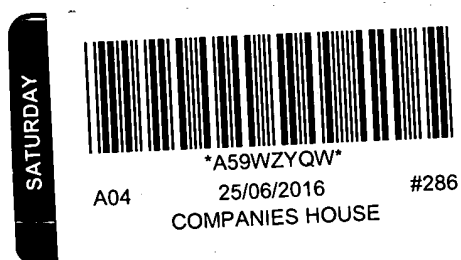


Company Registration No. 01733820 (England and Wales)

ACORN INDUSTRIAL SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



ACORN INDUSTRIAL SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr M Povey Mr P D Spillings
Secretary	Mr M Povey
Company number	01733820
Registered office	Unit A Denby Way Hellaby Industrial Estate Rotherham South Yorkshire S66 8HR
Auditors	BHP, Chartered Accountants 2 Rutland Park Sheffield S10 2PD
Solicitors	hlw Keeble Hawson LLP Commercial House Commercial Street Sheffield South Yorkshire S1 2AT

ACORN INDUSTRIAL SERVICES LIMITED

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Statement of cash flows	8
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ACORN INDUSTRIAL SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Fair review of the business

The board of Directors are pleased with the overall performance during the year and are confident that the company is in a strong position to continue with this performance into 2016.

During the year the Company was acquired by AX Industries a subsidiary of Axel Johnson International. The sale will provide the company with new skills and extra resources as well as providing opportunities for growth within the wider Company. The extended geographical coverage will increase our value added offer for both customers and suppliers alike. The current directors will remain in day to day charge of the running of the business and look forward to the Company's prosperous future.

The directors recognise that the outlook for 2016 remains challenging with weak growth prospects in the economy. Despite the uncertain economic backdrop we believe our continued investment in core product areas such as couplings and drives and an expansion of our Services offer will enable us to improve on our already strong market position and keep ahead of current industry trends. As a result we remain confident that we will sustain further growth during the coming year.

Principal risks and uncertainties

Interest Rate Risk

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

Liquidity Risk

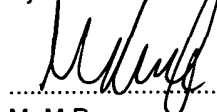
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts and bank overdraft facilities.

Currency Risk

The company is exposed to currency risk as it trades in currencies other than British pounds, including Euros and US dollars. The company seeks to manage currency risk by matching sales and purchases in foreign currencies, the use of foreign currency bank accounts and foreign currency forward contracts

	2015 £'000	2014 £'000	Movement £'000	% change
Turnover	20,192	20,243	(51)	0%
Gross profit	6,727	6,647	80	1%
Profit before tax	1,855	1,900	(45)	-2%

By order of the board



Mr M Povey

Secretary

14 JUNE 2016

ACORN INDUSTRIAL SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

Principal activities

The principal activity of the company is the distribution of bearings and power transmission & linear motion products.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M Povey
Mr P D Spillings

Results and dividends

The results for the year are set out on page 5.

Ordinary dividends were paid amounting to £279,990. The directors do not recommend payment of a final dividend.

Auditors

The auditors, BHP, Chartered Accountants, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting estimates that are reasonable and prudent;
- 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.

ACORN INDUSTRIAL SERVICES LIMITED

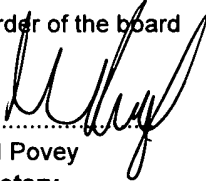
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



.....
Mr M Povey

Secretary

.....14 JUNE 2016.....

ACORN INDUSTRIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACORN INDUSTRIAL SERVICES LIMITED

We have audited the financial statements of Acorn Industrial Services Limited for the year ended 31 December 2015 set out on pages 5 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on , 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

Opinion on other matters 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Lisa Leighton (Senior Statutory Auditor)
for and on behalf of BHP, Chartered Accountants

Chartered Accountants
Statutory Auditor

14 June 16

2 Rutland Park
Sheffield
S10 2PD

ACORN INDUSTRIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	3	20,192,402	20,243,481
Cost of sales		(13,465,326)	(13,596,783)
Gross profit		6,727,076	6,646,698
Distribution costs		(550,479)	(514,426)
Administrative expenses		(4,090,984)	(4,126,850)
Operating profit	4	2,085,613	2,005,422
Interest receivable and similar income	7	-	341,724
Interest payable and similar charges	8	(90,950)	(105,846)
Amounts (written back) / written off investments	9	(140,000)	(341,724)
Profit before taxation		1,854,663	1,899,576
Taxation	10	(323,946)	(698,927)
Profit for the financial year		1,530,717	1,200,649
Total comprehensive income for the year		1,530,717	1,200,649

The profit and loss account has been prepared on the basis that all operations are continuing operations.

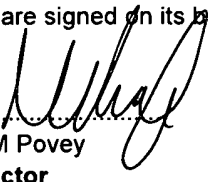
ACORN INDUSTRIAL SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Fixed assets					
Goodwill	12		104,874		161,575
Tangible assets	13		414,326		1,393,428
Investments	14		-		140,000
			<u>519,200</u>		<u>1,695,003</u>
Current assets					
Stocks	16	3,530,293		4,311,831	
Debtors	17	6,509,614		6,843,423	
Cash at bank and in hand		1,303,700		675,063	
		<u>11,343,607</u>		<u>11,830,317</u>	
Creditors: amounts falling due within one year	18	<u>(3,859,503)</u>		<u>(6,145,297)</u>	
Net current assets			7,484,104		5,685,020
Total assets less current liabilities			8,003,304		7,380,023
Creditors: amounts falling due after more than one year	19		-		(571,409)
Provisions for liabilities	21		(47,750)		(103,787)
Net assets			<u>7,955,554</u>		<u>6,704,827</u>
Capital and reserves					
Called up share capital	24		100		100
Capital redemption reserve			105		105
Profit and loss reserves			7,955,349		6,704,622
Total equity			<u>7,955,554</u>		<u>6,704,827</u>

The financial statements were approved by the board of directors and authorised for issue on 14 JUNE 2016 and are signed on its behalf by:



 Mr M Povey
 Director

Company Registration No. 01733820

ACORN INDUSTRIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2014		100	105	6,088,973	6,089,178
Period ended 31 December 2014:					
Profit and total comprehensive income for the year		-	-	1,200,649	1,200,649
Dividends	11	-	-	(585,000)	(585,000)
Balance at 31 December 2014		100	105	6,704,622	6,704,827
Period ended 31 December 2015:					
Profit and total comprehensive income for the year		-	-	1,530,717	1,530,717
Dividends	11	-	-	(279,990)	(279,990)
Balance at 31 December 2015		100	105	7,955,349	7,955,554

ACORN INDUSTRIAL SERVICES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Cash flows from operating activities					
Cash generated from operations	29	2,368,560		1,650,336	
Interest paid		(90,950)		(105,846)	
Income taxes paid		(664,271)		(432,557)	
Net cash inflow from operating activities		1,613,339		1,111,933	
Investing activities					
Purchase of intangible assets		-	(25,092)		
Purchase of tangible fixed assets		(112,747)	(247,310)		
Proceeds on disposal of tangible fixed assets		1,455,000	-		
Purchase of subsidiaries		-	(460,000)		
Dividends received		-	341,724		
Net cash generated from/(used in) investing activities		1,342,253		(390,678)	
Financing activities					
Repayment of borrowings		(370,058)	175,675		
Repayment of bank loans		(608,623)	(37,325)		
Dividends paid		(279,990)	(585,000)		
Net cash used in financing activities		(1,258,671)		(446,650)	
Net increase in cash and cash equivalents		1,696,921		274,605	
Cash and cash equivalents at beginning of year		(393,221)		(667,826)	
Cash and cash equivalents at end of year		1,303,700		(393,221)	
Relating to:					
Cash at bank and in hand		1,303,700		675,063	
Bank overdrafts included in creditors payable within one year		-		(1,068,284)	

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

Acorn Industrial Services Limited is a company limited by shares incorporated in England and Wales. The registered office is Unit A, Denby Way, Hellaby Industrial Estate, Rotherham, South Yorkshire, S66 8HR.

1.1 Accounting convention

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

These financial statements for the year ended 31 December 2015 are the first financial statements of Acorn Industrial Services Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is five years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	4% straight line
Fixtures, fittings & equipment	15% reducing balance
Computer equipment	3 years straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.14 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

3 Turnover

An analysis of the company's turnover is as follows:

	2015 £	2014 £
Turnover		
Principal activity	20,192,402	20,243,481

Other significant revenue

Dividends received	-	341,724
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Turnover - geographical analysis

In the opinion of the directors the disclosure of the geographical split of turnover would be seriously prejudicial to the interests of the company.

4 Operating profit

	2015 £	2014 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	81,009	30,687
Depreciation of owned tangible fixed assets	132,188	171,303
Profit on disposal of tangible fixed assets	(495,339)	-
Amortisation of intangible assets	56,701	81,793
Cost of stocks recognised as an expense	13,176,641	13,286,978
Operating lease charges	333,852	265,106

5 Auditors' remuneration

	2015 £	2014 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the company's financial statements	16,500	13,720
For other services		
All other non-audit services	19,311	6,975

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

6 Directors' remuneration

	2015 £	2014 £
Remuneration for qualifying services	33,916	28,641
Company pension contributions to defined contribution schemes	115,000	80,000
	<u>148,916</u>	<u>108,641</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2014 - 2).

7 Interest receivable and similar income

	2015 £	2014 £
Income from fixed asset investments		
Income from shares in group undertakings	-	341,724
	<u>-</u>	<u>341,724</u>

8 Interest payable and similar charges

	2015 £	2014 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	90,950	105,495
Interest on corporation tax	-	351
	<u>90,950</u>	<u>105,846</u>

9 Amounts (written back) / written off investments

	2015 £	2014 £
Other gains and losses	(140,000)	(341,724)
	<u>(140,000)</u>	<u>(341,724)</u>

10 Taxation

	2015 £	2014 £
Current tax		
UK corporation tax on profits for the current period	336,397	426,308
Adjustments in respect of prior periods	(10,914)	263,033
	<u>325,483</u>	<u>689,341</u>
Total current tax	<u>325,483</u>	<u>689,341</u>

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

10 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	(1,537)	9,586
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Total tax charge	323,946	698,927
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The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015 £	2014 £
Profit before taxation	1,854,663	1,899,576
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 21.00%)	370,933	398,911
Tax effect of expenses that are not deductible in determining taxable profit	(42,352)	25,958
Change in unrecognised deferred tax assets	2,182	929
Adjustments in respect of prior years	(10,914)	263,033
Effect of change in corporation tax rate	4,097	10,096
Tax expense for the year	323,946	698,927

11 Dividends

	2015 £	2014 £
Final paid	279,990	585,000
	279,990	585,000

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

12 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2015 and 31 December 2015	243,368
Amortisation and impairment	
At 1 January 2015	81,793
Amortisation charged for the year	56,701
At 31 December 2015	138,494
Carrying amount	
At 31 December 2015	104,874
At 31 December 2014	161,575

13 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2015	1,075,000	647,768	582,933	20,021	2,325,722
Additions	-	67,830	27,417	17,500	112,747
Disposals	(1,075,000)	-	-	(12,521)	(1,087,521)
At 31 December 2015	-	715,598	610,350	25,000	1,350,948
Depreciation and impairment					
At 1 January 2015	123,000	318,997	481,876	8,421	932,294
Depreciation charged in the year	-	59,429	67,400	5,359	132,188
Eliminated in respect of disposals	(123,000)	-	-	(4,860)	(127,860)
At 31 December 2015	-	378,426	549,276	8,920	936,622
Carrying amount					
At 31 December 2015	-	337,172	61,074	16,080	414,326
At 31 December 2014	952,000	328,771	101,057	11,600	1,393,428

14 Fixed asset investments

	2015 £	2014 £
Unlisted investments	-	140,000

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

14	Fixed asset investments	(Continued)	
	Movements in fixed asset investments		Shares £
	Cost or valuation		
	At 1 January 2015 & 31 December 2015		140,000
	Impairment		
	At 1 January 2015		-
	Impairment losses		140,000
	At 31 December 2015		140,000
	Carrying amount		
	At 31 December 2015		-
	At 31 December 2014		140,000
15	Financial instruments	2015 £	2014 £
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	7,648,165	7,145,961
	Equity instruments measured at cost less impairment	-	140,000
		7,648,165	7,285,961
	Carrying amount of financial liabilities		
	Measured at amortised cost	3,115,762	6,090,372
16	Stocks	2015 £	2014 £
	Finished goods and goods for resale	3,530,293	4,311,831
17	Debtors	2015 £	2014 £
	Amounts falling due within one year:		
	Trade debtors	4,000,421	4,079,444
	Amounts due from fellow group undertakings	2,344,044	2,391,454
	Other debtors	91,751	283,986
	Prepayments and accrued income	73,398	88,539
		6,509,614	6,843,423

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

17 Debtors

(Continued)

Trade debtors disclosed above are measured at amortised cost.

18 Creditors: amounts falling due within one year

	Notes	2015 £	2014 £
Loans and overdrafts	20	6,473	1,482,029
Trade creditors		2,638,487	3,465,868
Corporation tax		161,310	500,098
Other taxation and social security		582,431	126,236
Other creditors		396,562	500,505
Accruals and deferred income		74,240	70,561
		<u>3,859,503</u>	<u>6,145,297</u>

Bank loans and overdrafts include an amount of £nil (2014:£984,269) in respect of advances under an invoice discounting facility.

19 Creditors: amounts falling due after more than one year

	Notes	2015 £	2014 £
Loans and overdrafts	20	-	571,409
		<u>-</u>	<u>571,409</u>

Bank borrowings are secured by a cross guarantee between the company, Gerald Summers Limited and Acorn Industrial Services Group Limited and a debenture in favour of Barclays Bank Plc. The bank loan is secured by a charge over certain assets of the group.

20 Loans and overdrafts

	2015 £	2014 £
Bank loans	-	608,623
Bank overdrafts	-	1,068,284
Directors' loans	6,473	376,531
	<u>6,473</u>	<u>2,053,438</u>
Payable within one year	6,473	1,482,029
Payable after one year	-	571,409
	<u>6,473</u>	<u>1,482,029</u>

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

21 Provisions for liabilities

	Notes	2015 £	2014 £
Onerous lease		-	54,500
Deferred tax liabilities	22	47,750	49,287
		<u>47,750</u>	<u>103,787</u>

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2015 £	Liabilities 2014 £
Balances:		
Accelerated capital allowances	<u>47,750</u>	<u>49,287</u>
Movements in the year:		2015 £
Liability at 1 January 2015		49,287
Credit to profit and loss		(1,537)
Liability at 31 December 2015		<u>47,750</u>

23 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £210,263 (2014 - £160,394).

24 Share capital

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

25 Financial commitments, guarantees and contingent liabilities

The company has a bond with Barclays Bank plc in favour of HMRC totalling £4,000.

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

26 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £	2014 £
Within one year	20,813	86,480
Between two and five years	318,545	278,814
In over five years	1,712,989	441,283
	<u>2,052,347</u>	<u>806,577</u>

27 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

2015 £	2014 £
<u> </u>	<u> </u>

No guarantees have been given or received.

The company has taken advantage of the provision available in FRS 102 exempting disclosure of related party transactions with and between wholly-owned group companies.

Included within creditors are amounts due to directors of £6,473 (2014: £376,531).

During the year the company sold properties to the personal pension scheme of the directors of the company for a total consideration of £1,450,000. During the year the company occupied properties owned by the directors pension scheme and paid rent on a commercial basis of £47,269.

During the year the company made sales of £213,975 to other companies within the AxIndustries Group, £6,764 was outstanding at the year end.

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

28 Controlling party

The company is controlled by Acorn Industrial Services Group Limited, a company registered in England and Wales.

Acorn Industrial Services Group Limited prepares group financial statements and copies can be obtained from Unit A, Denby Way, Hellaby, Rotherham, S66 8HR.

Acorn Industrial Services Group Limited is controlled by AxIndustries AB by virtue of that company holding 100% of the share capital in Acorn Industrial Services Group Limited.

The ultimate controlling party is Axel Johnson AB, a company registered in Sweden.

29 Cash generated from operations

	2015 £	2014 £
Profit for the year after tax	1,530,717	1,200,649
Adjustments for:		
Taxation charged	323,946	698,927
Finance costs	90,950	105,846
Investment income	-	(341,724)
Gain on disposal of tangible fixed assets	(495,339)	-
Amortisation and impairment of intangible assets	56,701	81,793
Depreciation and impairment of tangible fixed assets	132,188	171,303
Amounts (written back) / written off investments	140,000	341,724
(Decrease) in provisions	(54,500)	(127,481)
Movements in working capital:		
Decrease/(increase) in stocks	781,538	(893,685)
Decrease/(increase) in debtors	333,809	(387,790)
(Decrease)/increase in creditors	(471,450)	800,774
Cash generated from operations	<u>2,368,560</u>	<u>1,650,336</u>

ACORN INDUSTRIAL SERVICES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

		2015		2014
	£	£	£	£
Turnover				
Sales of goods		20,192,402		20,243,481
Cost of sales				
Finished goods purchases	13,145,015		13,256,378	
Direct costs	31,626		30,600	
Consumables	17,287		16,217	
Non-goods carriage inwards and import duty	271,398		293,588	
		(13,465,326)		(13,596,783)
Gross profit	33.31%	6,727,076	32.83%	6,646,698
Distribution costs	550,479		514,426	
Administrative expenses	4,090,984		4,126,850	
		(4,641,463)		(4,641,276)
Operating profit		2,085,613		2,005,422
Investment revenues				
Dividends receivable from group companies	-		341,724	
		-		341,724
Interest payable and similar charges				
Bank interest on loans and overdrafts	90,950		105,495	
Interest on overdue taxation	-		351	
		(90,950)		(105,846)
Other gains and losses				
Amounts written off fixed asset investments		(140,000)		(341,724)
Profit before taxation	9.18%	1,854,663	9.38%	1,899,576