

Company Registration No. 01733820 (England and Wales)

ACORN INDUSTRIAL SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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ACORN INDUSTRIAL SERVICES LIMITED

COMPANY INFORMATION

Directors	M Povey P D Spillings B Helgesson I Sjolín	(Appointed 21 March 2017) (Appointed 21 March 2017)
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Secretary	Mr M Povey
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Company number	01733820
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Registered office	Unit A Denby Way Hellaby Industrial Estate Rotherham South Yorkshire S66 8HR
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Auditor	PricewaterhouseCoopers LLP St Paul's Place 121 Norfolk Street Sheffield S1 2LE
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Solicitors	hlw Keeble Hawson LLP Commercial House Commercial Street Sheffield South Yorkshire S1 2AT
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ACORN INDUSTRIAL SERVICES LIMITED

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ACORN INDUSTRIAL SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

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 2017.

2016 was the first full year as part of the Axel Johnson International Group. Acorn Industrial Supplies Group Limited, the parent, added another major bearing brand to its already powerful portfolio and with the acquisition of Berkshire Bearings at the end of the year we increased the company's geographical coverage.

Further growth in Acorn's Linear and couplings and drives divisions has strengthened our position in the market as a knowledge based distribution partner.

The directors recognise that the outlook for 2017 remains unclear. The uncertainty around Brexit and potential currency movements means that our business has to be more agile and quicker to adapt than ever before. We will continue to invest in online and digital platforms while developing our strategy of a regional footprint coupled with service led technical competence.

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

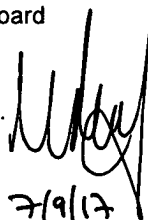
The company is exposed to currency risk as it trades in currencies other than British pounds, including Euros and US dollars. The company seeks to manage currency risk by matching sales and purchases in foreign currencies, the use of foreign currency bank accounts and foreign currency forward contracts

Key performance indicators

	2016	2015	Movement	% change
	£'000	£'000	£'000	
Turnover	21,391	20,192	1,199	6%
Gross profit	6,995	6,727	268	4%
Profit before tax	2,060	1,855	205	10%

On behalf of the board

.....
M Povey
Director
.....


7/9/17

ACORN INDUSTRIAL SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

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:

M Povey

P D Spillings

B Helgesson

I Sjolín

(Appointed 21 March 2017)

(Appointed 21 March 2017)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

PricewaterhouseCoopers LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 2016

Statement of disclosure to auditor

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 auditor is 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 auditor is aware of that information.

On behalf of the board

.....
M Povey
Director
.....

 7/9/17

ACORN INDUSTRIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACORN INDUSTRIAL SERVICES LIMITED

Report on the financial statements

Our opinion

In our opinion, Acorn Industrial Services Limited's financial statements (the "financial statements"):

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

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 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes of 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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ACORN INDUSTRIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ACORN INDUSTRIAL SERVICES LIMITED

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.

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, 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.

ACORN INDUSTRIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ACORN INDUSTRIAL SERVICES LIMITED

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. With respect to the Strategic Report and the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.



Nicholas Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

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Chartered Accountants and Statutory Auditors
Sheffield

7 September 2017

ACORN INDUSTRIAL SERVICES LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	21,391,387	20,192,402
Cost of sales		(14,396,157)	(13,465,326)
Gross profit		6,995,230	6,727,076
Distribution costs		(610,116)	(550,479)
Administrative expenses		(4,324,631)	(4,090,984)
Exceptional administrative expenses	4	-	(140,000)
Operating profit	5	2,060,483	1,945,613
Interest payable and similar expenses	9	(23,174)	(90,950)
Profit before taxation		2,037,309	1,854,663
Taxation	10	(419,742)	(323,946)
Profit for the financial year		1,617,567	1,530,717
Total comprehensive income for the year		1,617,567	1,530,717

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 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Goodwill	12		69,918		104,874
Tangible assets	13		327,619		414,326
			<u>397,537</u>		<u>519,200</u>
Current assets					
Stocks	14	3,620,304		3,530,293	
Debtors	15	7,885,947		6,509,614	
Cash at bank and in hand		1,151,344		1,303,700	
		<u>12,657,595</u>		<u>11,343,607</u>	
Creditors: amounts falling due within one year	16	<u>(3,446,011)</u>		<u>(3,859,503)</u>	
Net current assets			<u>9,211,584</u>		<u>7,484,104</u>
Total assets less current liabilities			<u>9,609,121</u>		<u>8,003,304</u>
Provisions for liabilities	17		<u>(36,000)</u>		<u>(47,750)</u>
Net assets			<u><u>9,573,121</u></u>		<u><u>7,955,554</u></u>
Capital and reserves					
Called up share capital	20		100		100
Capital redemption reserve			105		105
Profit and loss reserves			<u>9,572,916</u>		<u>7,955,349</u>
Total equity			<u><u>9,573,121</u></u>		<u><u>7,955,554</u></u>

The financial statements on page 7 to 20 were approved by the board of directors and authorised for issue on 7/9/17 and are signed on its behalf by:

.....
M Povey
Director

Company Registration No. 01733820

ACORN INDUSTRIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2015		100	105	6,704,622	6,704,827
Year 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
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	1,617,567	1,617,567
Balance at 31 December 2016		100	105	9,572,916	9,573,121

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Acorn Industrial Services Limited is a private 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.

The company has taken the FRS 102 exemption to prepare a cashflow statement on the basis that it is a subsidiary undertaking where 90% or more acting rights are controlled within the group and consolidated accounts incorporating the entity are publicly available.

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.

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.

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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:

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 period 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 are basic financial assets and 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 2016

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

Basic financial liabilities, including creditors, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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.

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 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.

1.13 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.

1.14 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.

1.15 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.

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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.

Provisions

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

3 Turnover and other revenue

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

	2016 £	2015 £
Turnover		
Distribution of bearings and power transmission & linear motion products	21,391,387	20,192,402

Turnover analysed by geographical market

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 Exceptional costs

	2016 £	2015 £
Amounts written off investments	-	140,000

5 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(111,063)	81,009
Depreciation of owned tangible fixed assets	110,405	132,188
Profit on disposal of tangible fixed assets	-	(495,339)
Amortisation of intangible assets	34,956	56,701
Cost of stocks recognised as an expense	14,073,555	13,176,641
Operating lease charges	392,099	333,852

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	25,000	16,500
For other services		
All other non-audit services	-	19,311

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Production staff	18	19
Distribution staff	60	61
Administrative staff	19	19
	97	99

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,511,253	2,329,782
Social security costs	216,282	221,898
Pension costs	54,853	210,263
	2,782,388	2,761,943

8 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	225,329	33,916
Company pension contributions to defined contribution schemes	-	115,000
	225,329	148,916

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2015 - 2).

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	100,000	15,808
Company pension contributions to defined contribution schemes	-	57,500
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2016	2015
	£	£
Interest on bank overdrafts and loans	23,174	90,950
	<u> </u>	<u> </u>

10 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	431,492	336,397
Adjustments in respect of prior periods	-	(10,914)
	<u> </u>	<u> </u>
Total current tax	431,492	325,483
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(11,750)	(1,537)
	<u> </u>	<u> </u>
Total tax charge	419,742	323,946
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Profit before taxation	2,037,309	1,854,663
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	407,462	370,933
Tax effect of expenses that are not deductible in determining taxable profit	10,737	(42,352)
Change in unrecognised deferred tax assets	(317)	2,182
Adjustments in respect of prior years	-	(10,914)
Effect of change in corporation tax rate	-	4,097
Depreciation on assets not qualifying for tax allowances	1,860	-
	<u> </u>	<u> </u>
Taxation for the year	419,742	323,946
	<u> </u>	<u> </u>

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Dividends

	2016 £	2015 £
Final paid	-	279,990

12 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2016 and 31 December 2016	243,368
Amortisation and impairment	
At 1 January 2016	138,494
Amortisation charged for the year	34,956
At 31 December 2016	173,450
Carrying amount	
At 31 December 2016	69,918
At 31 December 2015	104,874

13 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2016	715,598	610,350	25,000	1,350,948
Additions	21,514	2,184	-	23,698
At 31 December 2016	737,112	612,534	25,000	1,374,646
Depreciation and impairment				
At 1 January 2016	378,426	549,276	8,920	936,622
Depreciation charged in the year	53,734	52,652	4,019	110,405
At 31 December 2016	432,160	601,928	12,939	1,047,027
Carrying amount				
At 31 December 2016	304,952	10,606	12,061	327,619
At 31 December 2015	337,172	61,074	16,080	414,326

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Stocks

	2016 £	2015 £
Finished goods and goods for resale	3,620,304	3,530,293

Included in stock is an amount totalling £538,876 in relation to provisions against old and slow moving stock (2015: £534,392).

15 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	4,481,662	4,000,421
Amounts due from fellow group undertakings	3,296,562	2,344,044
Other debtors	-	91,751
Prepayments and accrued income	107,723	73,398
	7,885,947	6,509,614

Amounts due from group companies are unsecured, interest free and repayable on demand.

Trade debtors includes a bad debt provision of £12,408 (2015: £31,687).

16 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	2,834,472	2,638,487
Corporation tax	219,075	161,310
Other taxation and social security	228,897	582,431
Other creditors	130,000	403,035
Accruals and deferred income	33,567	74,240
	3,446,011	3,859,503

17 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	18	36,000	47,750
		36,000	47,750

ACORN INDUSTRIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

18 Deferred taxation

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

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	36,000	47,750
	<u> </u>	<u> </u>
Movements in the year:		2016 £
Liability at 1 January 2016		47,750
Credit to profit		(11,750)
		<u> </u>
Liability at 31 December 2016		36,000
		<u> </u>

19 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	54,853	210,263
	<u> </u>	<u> </u>

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.

20 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

21 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 2016

22 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:

	2016 £	2015 £
Within one year	329,217	350,013
Between two and five years	945,239	863,126
In over five years	621,000	802,990
	<u>1,895,456</u>	<u>2,016,129</u>

23 Related party transactions

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 £nil (2015: £6,473).

During the year, the company occupied properties owned by the directors' pension scheme and paid rent on commercial basis of £182,000 (2015: £47,269).

24 Controlling party

The company is controlled by Acorn Industrial Services Group Limited, a company registered in England and Wales. On 13th June 2017, the shares of Acorn Industrial Services Group Limited were sold to Axel Johnson International AB.

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

Axel Johnson AB prepares group financial statements, which is the smallest and largest group to consolidate these financial statements and copies can be obtained from the Company Secretary at Axel Johnson AB, Villagation 6, PO Box 5174, SE-102, 44, Stockholm, Sweden.

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.