

Acer U.K. Limited

**Directors' report and financial
statements**

Registered number 2252821

31 December 2000



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COMPANIES HOUSE 31/10/01

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activities for the year were in connection with the marketing and sale of computer products.

Business review and future development

The company recorded a loss of £1,836,000 (1999:£1,265,000).

Proposed dividend

The directors do not recommend the payment of a dividend (1999:nil).

Directors and directors' interests

The directors who held office during the year and up to the date of this report were as follows:

Klaus Michael Robert Muuss - resigned 1 May 2000
Dion Weisler
Eric Tien

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Political and charitable contributions

The company made no political or charitable contributions during the year (1999:nil).

Auditors

During the year Simmons Gainsford resigned as auditors and on the same day KPMG were appointed by the directors.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Eric Tien
Director

Acer House
Poyle Road
Colnbrook
Slough
Berkshire
SL3 0QX

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG

Arlington Business Park

Theale

Reading RG7 4SD

United Kingdom

Report of the auditors to the members of Acer U.K. Limited

We have audited the financial statements on pages 4 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants

Registered Auditors

25 October 2001

Profit and loss account
for the year ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover	2	50,613	35,369
Cost of sales		(45,416)	(32,144)
Gross profit		5,197	3,225
Administrative expenses		(6,996)	(4,395)
Operating loss	2-5	(1,799)	(1,170)
Interest receivable	6	63	9
Interest payable and similar charges	7	(100)	(104)
Loss for the financial year		(1,836)	(1,265)

All figures relate to continuing operations. There is no material difference between profit on the historical cost basis and that described in the profit and loss account.

There are no recognised gains or losses, other than as stated in the profit and loss account for the current financial year and preceding year. Accordingly, no statement of total recognised gains and losses is given.

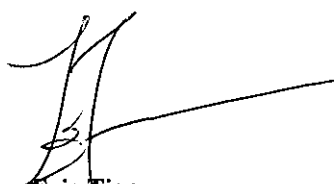
Balance sheet

at 31 December 2000

	Note	2000 £000	1999 £000	£000
Fixed assets				
Tangible assets	8	238		141
Investments	9	-		-
		<u>238</u>		<u>141</u>
Current assets				
Stocks	10	1,454	1,921	
Debtors	11	9,662	2,683	
Cash at bank and in hand		7,851	1,044	
		<u>18,967</u>	<u>5,648</u>	
Creditors: amounts falling due within one year	12	<u>(18,749)</u>	<u>(7,039)</u>	
Net current assets / (liabilities)			<u>218</u>	<u>(1,391)</u>
Provisions for liabilities and charges	13		<u>(567)</u>	<u>(544)</u>
Net liabilities			<u>(111)</u>	<u>(1,794)</u>
Capital and reserves				
Called up share capital	14	9,072		6,072
Share premium account	15	519		-
Profit and loss account	15	(9,702)		(7,866)
Shareholders' deficit - Equity			<u>(111)</u>	<u>(1,794)</u>

These financial statements were approved by the board of directors on behalf by:

and were signed on its


Eric Tien
Director

Cash flow statement

for the year ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		(1,799)	(1,170)
Depreciation charges		128	269
Loss/(profit) on sale of fixed assets		4	-
(Increase)/decrease in stocks		467	1,092
(Increase)/decrease in debtors		(6,979)	2,151
(Increase)/decrease in creditors		11,499	(2,708)
Net cash inflow / (outflow) from operating activities		3,320	(366)
Cash flow statement			
Cash flow from operating activities		3,320	(366)
Returns on investments and servicing of finance	<i>18</i>	(37)	(95)
Capital expenditure	<i>18</i>	(230)	(66)
Cash (outflow)/inflow before management of liquid resources and financing		3,053	(527)
Financing	<i>18</i>	3,754	487
Increase/(decrease) in cash in the period		6,807	(40)
Reconciliation of net cash flow to movement in net funds			
	<i>19</i>		
Increase/(decrease) in cash in the period		6,807	(40)
Cash inflow from increase in debt		(235)	(487)
Movement in net funds in the period		6,572	(527)
Net funds at the start of the period		557	1,084
Net funds at the end of the period		7,129	557

Reconciliation of movements in shareholders' deficit
for the year ended 31 December 2000

	2000 £000	1999 £000
Loss for the financial year	(1,836)	(1,265)
New share capital subscribed (net of issue costs)	3,519	-
Net reduction in / (addition to) shareholders' deficit	1,683	(1,265)
Opening shareholders' deficit	(1,794)	(529)
Closing shareholders' deficit	(111)	(1,794)

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The accounts have been prepared on a going concern basis since a parent undertaking, Acer Europe BV, has undertaken to make available sufficient funds to enable the company to trade for a period of at least twelve months from the date of approval of these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

As the company is a wholly owned subsidiary of Acer Europe B.V, incorporated in the Netherlands, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Acer Europe B.V, within which this company is included, can be obtained from the address given in note 21.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	life of lease
Office equipment	-	2 to 4 years
Fixtures & fittings	-	25% per annum

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company contributes into a defined contribution pension scheme. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for resale, the weighted average purchase price is used.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

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

Notes (continued)

1 Accounting policies (continued)

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

2 Turnover

	2000 £000	1999 £000
<i>By geographical market</i>		
United Kingdom	49,859	34,730
Rest of the World	754	639
	50,613	35,369

All activities of the company are within one class of business.

3 Loss on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit/[loss] on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	23	19
Other services	7	-
Depreciation and other amounts written off tangible fixed assets:	128	268
Exchange losses	786	-
Hire of plant and machinery - rentals payable under operating leases	27	16
Hire of other assets - operating leases	176	269
Loss on sale of fixed asset	4	-
<i>after crediting</i>		
Exchange gains	-	314

Notes (continued)

4 Remuneration of directors

	2000 £000	1999 £000
Director's emoluments	148	146
Company contributions to money purchase pension schemes	9	2
	<u>157</u>	<u>148</u>
	Number of directors	
	2000	1999
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
	<u>1</u>	<u>1</u>

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2000	1999
Office and Management	21	22
Sales	11	14
Technical support	9	12
	<u>41</u>	<u>48</u>

The aggregate payroll costs of these persons were as follows:

	2000 £000	1999 £000
Wages and salaries	1,721	1,517
Social security costs	161	131
Other pension costs	69	42
	<u>1,951</u>	<u>1,690</u>

6 Interest receivable

	2000 £000	1999 £000
Bank interest	63	9

Notes (continued)

7 Interest payable and similar charges

	2000 £000	1999 £000
On bank loans and over drafts	99	99
Similar charges	1	5
	<u>100</u>	<u>104</u>

8 Tangible fixed assets

	Leasehold improvements £000	Office Equipment £000	Fixtures & Fittings £000	Total £000
Cost				
At beginning of year	312	354	432	1,098
Additions	149	11	70	230
Disposals	(312)	-	(253)	(565)
	<u>149</u>	<u>365</u>	<u>249</u>	<u>763</u>
Depreciation				
At beginning of year	310	273	374	957
Charge for year	39	52	37	128
On disposals	(312)	-	(248)	(560)
	<u>37</u>	<u>325</u>	<u>163</u>	<u>525</u>
Net book value				
At 31 December 2000	<u>112</u>	<u>40</u>	<u>86</u>	<u>238</u>
At 31 December 1999	<u>2</u>	<u>81</u>	<u>58</u>	<u>141</u>

9 Fixed asset investments

During the year the company purchased 4,841,100 shares in Easi Solution plc for £484. On 13 July 2001 liquidation proceedings were acted against Easi Solution plc. Therefore, the client has written off the value of this investment.

The company had no outstanding debtors due from Easi Solutions plc at the year-end, therefore no adjustments to the accounts are required.

Notes (continued)

10 Stocks

	2000 £000	1999 £000
Finished goods and goods for resale	1,454	1,921

11 Debtors

	2000 £000	1999 £000
Trade debtors	7,423	2,168
Amounts owed by group undertakings	618	180
Other debtors	-	131
Prepayments and accrued income	1,621	203
	<u>9,662</u>	<u>2,683</u>

12 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Bank loans and overdrafts	722	487
Trade creditors	1,830	1,298
Amounts owed to group undertakings	13,426	4,331
Other creditors including taxation and social security	1,592	200
Accruals and deferred income	1,179	756
	<u>18,749</u>	<u>7,072</u>

13 Provisions for liabilities and charges

	Warranty Provision £000
At beginning of year	544
Utilised during year	(350)
Charge for the year	373
At end of year	<u>567</u>

The company maintains a warranty provision to cover the anticipated costs of providing certain warranties on products sold. This provision will be utilised over a maximum of three years in line with the warranty periods provided to customers.

Notes (continued)

14 Called up share capital

	2000 £000	1999 £000
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	10,000	7,000
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	9,072	6,072

During the year the authorised share capital was increased and 3,000 £1 ordinary shares were issued for a consideration of £3,519,000.

15 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	-	(7,866)
Loss for the year	-	(1,836)
Premium on share issues, less expenses	519	-
At end of year	519	(9,702)

16 Commitments

a) Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2000 £000	1999 £000
Contracted – Telephone system	60	-

(b) Annual commitments under non-cancellable operating leases are as follows:

	2000		1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	3	73	26
In the second to fifth years inclusive	184	-	-	18
Over five years	-	-	-	7
	184	3	73	51

Notes (continued)

17 Pension contributions

The company contributes to a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £69,000 (1999 :£42,000).

At the year end the accrual for pension costs was £10,000 (1999: 11,000)

18 Analysis of cash flows

	2000 £000	2000 £000	1999 £000	1999 £000
Returns on investment and servicing of finance				
Interest received	63		9	
Interest paid	(100)		(104)	
		(37)		(95)
Capital expenditure				
Purchase of tangible fixed assets	(3,830)		(69)	
Sale proceeds from sales of tangible fixed assets	3,600		3	
		(230)		(66)
Financing				
Issue of ordinary share capital	3,519		-	
Increase in bank loan	235		487	
		3,754		487

19 Analysis of net funds

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	1,044	6,807	7,851
Debt due within one year	(487)	(235)	(722)
Net funds	557	6,572	7,129

20 Post balance sheet events

As part of a European restructuring common functions of each European group company are to be centralised and will be operated by Acer Europe Services Limited. This will materially change the way Acer UK will operate. For example there is a move towards shipping goods direct to customers which will remove the need for local warehousing. The marketing and brand management will also be controlled centrally in Acer Europe.

Notes *(continued)*

21 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Acer Europe BV incorporated in The Netherlands. The group headed by Acer Europe BV is the smallest group in which the results of the company are consolidated. The consolidated accounts of the company may be obtained from Euro Palaan 89, 5232 BC, S-Hertogenbosch, The Netherlands.

The ultimate parent and controlling party is Acer Inc, incorporated in Taiwan. The largest group in which the results of the company are consolidated is that headed by Acer Inc, incorporated in Taiwan. The consolidated accounts of this company are available to the public and may be obtained from 21F, 88 Hsin Tai Wu Road, Sec 1, Taipei Hsien 221, Taiwan.

Parkinson, Emma

From: Piper, Jacqui
Sent: 16 October 2001 14:55
To: Parkinson, Emma
Cc: Martin, Stephen
Subject: RE: Motorola

Emma

There was originally talk of this possibly happening but nothing ever came of it.

Regards

Jacqui.

-----Original Message-----

From: Parkinson, Emma
Sent: Tuesday, October 16, 2001 2:09 PM
To: Piper, Jacqui
Cc: Martin, Stephen
Subject: RE: Motorola

Jacqui

Thanks for this.

There was talk at one point that we would take over their company secretarial function. Did this ever happen?

Thanks again
Emma

-----Original Message-----

From: Piper, Jacqui
Sent: Tuesday, October 16, 2001 1:56 PM
To: Parkinson, Emma
Cc: Martin, Stephen
Subject: Motorola

Emma

I have been asked by Steve Martin (Company Secretarial) to respond to you regarding the work carried out by our department for Motorola:-

- Motorola Limited - report on their company secretarial function (completed Jan 2001). Fee issued 25 January 2001 for £7,986.79 plus VAT.
- Invisix Limited - preparation of documents to reflect the appointments of various directors, adoption of the elective regime, adopting of new Articles of Association, increase in share capital and allotment of shares. Fee issued 6 February 2001 for £2,069.27 plus VAT.
- Communicate Limited - preparation of documents to reflect a change of redemption date of the preferred shares, redemption of the shares and payment of a dividend on the ordinary shares. Fee issued 25 May 2001 for £893.50 plus VAT.

We envisage no further work for Motorola for the rest of this year.

Regarding the independence of the partners (and following my telephone conversation with Neil Hughes), our partner, Ian Babbage, has no day to day involvement with the client work as the department is headed up by a director, Jerry Lai. I understand that there should therefore not be any problems regarding independence.

Should you require any further confirmation on anything, please do not hesitate to contact Steve or myself.

Regards

Jacqui Piper

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Company Secretarial*
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Hertfordshire AL3 4RF

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