

**Adler Manufacturing Limited**

**Annual report and financial statements**

**Registered number 2425707**

**Period from 26 December 2016 to 31 December 2017**



	PAGE
Contents	2
Strategic report	3
Director's report	4
Statement of director's responsibilities in respect of the Director's report and the financial statements	5
Independent auditor's report to the members of Adler Manufacturing Limited	7
Profit and Loss Account and Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the financial statements	12-18

## Strategic report

### Company objectives

The company markets personalized business gifts such as pens, pocket calendars, stationery and note pads through mail, telephone and web channels. Customers use the products to promote their own businesses or as part of internal incentive and reward programs. During years 2017 and 2016, the company expanded its product portfolio with apparel, drinkware, bags, umbrellas and other assorted product lines.

### Business review

Turnover has been consistent year on year being £7.49m in 2017 (2016: £7.65m). Sales product mix has changed against the previous reporting period as the company has expanded product lines. The gross margin percentage was 55% and 60% in 2017 and 2016, respectively. Product mix changes have contributed to gross margin percentage decline.

Administrative expenses were £5.18m and £5.01m in 2017 and 2016, respectively. The minor increase was mainly due to increases in promotional spending and changes in marketing strategy as we offer new product lines. Labour cost, as part of the administrative expenses, increased by £.56m to £2.5m. Other administration expenses decreased from £2.6m in 2016 to £2.7m in 2017. The net foreign exchange gain (loss) was (£0.13m) and £0.04m in 2017 and 2016 as restated, respectively.

The income (loss) before taxation for the 53 week period ended 31 December 2017 was (£1.24m) (2016 as restated: loss £.57m). The retained profit carried forward amounts to £1.89m (2016 as restated: £3.13m).

The director does not recommend the payment of a dividend (2016: £nil).

### Business strategy

Management is focused on improving the business. The past two years have been transition years as the company has introduced new product lines and no longer markets outside the United Kingdom. Growth strategy in the long-term revolves around new customer acquisition through web, phone, and mail sales channels. Product innovation and design coupled with new product lines are key drivers of success for the company. Investment in this area continues to provide returns.

As in prior years, during the year 2017 the company bought products for sale from affiliated companies (HCE GmbH in Germany and Myron Corp., in USA). However, the new product lines are mainly sourced from local United Kingdom and Europe suppliers.

### Risks and uncertainties

The company is focused on the retention and growth of its current United Kingdom customer base. Recruiting, training, and retaining skilled and motivated sales staff is vital to the success of the company. If this is not achieved, this could have a negative impact on future sales performance. This issue remains a continued focus for management.

Material changes in foreign exchange rates will alter the cost of raw materials and thus impact gross margins and sampling costs. Central buying for all affiliated companies mitigates this risk.

The Directors have continued to consider and assess those factors which may have an impact on the Company as a result of Brexit, including an assessment of the readiness of the Company to respond to such events and conditions. The Directors have considered factors such as, freight and delivery cost increases, delays relating to supply chain, potential increases in import taxes and duties, as well as potential foreign exchange fluctuations. The Directors are continuing to monitor the situation.

### Key performance indicators

#### Turnover, gross margin and administrative expenses

The turnover of the business was consistent in period end 2017 and 2016 at £7.5m and £7.7m, respectively. Gross profit decreased to £4.2m in 2017 from £4.6m in 2016. Administrative expenses contain marketing and overhead expenses. Administrative expenses were £5.18m and £5.01m in 2017 and 2016, respectively. Administrative expenses were consistent as the business monitors investment in marketing contact strategies to existing and prospective customers, product line expansion costs, and general overhead spending.

#### Cash flows

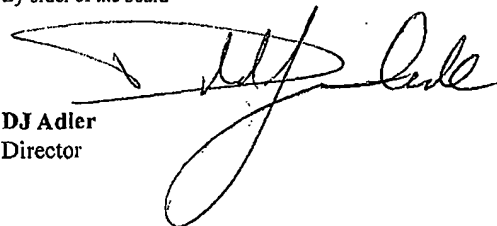
The company continues to have access to funds sufficient to meet its operating requirements.

#### Receivables

The external trade debtor balances at 31st December 2017 are .1% lower than they stood at 25th December 2016.

By order of the board

DJ Adler  
Director



## Director's report

The director presents his annual report and the audited financial statements for the 53 week period from 26 December 2016 to 31 December 2017. The comparative period is the 53 week period from 28 December 2015 to 25 December 2016.

## Employment

### Disability policy

The company operates "fairness at work policies" which include a policy on disability, and it is committed to ensuring recruitment and selection decisions are based on competencies and skills.

In all cases of disability arising whilst a person is employed by the company, appropriate and reasonable adjustments are made for the mutual benefit of the company and the employee. Additionally, the company makes resources available for rehabilitation to work as a result of a disability, by working with a range of external support services including occupational health and rehabilitation specialists.

The company provides access to personal development and promotion opportunities for all employees based on merit and not on unfair discrimination criteria. The company makes reasonable physical adjustments for such employees in applying this policy.

### Communication and consultation

The company provides periodic employee briefings on matters of significance to all employees, either locally or in consultation with the management of affiliated companies, to ensure that employees are consulted on matters that directly affect them.

Employees also receive communications concerned with local changes that may affect them, such as changes to company policies. The company is committed to briefing and consulting with employees on matters that significantly affect the performance of the business.

### Directors and directors' interests

The director of the company during the period and his beneficial interest in the issued share capital of the company was as follow:

Donald James Adler, ordinary shares (£1 value), with an interest of 50,000 shares at December 31, 2017 and December 25, 2016.

The aforementioned director who held office during the financial period had no other disclosable interest in shares of group companies.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to the director or his immediate family, or exercised by them, during the financial period.

Information in respect of dividends has been included within the strategic report.

### Disclosure of information to auditors

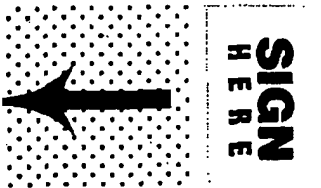
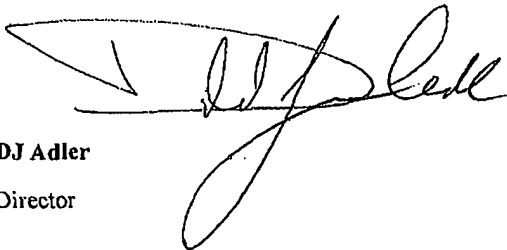
The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware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

### Auditors

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

By order of the board

DJ Adler  
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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- 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 ADLER MANUFACTURING LIMITED

### Opinion

We have audited the financial statements of Adler Manufacturing Limited ("the Company") for the period ended 31 December 2017 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

### Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the Company or to cease their operations, and as they have concluded that the group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

### Strategic report and directors' report

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

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADLER MANUFACTURING LIMITED (CONTINUED)**

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

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

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Jonathan Russell (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
Arlington Business Park  
Theale  
Reading  
RG7 4SD  
Date: 18/02/2019

## Profit and Loss Account and Other Comprehensive Income

		53 week 31 December 2017 £	52 week 25 December 2016 as restated £
	Note		
Turnover	1	7,490,817	7,651,138
Cost of sales		(3,336,726)	(3,025,131)
Gross profit		<u>4,154,091</u>	<u>4,626,007</u>
Administrative expenses		(5,184,107)	(5,012,104)
Operating Loss		<u>(1,030,016)</u>	<u>(386,097)</u>
Interest receivable and similar income	5	40,341	66,161
Interest payable and similar expenses	6	<u>(256,019)</u>	<u>(246,812)</u>
Profit/(Loss) before taxation	2	(1,245,694)	(566,748)
Tax on Profit/(Loss)	7		117,935
Profit/(Loss) for the financial period		<u>(1,245,694)</u>	<u>(448,813)</u>
Other comprehensive expense for the year			
Total comprehensive income (expense) for the period		<u>(1,245,694)</u>	<u>(448,813)</u>



## Balance Sheet

25 December 2016  
as restated  
£

	Note	31 December 2017 £	
<b>Fixed assets</b>			
Tangible assets	8	154,615	61,754
<b>Current assets</b>			
Debtors	9	2,671,174	4,189,589
Cash at bank and in hand		469,575	482,372
		<u>3,140,749</u>	<u>4,671,691</u>
Creditors: amounts falling due within one year	10	(1,355,921)	(1,548,578)
<b>Net current assets</b>		<u>1,784,828</u>	<u>3,123,383</u>
<b>Net assets</b>		<u>1,939,443</u>	<u>3,185,137</u>
<b>Capital and reserves</b>			
Called up share capital	11	50,000	50,000
Profit and loss account		1,889,443	3,135,137
<b>Equity shareholders funds</b>		<u>1,939,443</u>	<u>3,185,137</u>

These financial statements were approved by the board of directors on 12 February 2019

DJ  
Adler - Director  
For and on behalf of the  
board of directors

Registered number –  
2425707

## Statement of Changes in Equity

	<b>Called Up Share Account £</b>	<b>Profit and Loss Account £</b>	<b>Total equity £</b>
Balances, December 27, 2015	50,000	3,583,950	3,633,950
Loss for the period (as restated)	-	(448,813)	(448,813)
 Balances, December 25, 2016 (as restated)	 50,000	 3,135,137	 3,185,137
Profit for the period	-	(1,245,691)	(1,245,694)
 Balances, December 31, 2017	 <u>50,000</u>	 <u>1,889,443</u>	 <u>1,939,443</u>

## Cash Flow Statement

	53 week 31 December 2017 £	52 week 25 December 2016 as restated £
<b>Cash flows from operating activities:</b>		
Income (Loss) before tax	(1,245,694)	(566,748)
<i>Adjustments for:</i>		
Tax receivable	-	117,935
Depreciation	19,381	18,705
Bad debt expense	132,972	124,926
Decrease/(increase) in trade and other debtors	1,385,443	5,890,057
Increase/(decrease) in trade and other creditors	(192,657)	(5,504,166)
<b>Net cash from operating activities</b>	<b>99,445</b>	<b>80,709</b>
<b>Cash flows from investing activities:</b>		
Acquisition of tangible fixed assets	(112,242)	(10,560)
<b>Net cash from investing activities</b>	<b>(112,242)</b>	<b>(10,560)</b>
Net increase (decrease) in cash and cash equivalents	(12,797)	70,149
Cash and cash equivalents, beginning of the period	482,372	412,223
<b>Cash and cash equivalents, end of the period</b>	<b>469,575</b>	<b>482,372</b>

## Notes to the financial statements (forming part of the financial statements)

### 1 Basis of preparation

Adler Manufacturing Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The financial statements are prepared on the historical cost basis.

### Going Concern

On the basis of their assessment of the Company's financial position, including a consideration of the impacts that Brexit may have on the Company, the Directors have no reason to expect that the Company will not be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

### Fixed assets and depreciation

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

Leasehold improvements	- Over the period of the lease
Fixtures, fittings and equipment	- Over 3 to 5 years
Plant and machinery	- Over 5 to 7 years

### Trade Debtors

Trade Debtors are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its trade debtors portfolio. In establishing the required allowance, management considers historical losses, current receivables aging, and existing industry and national economic data. Consequently, an adverse change in such information could affect the Company's estimate of bad debts. The Company reviews its allowance for doubtful accounts monthly. Account balances are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

### Cash and cash equivalents

Cash and cash equivalents include cash and short-term highly liquid investments with original maturities of less than three months.

### Trade Creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

## Notes to the financial statements - (continued)

### 1 Accounting policies (continued)

#### Use of estimates

The preparation of the financial statements in conformity with U.K. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Foreign currencies

Transactions in foreign currencies are recorded using the monthly average exchange rate. Monetary assets and liabilities denominated in foreign currencies are translated using the rate ruling at the balance sheet date and gains or losses on translation are included in the profit and loss account. The assets and liabilities and profit and loss accounts of overseas branches are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchanges differences arising on related foreign currency borrowings.

#### Leases

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

#### Post-retirement benefits

The company contributes to eligible employees' personal pension plans. The assets of the schemes are held outside of the company in separately administered funds. The company does not accept any responsibility for the benefits gained from the employees' pension plans. Obligations for contributions to defined contribution plans are recognized as expense in the profit and loss account in the periods which services are rendered by employees

#### Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### Turnover

The Company recognizes revenue from product sales when the goods are shipped and the customer takes ownership and assumes the risk of loss, collection of the relevant receivable is reasonably assured, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable. The Company's turnover represent gross sales invoiced to customers, less certain related charges, including product returns and other allowances. Shipping and other transportation costs charged to customers are recorded in turnover and related costs are recorded in cost of sales. Value added taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and, therefore, are excluded from turnover. Substantially all revenue from product sales are shipments within the United Kingdom.

**Notes to the financial statements - (continued)**

**2 Loss before taxation**

	53 week 31 December 2017 £	52 week 26 December 2016 £
<i>Loss before taxation is stated after charging</i>		
<b>Auditors' remuneration:</b>		
Audit of these financial statements	27,930	25,720
Other services relating to taxation	17,097	12,608
<b>Depreciation of tangible fixed assets</b>	19,381	18,705
<b>Operating leases:</b>		
Office equipment, Plant & machinery	8,288	6,642
Property	122,814	119,354

**3 Remuneration of director**

Director's emoluments including benefits in kind were £nil (2016: £nil). The director is remunerated by Myron Group for his services to the Adler Group as a whole and as such it is not possible to separately identify his remuneration in respect of this company.

**4 Staff numbers and costs**

The average number of persons employed by the company (including directors) during 53/52 week period ended December 31, 2017 and December 25, 2016 were 78 in both years. All employed persons are categorized as Administrative and Sales.

The aggregate cost of these persons was as follows;

	53 week 31 December 2017 £	52 week 25 December 2016 £
Wages and salaries	2,181,354	2,139,027
Social security costs	241,776	231,756
Pension costs (note 13)	77,100	73,621
	<u>2,500,230</u>	<u>2,444,404</u>

**5 Interest receivable and similar income**

	52 week 31 December 2017 £	52 week 25 December 2016 as restated £
Interest income from group undertakings	28,964	26,673
Net foreign exchange gain	-	35,390
Other interest	11,377	4,098
	<u>40,341</u>	<u>66,161</u>

Notes to the financial statements - (continued)

6 Interest payable and similar expenses

	52 week 31 December 2017 £	52 week 25 December 2016 as restated £
Interest expense from group undertakings	(134,244)	(246,812)
Net foreign exchange (loss)	(125,775)	-
	<u>(256,019)</u>	<u>(246,812)</u>

Interest on related party debt is calculated at the prime rate plus 90 day Libor rate (2017: 5.35%, 2016: 4.17%).

7 Taxation

	53 week 31 December 2017 £	52 week 25 December 2016 as restated £
<b>Current tax:</b>		
Current tax on loss for the period	-	-
Adjustment in respect of prior periods	-	(117,935)
Total Current tax	-	(117,935)
Total deferred tax	-	-
<b>Tax on loss</b>	<u>-</u>	<u>(117,935)</u>
 <b>Reconciliation of tax income</b>	 31 December 2017	 25 December 2016
	£	£
<b>Profit / (Loss) on ordinary activities before taxation</b>	<u>(1,245,694)</u>	<u>(566,748)</u>
Tax using the UK Corporation tax rate of 19.25% (2016:20%)	(239,797)	(113,350)
Adjustments to tax charge in respect of prior periods	-	(117,935)
Expenses not deductible for tax purposes	144	-
Effect of timing differences on fixed assets not recognized	2,922	2,900
Effect of timing differences on other items not recognized	2,017	(11,374)
Effect on timing differences losses not recognized	234,714	121,824
<b>Total tax</b>	<u>-</u>	<u>(117,935)</u>

*Factors affecting future tax charges*

Reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. These reductions are not expected to have a material effect upon the company's results.

Deferred tax assets of £367,028 (2016: £155,387) in relation to unutilised tax losses, fixed assets and other timing differences have not been recognised as the directors do not believe that the availability of suitable future tax profits against which these losses and other timing differences can be utilised is sufficiently certain.

Notes to the financial statements - (continued)

8 Tangible fixed assets

	Leasehold Improvements £	Fixtures, Fittings and Equipment £	Software £	Total £
<i>Cost:</i>				
At beginning of period	125,357	498,168	13,085	636,610
Additions	106,196	6,046	-	112,242
Disposals	-	-	-	-
At end of period	<u>231,553</u>	<u>504,214</u>	<u>13,085</u>	<u>748,852</u>
<i>Depreciation:</i>				
At beginning of period	120,544	441,297	13,015	574,856
Charge for period	551	18,830	-	19,381
Disposals	-	-	-	-
At end of period	<u>121,095</u>	<u>460,127</u>	<u>13,015</u>	<u>594,237</u>
<i>Net book value:</i>				
31 December 2017	<u>110,458</u>	<u>44,087</u>	<u>70</u>	<u>154,615</u>
25 December 2016	<u>4,813</u>	<u>56,871</u>	<u>70</u>	<u>61,754</u>

9 Debtors

	31 December 2017 £	25 December 2016 as restated £
Trade debtors	1,777,862	1,779,181
Amounts receivable from related companies	798,709	2,179,198
Prepayments and other debtors	<u>94,603</u>	<u>231,210</u>
	<u>2,671,174</u>	<u>4,189,589</u>

10 Creditors: amounts falling due within one year

	31 December 2017 £	25 December 2016 £
Trade creditors	163,247	89,989
Amounts owed to related companies	586,333	722,955
Other taxes and social security	359,973	421,249
Other creditors	68,362	67,653
Accruals	<u>178,006</u>	<u>246,732</u>
	<u>1,355,921</u>	<u>1,548,578</u>



## Notes to the financial statements - (continued)

### 11 Called up share capital

As of 31 December 2017 and 25 December 2016, the company had 50,000 Ordinary shares of £1 each, allotted, called up, and fully paid. Holders of shares are entitled to one vote per share at meetings of the Company.

### 12 Commitments

Lease rentals payable under non-cancellable operating leases:

	31 December 2017		25 December 2016	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within one year	132,743	3,073	132,093	7,010
Between one and five years	367,399	-	407,142	3,073
Over five years	260,000	-	-	-
	<b>760,142</b>	<b>3,073</b>	<b>539,235</b>	<b>10,083</b>

During the fiscal year 2017, £131,102 was recognized as an expense in the profit and loss account in respect of operating leases (2016: £125,997).

### 13 Pensions

Adler Manufacturing Limited contributes to eligible employees' personal pension plans. £18,701 (2016: £8,225) payable to personal pension plans were outstanding for the months of November and December 2017 at the end of the year.

## Notes to the financial statements - (continued)

### 14 Related Party Disclosures

There has been no change in the company's immediate parent and also the ultimate parent of Adler Manufacturing Limited. The immediate parent company is Adler International CV, based in the Netherlands which is ultimately controlled by Mr. D.J. Adler and the Adler family.

During the period, the company charged the following affiliated companies management charges. The company also charges the entities expenses paid on their behalf by the company.

Name of entity	Country of registration	53 week 31 December 2017	52 week 25 December 2016
		£	£
Adler Werbegeschenke Vertriebsges. M.B.H & Co KEG	Austria	19,842	17,638
Adler Vertriebs GmbH & Co Werbegeschenke KG	Germany	355,262	298,044
Adler International CV	The Netherlands	5,139	5,854
Adler Werbegeschenke GmbH	Switzerland	84,280	86,259

The company also recharges the above entities expenses paid on their behalf by the company.

Name of entity	Country of registration		
Adler Vertriebs GmbH & Co Werbegeschenke KG	Germany	229,784	237,900
Myron Corporation	USA	405,528	341,409

Amounts owed to (due from) these affiliated companies at the Balance Sheet date are listed below:

Name of entity	Country of registration		
Myron Corporation	USA	239,657	240,613
Adler Europe Holding Ltd	USA	(798,709)	(2,179,198)
HCE GmbH	Germany	346,694	482,342

During the period, the company bought the majority of its purchases directly from:

Name of entity	Country of registration		
HCE GmbH	Germany	3,460,372	3,135,146
Myron Corporation	USA	68,460	123,091

## 15 Prior period adjustment

Following a review of the balance sheet at the period ended 31 December 2017, the company discovered an issue in relation to the appropriate translation of the amounts receivable from related companies balance relating to the previous period end such that the balance was understated and the foreign exchange loss (disclosed within interest payable and similar expenses) overstated. As a result, the company has restated the amounts owed by related companies balance at 31 December 2016 increasing it by £1.3m and decreasing the foreign exchange loss by the same number in order to correct this. The affected balances have been marked as restated.

	<i>As previously reported 2016</i>	<i>Adjustment</i>	<i>Restated 2016</i>
	£	£	£
<b>Period ended 25 December 2016: Impact within the profit and loss account headings:</b>			
Interest payable and similar expenses	(1,527,884)	1,281,072	(246,812)
Interest receivable and similar income	30,771	35,390	66,161
Loss for the financial period	<u>(1,765,275)</u>	<u>1,316,462</u>	<u>(448,813)</u>
<b>Period ended 25 December 2016: Impact within the balance sheet headings:</b>			
Current assets: Debtors	<u>2,873,127</u>	<u>1,316,462</u>	<u>4,189,589</u>
<b>Period ended 25 December 2016: Impact within the statement of changes in equity headings:</b>			
Decrease in loss recognised within profit and loss account	<u>(1,765,275)</u>	<u>1,316,462</u>	<u>(448,813)</u>