Acer U.K. Limited

Annual report and financial statements

Registered number 02252821

31 December 2022

Contents

Strategic Report

Business Review 2022

The UK market for computer products proved to be a challenging one during 2022. The country exited the peak of the Covid-19 pandemic which resulted in a softening in demand for computer products as people gradually returned to hybrid office working. Additionally, there was a surplus of stock in the channel as some of the supply chain bottlenecks in evidence throughout the pandemic gradually eased. This resulting imbalance between supply and demand is evidenced by the fact that shipments of mobile PCs, desktops, monitors and projectors by Acer UK Ltd ("the company") fell by 38% compared to the prior year. Turnover by comparison, as shown in the company's profit and loss account on page 12, decreased by 32%.

Gross profit percentage, determined by Group intercompany pricing for product purchases, increased to 4.0% (2021: 2.9%). The company recorded a profit before tax of £1,207,000 in the year compared to £2,284,000 in 2021. The balance sheet on page 13 shows the company's financial position as at 31 December 2022.

Key performance indicators in 2022

According to figures quoted by market research expert GFK, Acer's UK market share of Consumer Mobile PC and Desktop shipments increased from 10.9% in 2021 to 11.9% in 2022.

Channel inventory, defined as all Acer stock held by Tier 1 (Distribution) and Tier 2 (Retailers/resellers), was at reasonable levels at 31 December 2022. 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 85 at 31 December 2022 compared to 110 at 31 December 2021. This is in line with where the business typically aims to be at for the right balance of profitability and product availability.

The level of overdue debt at 31 December 2022 stood at 11.6% of the Trade Debtor balance which compared unfavourably to the ratio as at 31 December 2021 which was 2.9%. The deterioration in this metric reflected the continued global supply chain challenges and the resulting delays in the delivery of goods to customers. However, there have been no subsequent write offs since 31 December 2022 and the year-end Trade Debtor balance fell to £74,862,000 from £93,223,000 at 31 December 2021.

Principal risks and uncertainties

Supply chain disruption

The majority of the company's products are sourced from manufacturers in the Far East and in particular in China. Goods are then shipped using various modes of transport – Sea, Train and Air. Although factory capacity operated at normal levels throughout 2022 the business did encounter disruption to Train routes as a direct result of the Ukraine conflict. There remains a risk that further supply chain disruption may occur due to further outbreaks of Covid-19 and the ongoing Ukraine conflict.

The business mitigates supply chain risks by engaging the services of several different freight forwarders offering a range of modes of transport, sourcing goods from multiple factories and building in appropriate lead times.

Macroeconomic environment

The economy is facing extremely challenging circumstances. The energy crisis, rises in commodity prices and raw materials, supply chain disruption, the Ukraine conflict and the easing of the pandemic are all contributing to an environment with high inflation and rapidly rising interest rates. These challenging circumstances have a direct impact on levels of consumer spending and particularly discretionary spend which is where the PC market sits. Consequently there is a risk of further falls in the demand for the company's products.

The company tries to mitigate against this risk by selling a range of computer hardware products with different price points within both the commercial and consumer space. In addition the business trades with multiple retailers providing a strong online and high street presence.

Financial Risks

The principal financial risk is foreign exchange as purchases made by the company are largely dollar denominated.. There is a risk, with the continued strength of the dollar, that the company's products will not be as competitively priced as other vendors. Consequently a foreign exchange hedging policy is carried out by the Group, on behalf of the company, to mitigate any exposure.

Strategic Report (continued)

Section 172 Statement Companies Act 2006

In line with the Companies Act requirement for periods commencing on or after 1 January 2019, the Directors set out below their key considerations and steps taken with regard to the 'enlightened shareholder value' requirements of s172 in performing their duties.

The Directors have identified those parties who have an interest in, or are impacted by, the decisions taken by the Company. All strategic decisions take into account these stakeholders' interests and the Directors consider that they have acted in a way that is most likely to promote the success of the Company for the benefit of its members as a whole. In particular, the Directors have considered the following matters:

- *Long term factors affecting the Company* – The Company aims to develop technology and products for which there is a long-term need supported by sustainable markets. Long-term planning is key to ensuring that the business identifies these opportunities and has the appropriate infrastructure in place to support the development and commercialisation of its products. Sustainability is a central part of our ESG commitments as a large global organisation. The company has introduced a lifestyle product range to sit alongside its core PC product line up to ensure product diversification in a challenging market
- *Interest of our employees* – Our employees are fundamental to the success of our business and the pandemic has moved us towards a hybrid working model. It has thus become ever increasingly important that we maintain regular engagement with our people. Our office operates on an open-door policy and we have introduced regular employee engagement surveys with active follow ups and discussion. Quarterly company wide meetings are conducted where the management team update on a range of business activities and developments. An active social committee operates to ensure a healthy balance between work commitments and social activities and we have introduced an active hub to encourage participation in physical and mental wellbeing. All employees able to raise grievances and to escalate concerns. We continue to develop our performance management and to promote a culture of continuous improvement
- *Business relationships with customers* - We hold strong and well established long term business relationships with our customers as it is they who will drive the long term growth of the business. We hold an annual "Back to School" event for our Retail partners and a similar event for our commercial partners where we highlight our new products and any relevant market developments. During the year we made a strategic decision to increase the proportion of our trade that is direct to retail in order to be more in control of the end to end process as well as supporting margins. We have also had to support our partners making a significant move towards higher levels of on line trading due to the fact that the pandemic has changed the buying behaviour of end users
- *Business relationships with suppliers* - Supplier relationships are crucial to the success of the Company and are constantly monitored. We strive to have an open, constructive and effective relationship through regular meetings and feedback sessions. We value the role of our contractors and suppliers play in delivering our business operations and supporting our teams. We collaborate and continually work with our contractors and the full supply chain, sharing best practice and seeking out synergies to improve performance. During the year we made a strategic decision to move a lot of our freight to Sea and Air freight as a result of the Ukraine conflict disrupting train routes. The close relationships we maintain with our freight forwarders ensured this was achieved relatively seamlessly
- *Reputation for high standards of business conduct* – The Board seeks to enshrine high standards of conduct within our business activities. Our company values, which underpin the day-to-day working environment in which we operate, are to be user-centric, passion, innovation, teamwork, balance of interests and integrity. There is an expectation that employees, at all levels 'live' these values.

On behalf of the board

Acer House
Heathrow Boulevard 3
282 Bath Road
West Drayton
Middlesex, UB7 ODQ

Craig Booth
Director
21/09/23

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

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 2023.

2023 – the year ahead

The start of 2023 has presented an extremely challenging set of market conditions. The energy crisis, rises in the price of raw materials, the Ukraine conflict and adjustments to the pandemic easing contributed to an environment whereby double digit inflation is embedded and interest rates have risen rapidly. Consequently we have evidenced a significant softening of the demand for computer products which, as per the market research expert GFK, shows a market approximately 20% down year on year at the time of writing.

In addition to this, the relative strength of the US Dollar continues to apply pressure to gross margins given purchases made by the company are largely dollar denominated.

The aforementioned market dynamics have contributed to sales being significantly down on both prior year and budget at the time of writing. Nevertheless the market was coming from a place of unsustainable growth throughout the pandemic so a fall off in consumer spending on PC products was deemed inevitable at some juncture and the business is well positioned to navigate the challenges head on. The business also expects to see some market recovery in the latter part of 2023.

Financial Instruments

Total company borrowings as at 31 December 2022 are nil as disclosed in note 11 and note 12. There are limited risks arising from the Company's financial instruments. Any credit risk is assumed by the parent company who maintains a comprehensive credit insurance policy. We largely fix the price of our products with our retail partners by locking ranges twice per year. Any foreign exchange risk is mitigated by a robust hedging policy carried out by the parent company on behalf of the company. Further details are provided in note 1.1 and the Strategic Report.

Dividends

The directors do not recommend the payment of a dividend *(2021: £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
Craig Booth

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 political or charitable contributions during the year of £1,000 (*2021: £5,000*).

Going concern

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and therefore it is appropriate to adopt the going concern basis in preparing these financial statements. Further details on Going Concern are provided in policy note 1.1.

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.

Directors' report (continued)

Streamlined Energy and Carbon Reporting (SECR)

Carbon and energy performance, initiatives and SECR reporting for 2022. Acer UK is committed to reducing its carbon footprint by analysing current and historical emissions and adopting plans and strategies towards becoming a Net Zero business by 2025. The data included below covers the new reporting requirements detailed in the Streamlined Energy & Carbon Reporting 'SECR' Regulations, reported by calendar year in line with our financial reporting.

	Current Year (2022)	Last Year (2021)	Previous Year (2020)	Baseline (2019)
Scope 1 Emissions				
Fuels consumed by Acer UK-owned vehicles and employees using Acer-issued fuel cards				
Owned vehicle (kgs CO_2e)	2,398	4,022	311	4,260
Fuel Cards, Business Use, Diesel (kgs CO_2	5,652	4,717	4,014	24,813
Fuel Cards, Business Use, Petrol (kgs CO_2	5,032	3,591	3,421	11,208
Total Scope 1 emissions (kgs CO_2e)	13,081	12,330	7,746	40,281
Scope 2 Emissions				
Electricity used at the HQ location				
Offices (kgs CO_2e)	12,629	22,089	24,231	31,120
Natural Gas used at the HQ location				
Heating (kgs CO_2e)	26,009	22,560	22,560	22,560
Total Scope 2 emissions (kgs CO_2e)	38,638	44,649	46,791	53,680
Total Scope 1 & 2 emissions (kgs CO_2e)	51,719	56,979	54,537	93,961
Staff in Scope of Study	55	55	55	55
Key Ratio: kgs CO_2e per FTE	940	1,036	992	1,708

We are pleased to report that we have maintained our reduction in our Scope 1 and 2 carbon emissions, achieving a 9.2% reduction against the 2021 figure. The 2022 key ratio of 940 kgs CO2e per FTE (Scope 1 and 2) is a reduction of 45% against the 2019 baseline of over 1,708 CO2e per FTE.

Directors' report (continued)
Streamlined Energy and Carbon Reporting (SECR) (continued)

Energy efficiency measures undertaken

The main areas that have contributed to our reduction in energy usage are from reduced use of the company vehicle and reduced electricity use in the company HQ. Our analysis and reporting for 2022 has been expanded to look at a number of additional areas of Scope 2 efficiency and to begin comparative examination of Scope 3 emissions, including: • The energy-efficiency of computing devices used by staff and contractors • Commuting (distance, method and reason) • Business travel • Waste

Our carbon-reduction plan for next year will focus on maintaining the current initiatives while also looking at options for reducing the emissions from travel and energy.

Approved on behalf of the board on 21st September 2023

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

Craig Booth
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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 judgements 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;
- use 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.

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 responsible for 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, and 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 UK LIMITED

Opinion

We have audited the financial statements of Acer UK Limited (the 'Company') for the year ended 31 December 2022, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity 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 101 'Reduced Disclosure Framework' (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 2022 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The director is 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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACER UK LIMITED (continued)

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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Director's 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 Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006requires 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 director's 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 Director's responsibilities statement on page 2, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Review of meeting minutes to check for indicators or instances of fraud
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACER UK LIMITED (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's shareholders, 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 shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Moyser FCA, FCCA (Senior statutory auditor)
for and on behalf of
MHA
London, United Kingdom

28 September 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313).

Profit and Loss Account and Other Comprehensive Income
for year ended 31 December 2022

	Note	**2022 Total £000**	2021 Total £000
Turnover	*2*	**183,531**	268,958
Cost of sales		**(176,108)**	(261,098)
Gross profit		**7,423**	7,860
Administrative expenses	*3*	**(6,207)**	(5,562)
Operating profit	*4-5*	**1,216**	2,298
Interest payable and similar expenses	*6*	(9)	(14)
Profit before taxation		**1,207**	2,284
Tax on profit	*7*	**(250)**	(433)
Profit for the financial year		**957**	1,851
Other comprehensive income		-	-
Total comprehensive income		957	1,851

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

The notes on pages 15 to 24 form an integral part of these financial statements.

Balance Sheet
at 31 December 2022

	Note	**2022 £000**	**2022 £000**	2021 £000	2021 £000
Fixed assets					
Tangible assets	*8*		**319**		545
Current assets					
Stocks	*9*	**1**		1	
Trade and other receivables	*10*	**75,325**		93,558	
Cash at bank and in hand		**9,184**		8,423	
		84,510		101,982	
Creditors: amounts falling due within one year	*11*	**(50,343)**		(68,718)	
Net current assets			**34,167**		33,264
Total assets less current liabilities			**34,486**		33,809
Creditors: amounts falling due after more than one year	*12*		**(118)**		(398)
Net assets			**34,368**		33,411
Capital and reserves					
Called up share capital	*15*		**9,072**		9,072
Share premium account	*16*		**519**		519
Profit and loss account			**24,777**		23,820
Shareholders' funds			**34,368**		33,411

The notes on pages 15 to 24 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 21 September 2023 and were signed on its behalf by:

Craig Booth
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 2021	9,072	519	21,969	31,560
Profit for the year	-	-	1,851	1,851
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	1,851	1,851
Balance at 31 December 2021	9,072	519	23,820	33,411
Balance at 1 January 2022	9,072	519	23,820	33,411
Profit for the year	-	-	957	957
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	957	957
Balance at 31 December 2022	**9,072**	**519**	**24,777**	**34,368**

The notes on pages 15 to 24 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Significant accounting policies

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

Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The accounts are prepared on the historical cost basis and rounded to £'000.

The Company's ultimate parent undertaking, Acer Inc., includes the Company in its consolidated financial statements. The consolidated accounts of this company are available to the public and may be obtained from 8F, No. 88, Sec 1, Xintai 5th Road, Xizhi Dist., New Taipei City 221, Taiwan.

Disclosure exemptions
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 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 7 Financial Instrument Disclosures and exemption from IFRS 16 to disclose information on leases in a single note

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 18.

Notes *(continued)*

1 Accounting policies *(continued)*

1.1 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

As at 31 December 2022 the Company had net assets of £34.4m and generated a profit for the year of £1.0m.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements taking account of reasonably plausible downsides. This shows that the Company will have sufficient funds, to meet its liabilities as they fall due under the terms of its distribution agreement with Acer Europe AG, the Supplier. In accordance with the terms of its distribution agreement the Company would be compensated by the Supplier in the instance of uncollectible customer debt. As such the risk of the Company having to settle liabilities to the Supplier without having collected the customer debt is mitigated.

Purchases made by the company are largely dollar denominated and any foreign exchange exposure is mitigated by a robust hedging policy carried out by the Group, on behalf of the company, to align with the trading cycles. Prices are fixed for its retail partners according to six month trading cycles to align with the hedging policy. The company has no borrowings as at 31 December 2022.

The Directors therefore, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and 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 pounds sterling 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 Financial instruments

Financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

1.4 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term highly-liquid investments that are readily convertible (with a maturity of three months or less from inception) to a known amount of cash and are subject to an insignificant risk of changes in value.

1.5 Trade and other receivables

Trade receivables are recognised initially at their transaction price, which approximates the fair value, and are subsequently measured at amortised cost. The company applies the simplified approach to providing for expected credit losses (ECL), which permits the use of lifetime expected loss provision for all trade receivables measured on a collection basis. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

1.6 Financial liabilities

Trade payables and other short-term monetary liabilities are measured at fair value and subsequently recognised at amortised cost using the effective interest rate method.

1.7 Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments and are recorded at proceeds received, net of direct issue costs.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Stock

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets. 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. The estimated useful lives are as follows:

• Leasehold improvements	life of lease
• Buildings	life of lease
• Office equipment	2 to 4 years
• Fixtures & fittings	4 years

Depreciation is estimated and charged to the profit and loss to write off the cost of assets to their residual value on a straight line basis over the estimated useful lives of those assets.

1.10 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 periods during which services are rendered by employees.

Short term benefits

A company wide bonus scheme paid quarterly in arrears is recognised as an expense in the periods during which services are rendered by employees.

1.11 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.

1.12 Turnover

Turnover represents the amounts (excluding value added tax) derived from the sale of computer hardware goods and spare parts to its customers. In line with the companies incoterms revenue is recognised at the point the goods are handed over to the first carrier as this is measured net of both contractual and non-contractual rebates.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. In accordance with the company's incoterms these performance obligations are met at the point at which the goods are handed over to the first carrier.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised 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 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 enacted or substantively enacted at the balance sheet. 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)*

1 Accounting policies *(continued)*

1.14 Expenses

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expense on lease liabilities, and net foreign exchange losses that are recognised (see foreign currency accounting policy).

Other interest receivable and similar income includes interest receivable on funds invested, interest income on lease receivables and net foreign exchange gains.

Interest receivable and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.15 ***Leases***

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'tangible fixed assets' and lease liabilities in 'creditors' in the balance sheet. The company's sole right-of-use asset relates to the rental of its office building for a period of ten years expiring June 2024. Lease payments are fixed but were previously renegotiated at the point of the five year break clause back in June 2019.

Notes *(continued)*

2 Turnover

	2022	2021
	£000	£000
By geographical market		
United Kingdom	**181,674**	263,391
Rest of Europe	**1,857**	5,567
Rest of World	**-**	-
	183,531	268,958

Turnover in the year is generated from continuing operations only.

3 Expenses and auditor's remuneration

	2022	2021
	£000	£000
Payroll costs (note 4)	**4,769**	4,858
Depreciation	**228**	231
Auditors remuneration for these financial statements	**47**	43
Foreign exchange	**(23)**	(13)
Marketing and other costs	**1,186**	443
	6,207	5,562

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	
	2022	2021
Office and Management	**13**	13
Sales and Marketing	**36**	37
Technical support/Service	**5**	5
	54	55

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£000	£000
Wages and salaries	**4,091**	4,207
Social security costs	**481**	460
Contributions to defined contribution plans	**197**	191
	4,769	4,858

Notes *(continued)*

5 Directors' remuneration

	2022	2021
	£000	£000
Remuneration of the highest paid director	**253**	281
	253	281

One director received benefits under money purchase schemes. The Company contributions to money purchase pension schemes were £13k (2021: £12k).

6 Interest payable and similar expense

	2022	2021
	£000	**£000**
Interest expense on lease liabilities	**9**	**14**
Total interest payable and similar expense	**9**	**14**

7 Taxation

Tax – FRS 101

	2022	2021
	£000	£000
UK corporation tax		
Current tax on income for the period	**251**	449
Total current tax	**251**	449
Total deferred tax (see note 13)	**(1)**	(16)
Tax per Income Statement	**250**	433

Factors Affecting Total Tax Charge for the Current Period

	2022	2021
	£000	£000
Profit for the year - continuing	**1,207**	2,284
Tax on profit at standard UK tax rate of 19.00% (2021: 19.00%)	**229**	434
Expenses not deductible	**21**	16
Effect of changes in tax rate	**-**	(17)
Total tax expense	**250**	433

The March 2021 Budget announced that the main rate of Corporation Tax will increase to 25% from 1 April 2023. The deferred tax asset as at 31 December 2022 has been calculated based on the rates substantively enacted at the balance sheet date.

Notes *(continued)*

8 Tangible fixed assets

	Fixtures & fittings £000	Land & buildings £000	Total £000
Cost			
Balance at 1 January 2022	65	1,082	1,147
Additions	1	-	1
Disposals	(34)	-	(34)
Balance at 31 December 2022	32	1,082	1,114
Depreciation and impairment			
Balance at 1 January 2022	43	558	601
Depreciation charge for the year	11	217	228
Disposal of assets	(34)	-	(34)
Balance at 31 December 2022	20	775	795
Net book value			
At 1 January 2022	22	524	546
At 31 December 2022	12	307	319

At 31 December 2022, Tangible fixed assets includes right-of-use assets as follows:

	Fixtures & fittings £000	Land & buildings £000	Total £000
Right-of-use asset			
At 31 December 2022	-	307	307

Notes *(continued)*

9 Stocks

	2022 £000	2021 £000
Spare parts	**1**	1

10 Trade and other receivables

	2022 £000	2021 £000
Trade debtors	**74,862**	93,223
Social security and other taxes	**170**	-
Deferred tax assets (see note 13)	**70**	69
Prepayments	**223**	267
Due within one year	**75,325**	93,558

Prepayments mainly relate to office rent, employers liability insurance and some marketing activity.

11 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	**295**	666
Amounts owed to group undertakings	**37,484**	36,357
Taxation and social security	**365**	7,806
Accruals	**11,919**	23,613
Right-of-use lease liability	**280**	275
	50,343	68,718

Amounts owed to group undertakings mainly represent invoices for the supply of goods. Payment terms are sixty days from invoice date. Amounts due are unsecured and non-interest bearing.

Accruals relate mainly to contractual and non-contractual customer rebates.

12 Creditors: amounts falling due after one year

	2022 £000	2021 £000
Right-of-use lease liability. Represented as:		
1-2 years	**118**	280
2-5 years	-	118
	118	398

Notes *(continued)*

13 Deferred tax assets and liabilities

Movement in deferred tax during the year

	1 January 2022 £000	Charged / (credited) to I/S £000	31 December 2022 £000
Tangible fixed assets	3	1	4
Temporary differences trading	66	-	66
	69	1	70

14 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 £197,000 *(2021: £191,000).*

The total amount payable as at 31 December 2022 is nil (2021: nil).

15 Capital and reserves

Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
9,071,790 Ordinary Shares of £1 each	9,072	9,072
Share Premium	519	519

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 (2021: nil).

Proceeds received in excess of the nominal value of shares issued have been included in Share Premium.

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 8F, No. 88, Sec 1, Xintai 5th Road, Xizhi Dist., New Taipei City 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 estimates 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 (Tactical) 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. The Company accrues for rebates based upon stock levels, agreed customer price support, sell-out history and the competitive position for each product type.

ECL on trade and other receivables
The company applies the simplified approach to providing for expected credit losses (ECL), which permits the use of lifetime expected loss provision for all trade receivables measured on a collection basis. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.