

Acer U.K. Limited

Annual report and financial statements

Registered number 02252821

31 December 2017

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Strategic Report

Business Review 2017

Total shipments of mobile PCs, desktops, monitors, projectors and tablets by Acer UK Ltd decreased by 17.4% compared to the prior year. However, as shown in the company's profit and loss account on page 6, the company's turnover increased by 4.4% in 2017 over the same period. This was principally due to an increase in the average selling price resulting from component cost increases being passed on accordingly in addition to a richer product mix.

The UK market for computer products remained very competitive in 2017 and the gross profit percentage fell marginally from 3.3% in 2016 to 3.2% in 2017. Administrative expenses continued to be well controlled and increased marginally.

The company recorded a profit before tax of £1,279,000 in the year compared to £1,145,000 in 2016.

The balance sheet on page 7 shows the company's financial position at 31 December 2017.

Key performance indicators in 2017

According to figures quoted by market research expert GFK, Acer's UK market share of Consumer Mobile PC and Desktop shipments decreased marginally from 14.8% in 2016 to 14.5% in 2017.

Channel inventory, defined as all Acer stock held by Tier 1 (Distribution) and Tier 2 (Retailers/resellers), was well managed despite the challenging environment. The average days of stock in the channel, calculated as the total stock in Tier 1 and Tier 2 divided by the average daily sales of the preceding 4 weeks, was 48 at 31 December 2017 compared to 50 at 31 December 2016. The business typically aims to be at 50 days of stock for the right balance of profitability, product availability and channel confidence.

The level of overdue debt at 31 December 2017 stood at 0.6% of the total Debtor balance which was the same as the ratio as at 31 December 2016. At this level it remains well within the target for overdue debts with no subsequent write offs since 31 December 2017. The year end Debtor balance fell from £75,951,000 at 31 December 2016 to £51,134,000 at 31 December 2017. This 33% fall was consistent with the decline in the fourth quarter sales in the respective periods which was predominantly market driven.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its main competitors. The company manages this risk by its continued commitment to the indirect model, by maintaining strong relationships with customers, being first to market and continued development and enhancement of its product offering.

On 23 June 2016 the UK voted to leave the European Union, the most immediate effect of which was volatility in the foreign exchange markets. The eventual outcome of Brexit in the wider context and the resulting impact on UK business in general remains an unknown at this juncture. In the meantime hedging strategies adopted by the Group, on behalf of the business, are of increasing relevance to protect margins given the US dollar denominated production costs of the Group.

According to the Office for National Statistics, GDP was estimated to have increased by 1.7% between 2016 and 2017, slightly lower than the 1.9% growth seen between 2015 and 2016. Household spending grew by 1.8% between 2016 and 2017, its slowest rate of annual growth since 2012, in part reflecting the increased prices faced by consumers. A slowdown in economic growth creates additional uncertainty given that the PC market is ultimately deemed discretionary spend.

By order of the board



Tai-Chi Shih
Director

22-06-2018

Acer House
Heathrow Boulevard 3
282 Bath Road
West Drayton
Middlesex
UB7 0DQ

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

Principal activities

The principal activities for the year were the marketing and sales of Acer group computer products in the UK and Ireland. There have been no significant changes to the company's principal activities in the year under review. The directors are not aware, at the date of the report, of any likely changes in the activities in 2018.

2018 – the year ahead

Trading conditions for the first half of 2018 remain challenging and further contractions in the PC market are expected. Tight cost control management is therefore of ever increasing importance.

Ongoing volatility in the foreign exchange markets dictate that close attention to foreign exchange hedging (carried out by the Group on behalf of the company) remains a key discipline for 2018.

Dividends

The directors do not recommend the payment of a dividend (2016: £nil).

Directors

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

Emmanuel Fromont
Tai-Chi Shih

All directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Political and charitable contributions

The company made no political or charitable contributions during the year (2016: £nil).

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Tai-Chi Shih
Director

22-06-2018

Acer House
Heathrow Boulevard 3
282 Bath Road
West Drayton
Middlesex
UB7 0DQ

Statement of directors' responsibilities in respect of the Strategic report, the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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.

Independent auditor's report to the members of Acer U.K. Limited

Opinion

We have audited the financial statements of Acer U.K. Limited ("the company") for the year ended 31 December 2017 which comprise the statement of profit and loss and other comprehensive income, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

Independent auditor report to the members of Acer U.K. Limited (continued)

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Kevin Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

27 June 2018

Profit and Loss Account and Other Comprehensive Income
for year ended 31 December 2017

	<i>Note</i>	2017 Total £000	2016 Total £000
Turnover	2	205,967	197,349
Cost of sales		(199,376)	(190,897)
Gross profit		6,591	6,452
Administrative expenses		(5,326)	(5,319)
Operating profit	3-5	1,265	1,133
Other interest receivable and similar income	6	14	12
Profit before taxation		1,279	1,145
Tax on profit	7	(284)	104
Profit for the financial year		995	1,249
Other comprehensive income		-	-
Total comprehensive income		995	1,249

All of the activities of the company are classed as continuing.

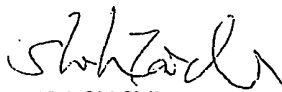
The notes on pages 9 to 20 form an integral part of these financial statements.

Balance Sheet
at 31 December 2017

	<i>Note</i>	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	8		46		45
Current assets					
Stocks	9	-		5	
Debtors	10	51,134		75,951	
Cash at bank and in hand		10,498		2,845	
			61,632		78,801
Creditors: amounts falling due within one year	11	(33,492)		(51,655)	
Net current assets			28,140		27,146
Total assets less current liabilities			28,186		27,191
Net assets			28,186		27,191
Capital and reserves					
Called up share capital	14		9,072		9,072
Share premium account	14		519		519
Profit and loss account			18,595		17,600
Shareholders' funds			28,186		27,191

The notes on pages 9 to 20 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 22 June 2018 and were signed on its behalf by:



Tai-Chi Shih
Director

Company registered number: 02252821

Statement of Changes in Equity

	Called up Share capital £000	Share Premium account £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	9,072	519	16,351	25,942
Profit for the year	-	-	1,249	1,249
Balance at 31 December 2016	9,072	519	17,600	27,191
Balance at 1 January 2017	9,072	519	17,600	27,191
Profit for the year	-	-	995	995
Balance at 31 December 2017	9,072	519	18,595	28,186

The notes on pages 9 to 20 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Acer U.K Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 02252821 and the registered address is Acer House, Heathrow Boulevard 3, 282 Bath Road West Drayton, Middlesex, UB7 0DQ.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's parent undertaking, Acer Europe B.V., includes the Company in its consolidated financial statements. The consolidated financial statements of Acer Europe B.V. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Euro Palaan 89, 5232 BC, s-Hertogenbosch, The Netherlands.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of transactions with wholly owned subsidiaries; and
- Disclosures in respect of capital management

As the consolidated financial statements of the ultimate parent undertaking, Acer Inc, include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

Notes (continued)

1 Accounting policies (continued)

1.1 Going concern

The Directors, having made appropriate enquiries, consider that the Company have adequate resources to continue in operational existence for the foreseeable future and that therefore it is appropriate to adopt the going concern basis in preparing these financial statements.

1.2 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.3 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes (continued)

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (continued)

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.9 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer.

1.10 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes (continued)

2 Turnover

	2017 £000	2016 £000
By geographical market		
United Kingdom	200,475	190,805
Rest of Europe	5,492	6,528
Rest of World	-	16
	<u>205,967</u>	<u>197,349</u>

Turnover in the period is generated from continuing operations only.

3 Expenses and auditor's remuneration

Auditor's remuneration:

	2017 £000	2016 £000
Audit of these financial statements	46	45
Taxation compliance services	11	10
	<u>57</u>	<u>55</u>

4 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 2017	2016
Office and Management	15	16
Sales and Marketing	31	31
Technical support/Service	5	4
	<u>51</u>	<u>51</u>

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	3,652	3,577
Social security costs	483	432
Contributions to defined contribution plans	164	172
	<u>4,299</u>	<u>4,181</u>

Notes (continued)

5 Directors' remuneration

	2017	2016
	£000	£000
Directors' remuneration	-	-
	-	-
	-	-

There are no directors for whom benefits are accruing under a money purchase or a defined benefit scheme. The directors are remunerated by another group company, Acer European Holdings SA, and rendered no qualifying services to the Company during the year. Their services to the company do not occupy a significant amount of their time.

6 Other interest receivable and similar income

	2017	2016
	£000	£000
Interest income on unimpaired financial assets	14	12
Total interest receivable and similar income	14	12

Notes (continued)

7 Taxation

Recognised in the profit and loss account

	2017 £000	2016 £000
<i>UK corporation tax</i>		
Current tax on income for the period	280	267
Adjustments in respect of prior periods	-	(380)
Total current tax	280	(113)
Total deferred tax (see note 12)	4	9
Tax on profit on ordinary activities	284	(104)

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit for the year	995	1,249
Total tax expense (including tax on discontinued operations)	(284)	(104)
Profit excluding taxation	1,279	1,145
Tax using the UK corporation tax rate of 19.25% (2016 : 20%)	246	229
Fixed asset differences	-	1
Short term differences in respect of previous periods	7	7
Non-deductible expenses	31	39
Adjustments to tax charge in respect of previous periods	-	(380)
Total tax expense (including tax on discontinued operations)	284	(104)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

Notes (continued)

8 Tangible fixed assets

	Leasehold improvements £000	Fixtures & fittings £000	Total £000
Cost	281	249	530
Balance at 1 January 2017			
Additions	-	29	29
Balance at 31 December 2017	281	278	559
Accumulated depreciation			
Balance at 1 January 2017	274	211	485
Depreciation charge for the year	2	26	28
Balance at 31 December 2017	276	237	513
Net book value			
At 31 December 2017	5	41	46
At 1 January 2017	7	38	45

Notes (continued)

9 Stocks

	2017 £000	2016 £000
Spare parts	-	5
	<u> </u>	<u> </u>

10 Debtors

	2017 £000	2016 £000
Trade debtors	48,110	72,555
Amounts owed by group undertakings	2,741	3,087
Deferred tax assets (see note 12)	5	9
Prepayments and accrued income	278	300
	<u> </u>	<u> </u>
Due within one year	<u>51,134</u>	<u>75,951</u>

11 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	505	1,455
Amounts owed to group undertakings	8,140	24,323
Taxation and social security	3,368	6,711
Accruals and deferred income	21,479	19,166
	<u> </u>	<u> </u>
	<u>33,492</u>	<u>51,655</u>

There are no creditors amounts falling due after one year.

Notes (continued)

12 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2017 £000	2016 £000	Liabilities 2017 £000	2016 £000	Net 2017 £000	2016 £000
Tangible fixed assets	5	9	-	-	5	9
Net tax assets	5	9	-	-	5	9

Movement in deferred tax during the year

	1 January 2017 £000	Recognised in income £000	Recognised in equity £000	31 December 2017 £000
Tangible fixed assets	9	(4)	-	5
	9	(4)	-	5

Movement in deferred tax during the prior year

	1 January 2016 £000	Recognised in income £000	Recognised in equity £000	31 December 2016 £000
Tangible fixed assets	18	(9)	-	9
	18	(9)	-	9

Notes (continued)

13 Employee benefits

Defined contribution plan

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £164,000 (2016: £172,000).

14 Capital and reserves

Share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i>		
9,071,790 Ordinary Shares of £1 each	<u>9,072</u>	<u>9,072</u>
Share Premium	<u>519</u>	<u>519</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Management proposed and paid no dividends in the year (2016: nil).

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £000	2016 £000
Less than one year	353	304
Between one and five years	211	436
More than five years	-	-
	<u>564</u>	<u>740</u>

During the year £272,000 was recognised as an expense in the profit and loss account in respect of operating leases (2016: £328,000).

Notes (continued)

16 Ultimate parent company and parent company of larger group

The company is a subsidiary undertaking of Acer Europe B.V., incorporated in The Netherlands. The group headed by Acer Europe B.V. is the smallest group in which the results of the company are consolidated. The consolidated accounts of the company may be obtained from Europalaan 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. 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.

17 Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 1, the directors are required to make critical accounting judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements that the directors have made in applying in the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are:

Non-contractual rebates

The Company operates both an indirect and direct trading model. Under the indirect model distributors purchase products to hold in inventory for future sale to resellers, whilst under the direct model Acer U.K., sell directly to resellers. This is a highly competitive environment with many vendors selling similar products. The Company may at its sole discretion offer price support, marketing support and other forms of financial support to customers from time to time to enhance the sell-out of stock held. This price support would take the form of a non-contractual rebate. The Company accrues for rebates based upon stock levels, agreed customer price support, sell-out history and the competitive position for each product type.