

Adare International Limited

Directors' report and
financial statements

Year ended 31 October 2016

Registered number: 1610897

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Adare International Limited

Directors' report and financial statements

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Adare International Limited

Directors and other information

Directors

R. Whiteside
S. Ueckermann (resigned 16 January 2017)
R Berry (appointed 14 November 2016)
A Dutton (appointed 14 November 2016)
C. Parsons (appointed 11 September 2015)

Secretary

Marrons Consultancies Limited

Registered office

Meridian Business Park
Leicester
LE19 1WY

Independent auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Bankers

HSBC Bank plc
City Branch
33 Park Row
Leeds
LS1 1LD

Solicitors

Walker Morris LLP
Kings Court
12 Kings Street
Leeds
LS1 1DL

Registered number

1610897

Adare International Limited

Strategic report

The Strategic report for the company for the year ended 31 October 2016 is set out below.

Principal activity, review of the business and future developments

The principle activity of the company is the provision of global marketing solutions for some of the leading European and global brands. Marketing solutions include creative design, digital, print, point of sale and promotional merchandise.

On 31 October 2016 the Company acquired Access Plus Marketing Services Limited (trading as Banner Managed Communications (BMC)). On this date the Company hived up the trade and assets of part of Access Plus Marketing Services Limited.

The year to 31 October 2016 reflects a period of modestly improving conditions in some markets whilst in others there still remains caution. The appetite for outsourcing non-core activities remains high, with our customers requiring wider geographical solutions. This has led to us establishing additional entities in Latin America as many of our clients are now looking for global solutions.

Rigorous cost control, operational efficiency, tight cash-management and high levels of customer service have, as ever, been in sharp focus throughout the year. There have been incremental costs from the geographic expansion of the Company and the related infrastructure which have not been immediately matched by increased revenues. Likewise the integration of the new business has resulted in expenditure in 2016 for which the benefits will accrue in 2017.

The operating loss for the year was £1,110,000 from a turnover of £83,828,000 this compares to a profit of £26,000 in 2015 against a turnover of £88,033,000. The operating loss includes an impairment of a loan to a subsidiary of £880,000, restructuring and business integration costs of £336,000 and the release of other provisions of £(311,000), excluding these the underlying loss was £205,000.

Strategic Development and Outlook

The directors and management feel that, with the tight commercial controls in place and continued investment in infrastructure, people and proposition, the business has a robust strategy to face the challenges of the forthcoming year. The Company has budgeted for growth in sales and profit as a result of scale in the expanded geographical footprint. With the infrastructure now in place to scale up operations, this next year is expected to yield a significant improvement in non UK performance. Significant business wins since 31 October 2016 are already underpinning this. The acquisition of BMC has also enabled the Company to extend its core offering.

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties facing the company are as follows:

Economic risk

The risk of increased interest rates and or inflation having an adverse impact on served markets. The directors continuously review the company's risk against this background and make sourcing, cost-related and other decisions very much with this in mind.

Adare International Limited

Strategic report *(continued)*

Competition risk

The directors of the company manage competition risk through close attention to customer service levels, differentiation of our service proposition and technology enhancements.

Financial risk

The company has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.

Exchange risk

The Company trades in a number of overseas territories and is therefore exposed to fluctuations in currency. This is mitigated where possible by ensuring that revenue and costs are matched in local currencies.


Key performance indicators

Key performance indicators which are focused on by management include:

- sales/gross profit reports analysed by division, salesperson and product;
- daily cash/bank reports;
- monthly management accounts showing divisional trading results, detailed overhead, expenses, balance sheet and cash flow reports;
- monthly variance reports analysing sales, gross profit, expenses and cash flow variances; and
- monthly aged debtor reports analysed by division.

Each of these indicators are monitored by management against trading and cash flow budgets which are prepared every six months. The indicators are also monitored against prior periods. Half yearly product reviews with principal suppliers are attended by management.

On behalf of the board



C. Parsons
Director

5 April 2017

Adare International Limited

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 October 2016.

Results and dividends

The loss for the year after taxation, attributable to shareholders amounted to £1,568,000 (*2015 loss: £2,000*). The directors do not recommend the payment of a dividend in respect of the financial year (*2015: £Nil*). Future developments of the company have been considered within the Strategic Report.

Employees

The directors give special attention to the health and safety of their employees and endeavour to ensure that as far as possible applications for employment, training, career development and promotion of disabled persons is the same as other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is provided. Consultation with employees and good industrial relations are actively promoted through comprehensive and agreed procedures including:

- Quarterly newsletters;
- Regular team briefs;
- Notice boards; and
- Annual appraisals.

These help achieve common awareness of employees in relation to financial and economic factors that affect the performance of the company.

Team briefings ensure that employees' views can be taken into account in making decisions that likely to affect their interests.

Directors and their interests

The directors of the company at 31 October 2016 and up to the date of signing the financial statements are as listed on page 1.

R. Whiteside and C. Parsons were directors of the company's ultimate parent undertaking, Hamsard 3350 Limited at 31 October 2016. Their interests are disclosed in that company's financial statements.

The interests of the other director and the company secretary in office at 31 October 2016 and 31 October 2015, including interests of their spouses and minor children, in the share capital and loan notes of the company/other group companies were:

<i>Name of director</i>	<i>Name of Company</i>	<i>Description of Instrument</i>	<i>2016 Number</i>	<i>2015 Number</i>
S. Ueckermann	Hamsard 3351 Limited	8% loan notes	455,711	455,711
	Hamsard 3350 Limited	£1 B Ordinary Shares	119	119
		£1 C Ordinary Shares	187	187
		£1 D2 Ordinary Shares	420	420

Adare International Limited

Directors' report

Branches within the EU

The Company has branches in Belgium, France, Germany, Greece, Portugal, Spain, Poland, Sweden, Finland and the Czech Republic.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



C. Parsons
Director

5 April 2017

Adare International Limited

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any of FRS 101, used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

On behalf of the board



C. Parsons
Director

Adare International Limited

Independent auditors' report to the members of Adare International Limited

Report on the financial statements

Our opinion

In our opinion Adare International Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 31 October 2016 and of its loss 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 October 2016;
- the Income statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Adare International Limited

Independent auditors' report to the members of Adare International Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

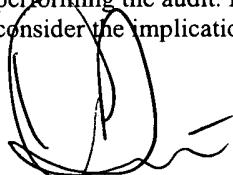
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Plunkett FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
5 April 2017

Adare International Limited

Income statement

for the year ended 31 October 2016

	Note	2016 £'000	2015 (as restated) £'000
Revenue – continuing operations	2	83,828	88,033
Cost of sales		(70,691)	(74,557)
Gross profit		13,137	13,476
Administrative expenses		(13,342)	(12,915)
Impairment of intercompany loans		(880)	-
Non-recurring expenses	3	(25)	(535)
Operating (loss) / profit		(1,110)	26
Analysed as			
Underlying operating (loss)/profit		(205)	561
Non-recurring expenditure		(25)	(535)
Impairment of intercompany loans		(880)	-
Finance income	4	-	1,087
Finance costs	5	(137)	(381)
(Loss)/profit on ordinary activities before taxation		(1,247)	732
Income tax expense on ordinary activities	9	(321)	(734)
Loss for the financial year		(1,568)	(2)

There is no other comprehensive income/(expense) in the current or prior year.

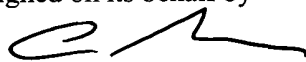
Adare International Limited

Balance sheet

As at 31 October 2016

	<i>Note</i>	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	<i>10</i>	1,720	1,772
Property, plant and equipment	<i>11</i>	1,213	430
Investments	<i>23</i>	70	17
		<hr/>	<hr/>
		3,003	2,219
Current assets			
Inventory	<i>12</i>	772	283
Trade and other receivables	<i>13</i>	56,340	47,447
Cash at bank and in hand		5,262	3,225
		<hr/>	<hr/>
		62,374	50,955
Creditors: amounts falling due within one year	<i>15</i>	(47,163)	(33,544)
		<hr/>	<hr/>
Net current assets		15,211	17,411
		<hr/>	<hr/>
Total assets less current liabilities		18,214	19,630
Provisions for liabilities	<i>16</i>	(904)	(752)
		<hr/>	<hr/>
Net assets		17,310	18,878
		<hr/>	<hr/>
Equity			
Called up share capital	<i>17</i>	1	1
Retained earnings		17,309	18,877
		<hr/>	<hr/>
Total Shareholders' funds		17,310	18,878
		<hr/>	<hr/>

The financial statements on pages 9 to 31 were approved by the board of directors on 5 April 2017 and signed on its behalf by


C. Parsons
Director

Company registered number 1610897

Adare International Limited

Statement of changes in equity *for the year ended 31 October 2016*

	Called up Share capital £'000	Retained earnings £'000	Total Shareholders' funds £'000
Balance at 1 November 2014	1	18,879	18,880
Loss for the financial year	-	(2)	(2)
Balance at 31 October 2015	1	18,877	18,878
Loss for the financial year	-	(1,568)	(1,568)
Balance at 31 October 2016	1	17,309	17,310

Adare International Limited

Notes *(continued)*

General information

The Company is a private company and is incorporated and domiciled in the UK.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The principal accounting policies applied to the preparation of these financial statements are set out below, and, unless otherwise stated, these policies have been consistently applied to all the periods presented.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that must otherwise apply the recognition, measurements and disclosure requirements of EU-adopted IFRS.

The company is a qualifying company for the purposes of FRS 101. Note 21 details the company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 'Property, plant and equipment';
 - paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).

Adare International Limited

Notes (continued)

- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Revenue

Revenue is measured at the fair value of consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and other similar discounts and is exclusive of value added taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Company.

In the case of good supplied, goods are deemed to have been delivered to customers when the customer has access to the significant benefits inherent in the goods and exposure to the risks inherent in those benefits. The value attributed to services is determined through prices agreed prior to commencement of the work with the customer. Where there are retained customer arrangements and a range of services are provided, the revenue, for each separate service is recognised when all the elements of that service are complete, with amounts accrued or deferred on the balance sheet as appropriate.

Property, plant and equipment

Land and buildings comprises mainly warehouses and offices. Land and buildings are shown at historic cost or fair value at the date of acquisition, less subsequent depreciation for buildings. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows

Freehold buildings	-	2%
Improvements to freehold buildings	-	Over life of lease
Plant and equipment	-	10% to 30%
Fixtures and Fittings	-	10%

The carrying values of property plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Adare International Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to seven years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed seven years.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value. Dividend income is recognised when the right to receive payment is established.

Cash and cash equivalents

In the balance sheet cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Adare International Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at cost less provision for impairment.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Adare International Limited

Notes *(continued)*

1 Accounting policies *(continued)*

Pension costs

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Leased assets

Rent payable in respect of assets held under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Provisions

Provisions for dilapidations and VAT are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Consolidation

The company is a wholly-owned subsidiary of Continuous Stationery Limited and of its ultimate parent, Hamsard 3350 Limited. It is included in the consolidated financial statements of Hamsard 3350 Limited which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

Transition to FRS 101

The company transitioned from previous UK GAAP to FRS 101 as at 1 November 2014. The company has notified its shareholders in writing about, and they do not object to the use of the disclosure exemptions used by the company in these financial statements. Details of how FRS 101 has affected the reported financial position and performance is given in note 26.

Adare International Limited

Notes (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

(a) Useful economic lives of property, plant and equipment

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

(b) Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

2 Revenue

A geographical analysis of turnover by destination is given below:

	2016 £'000	2015 £'000
United Kingdom	29,290	41,830
Rest of Europe	53,789	46,159
Americas	749	44
Total	<u>83,828</u>	<u>88,033</u>

Revenue arises from the following:

	2016 £'000	2015 £'000
Sales of goods	73,948	75,877
Services	9,880	12,156
Total	<u>83,828</u>	<u>88,033</u>

Adare International Limited

Notes (continued)

3 Operating (loss) / profit	2016	2015
	£'000	£'000
This is stated after charging:		
Amortisation	173	177
Depreciation	537	444
Directors' emoluments (see note 6)	212	193
Auditors' remuneration		
- audit services	32	28
Rentals payable under operating leases	1,474	1,255
Inventory recognised as an expense	62,359	64,489
Exchange losses	591	130
Management charges	476	256
	<hr/>	<hr/>
During the year the Company incurred non-recurring expenditure as follows:		
	2016	2015
	£'000	£'000
Restructuring and business integration costs	336	48
Release of other provisions	(311)	-
Amounts relating to termination of a customer contract	-	196
Adjustment to historic liabilities	-	291
	<hr/>	<hr/>
	25	535
	<hr/>	<hr/>
4 Finance income	2016	2015
	£'000	£'000
Amount received/receivable from group undertakings	-	1,087
	<hr/>	<hr/>
5 Finance costs	2016	2015
	£'000	£'000
Amounts payable to group undertakings	-	85
Other interest	23	151
Invoice finance interest	114	145
	<hr/>	<hr/>
	137	381
	<hr/>	<hr/>

Adare International Limited

Notes (continued)

6 Directors' emoluments	2016 £'000	2015 £'000
Salaries	197	179
Pension contributions	15	14
Other	3	3
	<hr/>	<hr/>
	215	196
	<hr/>	<hr/>

Fees and other emoluments paid to the highest paid director:

Salaries	197	179
Pension contributions	15	14
Other	3	3
	<hr/>	<hr/>
	215	196
	<hr/>	<hr/>

7 Employees

The average monthly number of employees during the year analysed by function, comprised:

	2016 Number	2015 Number
Production	116	103
Administration	197	220
	<hr/>	<hr/>
	313	323
	<hr/>	<hr/>

The aggregate payroll cost of these persons was as follows:

	2016 £'000	2015 £'000
Wages and salaries	12,498	10,897
Compensation for loss of office	258	-
Social security costs	1,514	1,504
Other pension costs	218	268
	<hr/>	<hr/>
	14,488	12,669
	<hr/>	<hr/>

Adare International Limited

Notes (continued)

8 Pensions

The group of which the company is a member operates defined contribution pension arrangements for its employees. Contributions are invested with insurance companies and are thus held in independently administered funds. Details of pension contributions are as follows:

	2016 £'000	2015 £'000
Charge for year:		
Defined contribution arrangements	218	268

A balance of £25,176 (2015: £32,200) is included in creditors in respect of defined contribution pension contributions.

9 Income tax

(a) Analysis of charge in year	2016 £'000	2015 £'000
<i>Current tax:</i>		
UK corporation tax charge for the year	279	148
Adjustments in respect of prior years	(95)	343
Overseas tax paid	152	530
	336	1,021
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(107)	(118)
Adjustments in respect of prior years	-	(169)
Impact of change in tax rates	92	-
	(15)	(287)
Tax charge on (loss) / profit on ordinary activities	321	734

Adare International Limited

Notes (continued)

9 Income tax (continued)

(b) Factors affecting the tax charge in year

The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the United Kingdom. The differences are explained below:

	2016 £'000	2015 £'000
(Loss) / profit on ordinary activities before tax	(1,247)	732
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax of 20% (2015: 20.41%)	(249)	149
<i>Effects of:</i>		
Expenses not deductible	214	-
Fixed asset differences	100	-
Adjustments in respect of prior years	(95)	174
Imputed interest charge	188	-
Deferred tax at average rate	-	(9)
Remeasurement of deferred tax – change in UK tax rates	111	-
Other tax adjustments reliefs and transfers	(82)	(10)
Double tax relief adjustment	(18)	-
Overseas tax paid	152	430
Income tax charge	321	734

(c) Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015 and Finance Bill 2016 on 7 September 2016. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements

Adare International Limited

Notes (continued)

10 Intangible assets

	Computer software £'000	Goodwill £'000	Total £'000
<i>Cost</i>			
At 1 November 2015	2,585	202	2,787
Additions	485	-	485
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 October 2016	3,070	202	3,272
	<hr/>	<hr/>	<hr/>
<i>Accumulated amortisation</i>			
At 1 November 2015	1,015	-	1,015
Charge for year	537	-	537
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 October 2016	1,552	-	1,552
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 October 2016	1,518	202	1,720
	<hr/>	<hr/>	<hr/>
At 31 October 2015	1,570	202	1,772
	<hr/>	<hr/>	<hr/>

At 31 October 2016, the directors have assessed the carrying value of the goodwill and do not believe any impairment charge is necessary.

The goodwill within the financial statements has not been amortised in-line with FRS 101 and therefore represents a departure, for the overriding purpose of giving a true and fair view, from paragraph 22 of schedule 1 to SI 2008/410.

Amortisation of intangible assets is included within administrative expenses.

Adare International Limited

Notes (continued)

11 Property, plant and equipment

	Land and Buildings £'000	Plant, equipment, fixtures and fittings £'000	Total £'000
Cost			
At 1 November 2015	223	630	853
Additions	-	237	237
Acquisitions	698	21	719
	<hr/>	<hr/>	<hr/>
At 31 October 2016	921	888	1,809
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 November 2015	36	387	423
Charge for year	58	115	173
	<hr/>	<hr/>	<hr/>
At 31 October 2016	94	502	596
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 October 2016	827	386	1,213
	<hr/>	<hr/>	<hr/>
At 31 October 2015	187	243	430
	<hr/>	<hr/>	<hr/>
12 Inventory		2016	2015
		£'000	£'000
Finished goods and work in progress		772	283
		<hr/>	<hr/>

Inventories are stated after provisions for impairment of £40,899 (2015: £40,899).

In the opinion of the directors, the replacement cost of stocks at 31 October 2016, is not materially different to the carrying value as stated above.

Adare International Limited

Notes (continued)

13 Trade and other receivables	2016 £'000	2015 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	24,923	16,196
Amounts owed by fellow group undertakings	27,166	25,644
Deferred tax	631	616
Corporation tax	42	-
Other debtors	82	214
Prepayments and accrued income	3,496	4,777
	56,340	47,447

Trade receivables are stated after provision for impairment of £140,639 (2015: £119,901)

Amounts owed by fellow group undertakings are interest free and repayable on demand. In 2015 interest was charged on these loans at 5%.

14 Deferred tax asset	2016 £'000	2015 £'000
At beginning of year	616	329
Net amount charged to profit and loss account in year (note 9)	15	287
At end of year	631	616
<i>Deferred tax asset arises as follows:</i>		
Fixed asset temporary differences	598	593
Short term temporary differences	33	23
	631	616

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. It is anticipated that £83,000 of the deferred tax asset will be utilised in the next 12 months.

Adare International Limited

Notes (continued)

15 Creditors: amounts falling due within one year	2016 £'000	2015 £'000
Trade creditors	28,984	20,573
Amounts owed to fellow group undertakings	4,492	3,786
Other creditors	1,632	857
Corporation tax	927	835
Other taxes and social security	936	747
Accruals	813	413
Deferred consideration	-	92
Invoice financing facility	9,379	6,241
	<hr/>	<hr/>
	47,163	33,544
	<hr/>	<hr/>

Interest is payable on the invoice finance facility at a rate of 1.95% above the bank base rate. Amounts owed by fellow group undertakings are interest free and repayable on demand. In 2015 interest was charged on these loans at 5%.

16 Provisions for liabilities	2016 £'000	2015 £'000
<i>(i) Dilapidations provision</i>		
At beginning of year	-	47
Charge in year	41	-
Acquired with businesses	234	-
Utilised in year	-	(47)
	<hr/>	<hr/>
At end of year	275	-
	<hr/>	<hr/>
<i>(ii) Other provisions</i>	2016 £'000	2015 £'000
At beginning of the year	752	606
Reversal of provision	(311)	-
Exchange movement	188	-
Interest accrual	-	146
	<hr/>	<hr/>
At end of the year	629	752
	<hr/>	<hr/>
Total	904	752
	<hr/>	<hr/>

Adare International Limited

Notes (continued)

16 Provisions for liabilities (continued)

- i) The Company makes provision in respect of possible rectification costs of properties that are leased where such leases contain clauses that require the Company as tenant to reinstate the property to an agreed condition.
- ii) Other provisions relates to the over-recovery of overseas VAT. This was an historical issue which was identified in 2015. Provision has been made for the total amount of over-recovered VAT and expected interest due.

17 Called up share capital	2016	2015
	£'000	£'000
<i>Allotted, called up and fully paid</i>		
1,000 (2015: 1,000) ordinary shares of £1 (2015: £1) each	1	1

18 Lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows :

	2016	2015
	£'000	£'000
No later than one year	1,137	978
Later than one year and no later than five years	999	1,518
Later than five years	-	-
	2,136	2,496

19 Capital Commitments

The company had no capital commitments at year end (2015: £Nil).

20 Bank security

The bank loans and overdrafts of the Hamsard 3350 Limited group are secured by way of:

- A first debenture from certain group undertakings (including Adare International Limited) comprising a legal charge over properties owned by the Hamsard 3350 Limited group and a floating charge over all of the assets of such undertakings together with intergroup guarantees from certain group undertakings (including Adare International Limited); and

In relation to the Group's invoice financing facility:

- A charge over the book debts of certain trading subsidiary undertakings supported by cross guarantees from certain other group undertakings (including Adare International Limited).

Adare International Limited

Notes (continued)

21 Ultimate parent undertaking

The company's immediate parent undertaking is Continuous Stationery Limited, a company incorporated in England and Wales. The company's ultimate parent undertaking is Hamsard 3350 Limited. This company is incorporated in England and Wales.

The only consolidated financial statements in which the results of Adare International Limited at 31 October 2016 are consolidated are those of Hamsard 3350 Limited. Copies of the consolidated financial statements of Hamsard 3350 Limited are filed at Companies House, Crown Way, Cardiff.

The ultimate controlling party of the Group is Endless Fund III General Partner LLP by way of its controlling of Endless Fund III A Limited Partnership, Endless Fund III B Limited Partnership and Endless Fund III C Limited Partnership who between them own 75% of the Group.

22 Related party transactions

The company has taken advantage of the exemption from disclosing transactions with wholly owned group companies.

23 Investments

	2016 £'000	2015 £'000
<i>Cost</i>		
At start of year	17	17
Additions	53	-
	<hr/>	<hr/>
At end of year	70	17
	<hr/>	<hr/>

At 31 October 2016, the company had a 100% direct, shareholding in the ordinary shares of the following subsidiary undertakings:-

<i>Name</i>	<i>Principal activities</i>	<i>Registered office</i>
Adare Brasil Servicios de Marketing LtdA	Provision of print management and logistics services	A
Adare International Mexico S de RL de CV	Provision of print management and logistics services	B

Adare International Limited

Notes *(continued)*

23 Subsidiary undertakings *(continued)*

<i>Name</i>	<i>Principal activities</i>	<i>Registered office</i>
Adare International Inc.	Provision of print management and logistics services	C
Adare International LLC	Provision of print management and logistics services	D
Adare International Italy SARL	Dormant	E
Adare International SAS	Provision of print management and logistics services	G
Adare International Chile SPA	Provision of print management and logistics services	H
Adare International S.R.L	Provision of print management and logistics services	I
Adare International Del Ecuador SA	Provision of print management and logistics services	J
Adare International Costa Rica SRL	Provision of print management and logistics services	K
Adare International Panama S. de R.L	Provision of print management and logistics services	L
Access Plus Marketing Logistics Limited	Non -trading	M
Access Plus Marketing Services Limited	Non -trading	M

Adare International Limited

Notes *(continued)*

23 Subsidiary undertakings *(continued)*

Country of incorporation and registered offices:

A – Subsidiaries incorporated and operating in Brazil with registered offices of Av Das Nacoes 13947 Andar 16 Sala 1610A Vila Gertrudes, Sao Paulo, Brazil.

B – Subsidiaries incorporated and operating in Mexico with registered offices of Av. Presidente Masarik 111, Piso 1, Col. Chapultepec Morales, C.P. 11570, Distrito Fedearl, Mexico.

C – Subsidiaries incorporated and operating in the USA with registered offices of Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

D – Subsidiaries incorporated and operating in Russia with registered offices of 4 Bolshoy Ordynsky Pereulok, Moscow, 115184, Russia.

E – Subsidiaries incorporated and operating in Italy with registered offices of Foro Buonaparle 70, Milan CP20121, Italy.

F – Subsidiaries incorporated and operating in Argentina with registered offices of Alem Leandro, N AV. 518 Piso:2, 1001 – Ciudad Autonomata, Buenos Aires, Argentina.

G – Subsidiaries operating and incorporating in Columbia with registered office Calle 72 # 10-07 oficina 401, Bogota, Columbia.

H – Subsidiaries operating and incorporating in Chile with registered office Huerfanos 770, Piso 4, Santiago, Chile.

I – Subsidiaries operating and incorporating in Peru with registered office Av. Victor Andres Belaunde 147, Via Principal 110, Edificio Real Cinco, Oficina 901, San Isidro, Lima, Peru.

J – Subsidiaries operating and incorporating in Ecuador with registered office Av. Republica del Salvador 1082 y Naciones Unidas. Edificio Mansion Blanca Torre Paris P5.Pichincha Quito, Ecuador.

K - Subsidiaries operating and incorporating in Costa Rica with registered office Parque Empresarial Forum, Torre G, Piso 2, Santo Ana, Costa Rica.

L - Subsidiaries operating and incorporating in Panama with registered office F&F Tower, 22nd Floor, Office 22-C, Panama City, Panama.

M - Subsidiaries incorporated and operating in the United Kingdom with registered offices of 1 Meridian South, Meridian Business Park, Leicester, LE19 1WY

Adare International Limited

Notes (continued)

24 Acquisition of business

On 31 October 2016 the company hived up the trade and assets of part of Access Plus Marketing Services Limited, a fellow Group subsidiary. The fair value of the assets and liabilities acquired were as follows:

	Fair value at date acquisition £'000
Acquiree's net liabilities at the acquisition date:	
Property, plant and equipment	719
Inventory	572
Trade and other receivables	8,500
Trade and other payables	(14,396)
Provisions for liabilities and charges	(234)
	<hr/>
Net identifiable liabilities	(4,839)
	<hr/>
Total cost of business combination:	
Consideration:	
Intercompany settlement	(4,839)
	<hr/>
Total consideration	(4,839)
	<hr/>
Goodwill on acquisition	-
	<hr/> <hr/>

The gross value of trade receivables acquired was £7,722,328. The fair value of these debts was £7,627,606 with £94,722 expected to be uncollectible.

It is not possible to separate out the profits of the parts of Access Plus Marketing Services Limited acquired for the period from 1 November 2015 to the date of acquisition from the rest of its business.

25 Prior year adjustment

Certain recharges to suppliers have been reclassified from revenue to costs of sales. The impact of this change is to reduce turnover in the prior year by £451,000 with a matching reduction in cost of sales.

Adare International Limited

Notes (continued)

26 Impact of transition to FRS 101

Reconciliation of Shareholders' funds

		1 November 2014 £'000	31 October 2015 £'000
UK GAAP – As previously reported		18,880	18,823
Reclassification – property plant and equipment to intangible assets	A	(1,559)	(1,569)
Reclassification – intangible assets from property, plant and equipment	A	1,559	1,569
Reverse amortisation of goodwill	B	-	55
FRS 101		18,880	18,878

Reconciliation of loss for the financial year ended 31 October 2015

		31 October 2015 £'000
Loss for the financial year		
UK GAAP – As previously reported		(57)
Reverse amortisation of goodwill	B	55
Loss for the financial year FRS 101		(2)

A – This adjustment relates to the reclassification of £1,559,000 of Software from Property, Plant and Equipment to Intangible assets.

B – Goodwill is no longer amortised under FRS 101.

Adare Printing Group Limited
39/40 Upper Mount Street
Dublin 2
Ireland

31 October 2016

Dear Sirs,

We hereby waive our entitlement to receive a 8.25% dividend on the 3,000,000 cumulative redeemable preference shares of £1 each that we hold in Adare Printing Group Limited in respect of the year ended 31 October 2016.

Yours faithfully,

For and on behalf of NAPG Limited

A handwritten signature in black ink, consisting of a stylized 'C' followed by a series of loops and a long horizontal stroke.

C Parsons
Director