,037)
Disposal of tangible fixed assets		1,356	-
New short term loans		16,574,797	5,717,366
(Decrease)/Increase in cash and cash equivalents		(5,743,562)	(669,184)
Cash and cash equivalents at 1 April 2016		6,069,046	6,738,230
Cash and cash equivalents at 31 March 2017		325,484	6,069,046

Notes to the financial statements

at 31 March 2017

1. Accounting policies

Statement of compliance

Euro-Pro Europe Limited is a limited liability company incorporated in England. Registered office is at 15 Mariner Court, Calder Park, Wakefield, WF4 3FL.

The company's financial statements have been prepared in compliance with FRS 102 for the year ended 31 March 2016.

Basis of preparation

The financial statements are prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

Going concern

After reviewing the company's forecasts and projections and with the continued financial support from the parent company should it be required in relation to the net liability position on the balance sheet, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Loan notes

Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Revenue Recognition

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Turnover is recognised on either despatch or delivery (dependent on the nature of the customer), which is when the transfer of risks and rewards is deemed to have taken place.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office Equipment & furniture	33.33% per annum on a straight line basis
Fixtures and fittings	As above or until the end of the lease, whichever is sooner

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of overheads.

Taxation

Deferred taxation is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessment periods different from those in which they are recognised in the financial statement except that:

Notes to the financial statements

at 31 March 2017

- where there are differences between amounts that can be deducted for tax compared with the amounts that are recognised in the financial statements a deferred liability/ (asset) shall be recognised.
- deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling using the relevant monthly average rate.

Exchange gains and losses are recognised in the appropriate category of the Income statement.

Operating leases

Rentals under operating leases are charged to the Income Statement on a straight-line basis over the lease term.

Research and development

Expenditure on product development and research is expensed against profits in the period in which it is incurred.

Significant Accounting Policies

The Group makes estimates and judgements concerning the future. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Intangible assets

Purchased intangible assets are capitalised at cost.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Brand: 5-25 years

Other Intangible 33.33% per annum on a straight line basis

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Notes to the financial statements

at 31 March 2017

2. Turnover

An analysis of turnover by geographical market is given below:

	<i>12 months to 31 March 2017</i>	<i>12 months to 31 March 2016</i>
	£	£
United Kingdom	38,997,881	32,309,734
Rest of Europe	4,014,255	2,603,013
Rest of world	5,442,448	1,742,469
	<u>48,454,584</u>	<u>36,655,216</u>

3. Operating (loss)

This is stated after charging:

	<i>12 months to 31 March 2017</i>	<i>12 months to 31 March 2016</i>
	£	£
Depreciation of tangible fixed assets:	87,529	71,141
Amortisation of intangible assets	716,701	694,258
Operating lease rentals:		
– land and buildings	65,625	65,625
– other operating leases	28,722	18,042
Foreign currency losses	4,740,885	704,557

Notes to the financial statements

at 31 March 2017

4. Auditors' remuneration

	<i>12 months to 31 March 2017</i>	<i>12 months to 31 March 2016</i>
	£	£
Audit of the company's annual financial statements	25,000	25,000

5. Directors' and key management remuneration

During the year the remuneration of directors and key management was £615,322 (2016 - £587,810).

	<i>12 months to 31 March 2017</i>	<i>12 months to 31 March 2016</i>
	£	£
In respect of the highest paid director:		
Salary	608,667	582,500
Other benefits	6,655	5,310
	<u>615,322</u>	<u>587,810</u>

Four directors of the company (2016: four) were also directors of various fellow group companies during the year ended 31 March 2017. Their remuneration is paid by those fellow group companies. The directors do not believe that it is practicable to apportion this amount between services as directors of the company and their services as directors of the fellow group undertakings.

6. Staff costs

	<i>12 months to 31 March 2017</i>	<i>12 months to 31 March 2016</i>
	£	£
Wages and salaries	3,355,785	2,090,182
Social security costs	378,777	248,650
Other pension costs	56,192	2,719
	<u>3,790,754</u>	<u>2,341,551</u>

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

	<i>No.</i>	<i>No.</i>
Sales and administration	63	35
	<u>63</u>	<u>35</u>

Notes to the financial statements

at 31 March 2017

7. Interest payable and similar charges

	<i>12 months to 31 March 2017</i>	<i>12 months to 31 March 2016</i>
	£	£
Interest payable on loans from group companies	<u>133,082</u>	<u>141,290</u>

8. Tax

(a) Tax on profit on ordinary activities

The tax on profit is made up as follows:

	<i>12 months to 31 March 2017</i>	<i>12 months to 31 March 2016</i>
	£	£
Current tax:		
UK corporation tax at 19% (2016 20.0%)	-	-
Adjustments in respect of prior periods	19	-
Total current tax	<u>19</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	(1,767,752)	(271,132)
Adjustments in respect of prior year	(3,766)	28,676
Effect of changes in tax rates	277,675	-
Total deferred tax (note 8(d))	<u>(1,493,843)</u>	<u>(242,456)</u>
Tax on profit on ordinary activities (note 8(b))	<u>(1,493,843)</u>	<u>(242,456)</u>

Notes to the financial statements

at 31 March 2017

8. Tax (continued)

(b) Factors affecting the total tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.0% (2016 – 20.0 %). The differences are explained below:

	12 months to 31 March 2017 £	12 months to 31 March 2016 £
(Loss)/Profit on ordinary activities before tax	<u>(8,916,654)</u>	<u>(1,358,720)</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.0% (2016 – 20.0 %)	(1,783,331)	(271,744)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	15,579	612
Effects of group relief/other reliefs		-
Adjustments to tax charge in respect of prior periods	(3,766)	28,676
Tax rate changes	<u>277,675</u>	<u>-</u>
Total tax (credit)/charge	<u>(1,493,843)</u>	<u>(242,456)</u>

(c) Factors that may affect future tax charges

The standard rate of corporation tax in the UK reduced from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015.

Further reductions reducing the main rate of corporation tax to 19% and 18% from April 2017 and April 2020 were substantively enacted by the balance sheet date. The closing deferred tax liability has therefore been calculated at a tax rate of 18% as this was the rate substantively enacted as at the balance sheet date.

The recently announced reduction in the corporation tax rate to 17% from 2020 has been substantively enacted however as this occurred after the balance sheet date the accounts do not reflect this change in rate.

(d) Deferred taxation

	£
At 1 April 2016	221,456
Credit on profit for the year	1,493,843
At 31 March 2017	<u>1,715,299</u>

The deferred tax asset included in the balance sheet is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(10,963)	(47,484)
Losses	1,726,262	268,940
	<u>(1,715,299)</u>	<u>221,456</u>

Notes to the financial statements

at 31 March 2017

9. Intangible fixed assets

	<i>Brand/Licence</i>	<i>Website/App development costs</i>	<i>WIP</i>	<i>Total</i>
	£	£	£	£
Cost or valuation:				
At 1 April 2016	3,601,880	143,882	-	3,745,762
Additions	-	15,000	94,337	109,337
At 31 March 2017	3,601,880	158,882	94,337	3,855,099
Amortisation:				
At 1 April 2016	662,746	37,401	-	700,147
Charge for year	662,745	53,956	-	716,701
At 31 March 2017	1,325,491	91,357	-	1,416,848
Net Book value:				
At 31 March 2017	2,276,389	67,525	94,337	2,438,251
At 1 April 2016	2,939,134	106,481	-	3,045,615

Intangible assets relating to the brand and are being amortised over 5-25 Years, website development costs over 3 years

The work in progress includes a number of new digital projects to improve reporting quality and aid our expansion into Europe

10. Tangible fixed assets

	<i>Office equipment</i>	<i>Furniture and fixtures</i>	<i>Total</i>
	£	£	£
Cost or valuation:			
At 1 April 2016	18,508	197,146	215,654
Additions	30,382	8,742	39,124
Disposals	(1,066)	(290)	(1,356)
At 31 March 2017	47,824	205,598	253,422
Depreciation:			
At 1 April 2016	5,486	77,750	83,236
Charge for the year	12,783	74,746	87,529
Disposals	-	-	-
At 31 March 2017	18,279	152,496	170,765
Net book value:			
At 31 March 2017	29,555	53,102	82,657
At 1 April 2016	13,022	119,396	132,418

Notes to the financial statements

at 31 March 2017

11. Stocks

	2017	2016
	£	£
Finished goods and goods for resale	24,555,325	12,678,869
	<u>24,555,325</u>	<u>12,678,869</u>

There are no material differences between the replacement cost of stocks and the value in the financial statements. Stocks recognised as an expense in the period were £29,502,615 (2016 £19,000,696).

12. Debtors

	2017	2016
	£	£
Trade debtors	11,856,458	4,567,159
Other Debtors	1,952,610	685,646
Prepayments	286,796	101,070
Deferred tax asset (see note 8(d))	1,726,262	268,940
	<u>15,822,126</u>	<u>5,622,815</u>

13. Creditors

(a) Amounts falling Due within one year

	2017	2016
	£	£
Trade creditors	6,193,987	3,154,717
Amounts owed to group undertakings	26,045,489	21,878,070
Other taxation and social security costs	-	1,887
Other creditors	521,361	859,691
Accruals and deferred income	6,241,071	2,376,795
	<u>39,001,908</u>	<u>28,271,160</u>

(b) Amounts falling due after more than one year

	2017	2016
	£	£
Bank of America Asset Based Lending Facility	<u>12,407,378</u>	-

This facility allows cash to be drawn against eligible debtor and inventory balances until the 31 March 2020. Interest is charged on a daily basis with the rate linked to the LIBOR, UK Base rate and a Fixed Charge Coverage Ratio

Notes to the financial statements

at 31 March 2017

14. Provisions for liabilities

	<i>Deferred Tax</i>	<i>Warranty Provision</i>	<i>Total</i>
	£	£	£
At 1 April 2016	47,484	89,594	137,078
Charged to the profit and loss account	(36,521)	(3,714)	(40,235)
At 31 March 2017	<u>10,963</u>	<u>85,880</u>	<u>96,843</u>

15. Issued share capital

	<i>2017</i>		<i>2016</i>	
	<i>No.</i>	£	<i>No.</i>	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	100	<u>100</u>	100	<u>100</u>

16. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities:

	<i>2017</i>	<i>2016</i>
	£	£
Operating (loss)	(8,783,572)	(1,217,430)
Depreciation of tangible fixed assets	87,529	71,141
Amortisation of intangible fixed assets	716,701	694,258
(Increase) in stocks	(11,876,456)	(6,395,251)
Decrease/(Increase) in debtors	(8,741,990)	2,703,089
(Decrease) Increase in creditors	6,563,330	1,597,984
Increase in other provisions	(3,714)	89,594
Net cash inflow/(outflow) from operating activities	<u>(22,038,172)</u>	<u>(2,456,615)</u>

17. Obligations under lease contracts

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<i>2017</i>	<i>2016</i>
	£	£
Operating leases which expire:		
Not later than one year	58,531	95,757
Later than one year and not later than five years	4,823	71,989
Later than five years	-	-
	<u>63,354</u>	<u>167,746</u>

Notes to the financial statements

at 31 March 2017

18. Related party transactions

The Company has taken advantage of section 33 of FRS102 which exempts disclosure of related party transactions made to wholly owned members of the Group.

During the year the Company entered into transactions with Pigro Limited, an entity controlled by a close family member of key management personnel, totalling £235,868 (2016: £414,355) relating to consultancy services provided. The balance owing to Pigro Limited at the end of the period was £0 (2016: £0). Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 30 days of invoice.

19. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Euro-Pro International Holding Company, a company registered in the USA. The Ultimate controlling party is Euro-Pro Holdings LLC, a company also registered in the USA.

20. Subsequent events

On September 29 2017, the Company's ultimate parent, New Euro-Pro Holdings LLC, sold its interest in Euro-Pro International Holding Company. As of that date, the Company's ultimate parent became Global Appliance I Ltd. Also on this date, the Bank of America Asset Based Lending Facility balance was repaid by the immediate parent company and added to the balance owed to group undertakings.