

Acorn Mobility Services Limited

Company Registration No: 02593771

Directors' report and consolidated
financial statements

For the year ended 30 September 2016

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ACORN MOBILITY SERVICES LIMITED

COMPANY INFORMATION

Directors J S Jakes
N Wilson (appointed 30 September 2016)
M J Oldham (Non Executive)

Secretary G Moore

Company number 02593771

Registered office Telecom House
Millennium Business Park
Steeton
Bradford
West Yorkshire
BD20 6RB

Auditor Mazars LLP
Mazars House
Gelderd Road
Gildersome
Leeds
West Yorkshire
LS27 7JN

Bankers Lloyds TSB Bank plc
2nd Floor
Lisbon House
116 Wellington Street
Leeds
LS1 4LT

Solicitors Squires Patton Boggs (UK) LLP
2 Park Lane
Leeds
West Yorkshire
LS3 1ES

ACORN MOBILITY SERVICES LIMITED

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ACORN MOBILITY SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their Strategic Report and the financial statements for the year ended 30 September 2016.

Business review

The Group continued its principal activities throughout the current year. The principal activities continue to be the manufacturing, sales, installation and servicing of stairlifts.

As a major organisation in global stairlift manufacture, we put product quality and customer care at the forefront of our corporate values. Our stairlift products enable the elderly and those with restricted mobility to remain in their homes for longer and thereby retain the comfort of familiar surroundings. Our mission at Acorn is to develop the Acorn brand across the globe concentrating in countries and markets where our products are relevant.

Key Performance Indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below.

	30 September 2016 ('000)	30 September 2015 ('000)
Turnover	£177,198	£149,133
Non UK turnover	67.7%	62.9%
Gross profit	£117,187	£94,309
Gross profit margin	66.1%	63.2%
Operating profit	£18,899	£16,974
Operating profit margin	10.7%	11.4%
Cash inflow from operating activities	£11,241	£15,363
Employees	1,307	1,192

Development and Financial Performance During the Year

As reported in the Group's Profit and Loss Account, Group revenue has again increased by 18.8% (2015: 9.4%) from £149.1m to £177.2m in the year ended 30 September 2016.

Gross profit has increased from £94.3m to £117.2m with the gross profit margin increasing from 63.2% to 66.1% due to strong cost control and efficiencies arising from sales growth.

Operating profit has increased from £17.0m to £18.9m, however the operating margin has decreased from 11.4% to 10.7%. This is due to investment in new territories.

Financial Position at the Reporting Date

Total net assets have increased from £16.4m to £19.6m.

The Group average headcount continued to increase from 1,192 to 1,307 as the business continues to invest in sales growth and opening new markets. The Group's mission is to invest in its people and ensure the highest standards of training and development for all employees.

Future Developments

The Board will continue to target ambitious sales growth, setting stretching budgets for existing operating units. The group continues to reinvest in the business and pursue improvements in market share and in entering new geographic markets. This growth will be carefully managed so as to maintain gross margins and operating profit. Regional comparison and benchmarking will continue so as to promote best practice.

ACORN MOBILITY SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Research & development

The group continues to invest in research & development working together with key suppliers to continuously improve and develop the comfort, safety and functionality of its products. During the year £63,000 (2015: £94,898) was spent directly on research and development projects and on securing and supporting licences, patents and intellectual property. This commitment is expected to continue in the future.

Principal risks and uncertainties

The Board of Directors meets regularly and formally review the principal risks facing the business liaising with the operating entities each of which have carefully chosen management with specific industry knowledge.

The principal risks and uncertainties facing the Group are as follows:

Market Risk

The key market risks relate to economic slow-down and competitive market pricing. To protect against these risks the group operates in as wide a geographic coverage around the world as is possible so ensuring that this diversification of markets insulates from specific economic conditions in any particular market.

Our people are passionate about quality and customer care. Procedures are in place to keep product costs contained to maintain optimal efficiency in each market and to ensure the business' ability to remain competitive at all times. Return of investment over marketing spend is closely monitored across all business operations to ensure value for money.

Operational Risk

As the global business enjoys rapid growth, the key operational challenge is to ensure that the supply chain is able to cope and that the group maintains compliance with local market requirements. Strong and integrated inventory management systems and regular forecasting shared with key suppliers ensures that the entire supply chain from factory through to install are aware of and able to respond to the growth requirements. Specific resource is committed to establishing and auditing legal, financial and operational compliance in all markets and that products have appropriate certifications and licences. Key product certifications secured are ISO 9386-2:200 (Worldwide), BS EN 81-40 (European), ISO 9386-2:2000 (British), ASME A18.1:2010 & A17.5:2007 (N America).

Foreign Exchange Risk

The group generates non sterling surpluses and manages, where it can, its foreign currency exposure primarily by negotiating currency matches with its key supply partners that have US\$ and Euro outflows.

ACORN MOBILITY SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016


Financial Risk

Financial risks are managed through strict internal management controls, accurate and timely management information and KPI reporting.

This report was approved by the board on

and signed on its behalf by

N Wilson
Director

 29/6/17

ACORN MOBILITY SERVICES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their report and the audited financial statements for the year ended 30 September 2016.

Principal activities

The Group continued its principal activities throughout the current year. The principal activities continue to be the manufacturing, sales, installation and servicing of stairlifts.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable laws 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), including Financial Reporting Standard 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The following directors held office throughout the year:

J S Jakes
L Warriner (resigned 30 September 2016)
N Wilson (appointed 30 September 2016)
M J Oldham (Non Executive)
R Matthews (resigned 13 May 2016)

Dividends

A dividend of £15,038,000 was declared for the year (2015: £18,501,529).

ACORN MOBILITY SERVICES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

Employee involvement

Acorn Mobility Services Limited is an Investor in People, and regularly communicates with its employees about how the business is performing via various methods. Two-way communication is encouraged through one to one meetings, team meetings and through the Performance Development process. The business has a web based extranet company briefing system that is accessible to all staff around the world.

Disabled persons

Acorn Mobility Services Limited is an Equal Opportunities Employer and is committed to treating job applicants and employees equally, irrespective of colour, creed, race, nationality or ethnic origin, sex, marital status, disability or age.

Corporate and Social Responsibility

The group recognises its impact on and responsibilities towards the environment and strives to operate as efficiently as possible. The group operates to high standards of health and safety. The business aims to have a positive impact in and around the communities in which it operates and engages in various charitable endeavours.

Going concern

The financial statements have been prepared on a going concern basis.

The directors have a reasonable expectation that the group and company have adequate resources to continue in operation for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The directors believe that the group and company is well placed to manage its business risks successfully.

Disclosure in the Strategic Report

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors Report have been omitted as they are included within the Strategic Report on page 1 to 2. These matters relate to Risks and Future Developments.

Statement of disclosure to auditor

The directors at the time when this Directors' Report is approved have confirmed that:

- So far as the directors are aware, there is no relevant audit information of which the company and group's auditors are unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditor are aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

ACORN MOBILITY SERVICES LIMITED


DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

Qualifying third party indemnity provisions

The Group had Directors' and Officers' insurance in place throughout the period.

This report was approved by the board on _____ and signed on its behalf by

N Wilson
Director



29/6/17

ACORN MOBILITY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN MOBILITY SERVICES LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2016

We have audited the financial statements of Acorn Mobility Services Limited for the year ended 30 September 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Positions, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities 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.

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 (APB's) Ethical Standards for Auditors. This report, including our opinion, 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. 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.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the consolidated and the parent company's affairs as at 30 September 2016 and of the consolidated profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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.

Opinion on other matters prescribed by the Companies Act 2006

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

ACORN MOBILITY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN MOBILITY SERVICES LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Shaun Mullins (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars House
Gelderd Road
Gildersome
Leeds
West Yorkshire
LS27 7JN

Date: 30.6.2017

ACORN MOBILITY SERVICES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 £	As restated 2015 £
Turnover	4	177,197,685	149,133,312
Cost of sales		<u>(60,010,198)</u>	<u>(54,824,353)</u>
Gross profit		117,187,487	94,308,959
Selling and distribution costs		<u>(32,785,421)</u>	<u>(24,284,797)</u>
Administration expenses		<u>(65,503,197)</u>	<u>(53,049,785)</u>
Operating profit	5	18,898,869	16,974,377
Gain/(loss) arising on fair value of current asset investments	18	1,800,878	(223,726)
Investment income	8	60,000	384,800
Other interest receivable and similar income	9	167,606	42,930
Profit before interest		20,927,353	17,178,381
Interest payable	10	<u>(390)</u>	<u>(256)</u>
Profit before taxation		20,926,963	17,178,125
Tax on profit on ordinary activities	11	<u>(4,259,647)</u>	<u>(3,897,281)</u>
Profit for the year		<u>16,667,316</u>	<u>13,280,844</u>
Other comprehensive income			
Currency transaction differences		<u>1,607,320</u>	<u>(266,556)</u>
Total comprehensive income for the year		<u>18,274,636</u>	<u>13,014,288</u>

The notes on pages 17 to 45 form part of these financial statements.

ACORN MOBILITY SERVICES LIMITED

Company number: 025993771

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

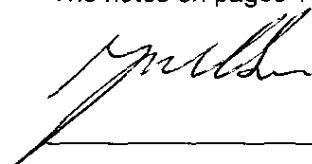
	Note	£	2016 £	£	2015 £
Fixed assets					
Goodwill	13		7,078,360		7,977,945
Tangible assets	15		21,288,800		18,838,259
			<u>28,367,160</u>		<u>26,816,204</u>
Current assets					
Stocks	16	15,389,216		10,867,263	
Debtors	17	13,163,518		10,042,682	
Investments	18	-		6,167,121	
Cash at bank and in hand	19	8,138,552		8,100,565	
		<u>36,691,286</u>		<u>35,177,631</u>	
Creditors: amounts falling due within one year	20	(31,275,489)		(28,195,016)	
Net current assets			<u>5,415,797</u>		<u>6,982,615</u>
Total assets less current liabilities			33,782,957		33,798,819
Creditors: amounts falling due after more than one year	21		(12,103,810)		(15,562,693)
Provisions for liabilities and charges					
Deferred tax	23		(1,220,359)		(797,544)
Other provisions	23		(857,910)		(1,074,340)
Net assets			<u>19,600,878</u>		<u>16,364,242</u>
Capital and reserves					
Called up share capital	25		10,002		10,002
Foreign exchange reserve			1,410,867		(196,453)
Retained earnings			18,180,009		16,550,693
			<u>19,600,878</u>		<u>16,364,242</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

N Wilson

Director

The notes on pages 17 to 45 form part of these financial statements.

 29/6/17

ACORN MOBILITY SERVICES LIMITED

Company number: 02593771

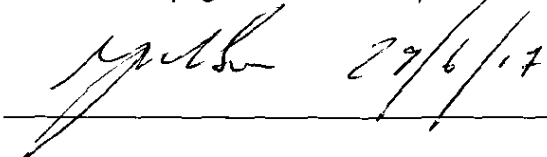
COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Note	2016 £	As restated 2015 £
Fixed assets			
Investments	14	16,914,946	16,914,946
Tangible assets	15	13,382,156	14,071,564
Goodwill	13	-	361,673
		<u>30,297,102</u>	<u>31,348,183</u>
Current assets			
Stocks	16	5,982,464	4,396,423
Debtors	17	12,004,957	8,434,391
Investments	18	-	6,167,121
Cash at bank and in hand	19	3,466,495	1,905,076
		<u>21,453,916</u>	<u>20,903,011</u>
Current liabilities			
Creditors: amounts falling due within one year	20	<u>(16,578,012)</u>	<u>(18,293,275)</u>
Net current assets		4,875,904	2,609,736
Total assets less current liabilities		35,173,006	33,957,919
Creditors: amounts falling due after more than one year	21	(12,117,446)	(12,946,006)
Provisions for liabilities and charges:			
Deferred tax	23	(624,768)	(600,192)
Other provisions	23	(857,910)	(1,074,340)
Net Assets		<u>21,572,882</u>	<u>19,337,381</u>
Capital and reserves			
Called up share capital	25	10,002	10,002
Foreign exchange reserve		-	26,576
Profit and loss account		<u>21,562,880</u>	<u>19,300,803</u>
		<u>21,572,882</u>	<u>19,337,381</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

N Wilson
Director

The notes on pages 17 to 45 form part of these financial statements.



ACORN MOBILITY SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2016

	Share capital £	Foreign exchange reserve £	Retained earnings £	Total Equity £
Group				
At 1 October 2015	10,002	(196,453)	16,550,693	16,364,242
Comprehensive income for the year				
Profit for the year	-	-	16,667,316	16,667,316
Movements on foreign exchange reserve	-	1,607,320	-	1,607,320
Total comprehensive income for the year	-	1,607,320	16,667,316	18,274,636
Dividends: Equity capital	-	-	(15,038,000)	(15,038,000)
At 30 September 2016	10,002	1,410,867	18,180,009	19,600,878

ACORN MOBILITY SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2015

	Share capital £	Foreign exchange reserve £	Retained earnings £	Total Equity £
Group				
At 1 October 2014	10,002	70,103	21,771,378	21,851,483
Comprehensive income for the year				
Profit for the year	-	-	13,280,844	13,280,844
Movements on foreign exchange reserve	-	(266,556)	-	(266,556)
Total comprehensive income for the year	-	(266,556)	13,280,844	13,014,288
Dividends: Equity capital	-	-	(18,501,529)	(18,501,529)
At 30 September 2015	10,002	(196,453)	16,550,693	16,364,242

ACORN MOBILITY SERVICES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2016

	Share capital £	Foreign exchange £	Retained earnings £	Total equity £
Company				
At 1 October 2015	10,002	26,576	19,300,803	19,337,381
Comprehensive income for the year				
Profit for the year	-	-	17,300,077	17,300,077
Movement on foreign exchange reserve	-	(26,576)	-	(26,576)
Total comprehensive income for the year	-	(26,576)	17,300,077	17,273,501
Dividends: Equity capital	-	-	(15,038,000)	(15,038,000)
At 30 September 2016	<u>10,002</u>	<u>-</u>	<u>21,562,880</u>	<u>21,572,882</u>

ACORN MOBILITY SERVICES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2015

	Share capital £	Foreign exchange £	Retained earnings £	Total equity £
Company				
At 1 October 2014	10,002	573,261	26,220,845	26,804,108
Comprehensive income for the year				
Profit for the year	-	-	11,581,487	11,581,847
Movement on foreign exchange reserve	-	(546,685)	-	(546,685)
Total comprehensive income for the year	-	(546,685)	11,581,487	11,034,802
Dividends: Equity capital	-	-	(18,501,529)	(18,501,529)
At 30 September 2015	<u>10,002</u>	<u>26,576</u>	<u>19,300,803</u>	<u>19,337,381</u>

ACORN MOBILITY SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	16,667,316	13,280,844
Adjustments for:		
Amortisation of intangible assets	899,585	538,429
Depreciation of tangible assets	2,696,237	2,168,543
Loss / (gain) on disposal of tangible assets	74,947	(32,835)
Interest paid	390	256
Interest received	(2,400)	(9,717)
Add back taxation charge	4,259,647	3,897,281
Investment and other income	(225,206)	(418,013)
Increase in stocks	(4,521,953)	(678,787)
Increase in debtors	(2,822,579)	(2,863,147)
(Decrease) / increase in creditors	(1,559,651)	2,950,490
Fair value (gains) / losses on current asset investment	(1,800,878)	223,726
Movement in foreign exchange	745,707	(266,556)
Corporation tax paid	(3,170,277)	(3,427,876)
Net cash generated from operating activities	11,240,885	15,362,638
Cash flows from investing activities		
Proceeds from sale of current asset investments	7,968,000	-
Purchase of current asset investments	-	(6,390,847)
Purchase of tangible fixed assets	(4,469,155)	(3,910,689)
Sale of tangible fixed assets	109,041	116,385
Dividends received	60,000	384,800
Other operating income received	165,206	33,213
Interest received	2,400	9,717
Net cash from investing activities	3,835,492	(9,757,421)
Cash flows from financing activities		
Dividends paid	(15,038,000)	(18,501,529)
Interest paid	(390)	(256)
Net cash used in financing activities	(15,038,390)	(18,501,785)
Net increase / (decrease) in cash and cash equivalents	37,987	(12,896,568)
Cash and cash equivalents at beginning of year	8,100,565	20,997,133
Cash and cash equivalents at the end of year	8,138,552	8,100,565
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,138,552	8,100,565

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. General information

Acorn Mobility Services Limited ('the company') is a limited company incorporated in England and Wales.

The address of its registered office is:

Telecom House
Millennium Business Park
Steeton
Bradford
West Yorkshire
BD20 6RB

The principal activities of the group continue to be the manufacturing, sale, installation and servicing of Stairlifts. The presentational currency is Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 33.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The Group has taken advantage of the following disclosure exemptions:

- a) The requirement of presenting the parent company unconsolidated profit and loss account under section 408 of Companies Act 2006

In preparing the company individual financial statements, the company has taken advantage of the following exemptions:

- a) from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 Related Party Disclosures;
- b) from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 Statement of Financial Position; and
- c) from presenting a statement of cash flows, as required by Section 7 Statement of Cash Flows.

On the basis that equivalent disclosures are given in the consolidated financial statements, the company has also taken advantage of the exemption not to provide certain disclosures as required by Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues

The following principal accounting policies have been applied:

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

2 Accounting policies (continued)

2.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and Directors' report on pages 1 - 6. The financial position of the Group, its cash flows and financial risk are also shown in the Strategic report.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Basis of consolidation

The consolidated financial statements present the results of Group and its subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated results of the parent company and its subsidiaries have been prepared using acquisition accounting.

2.4 Revenue

The principal activities are manufacturing, sales, installation and servicing of stairlifts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

2 Accounting policies (continued)

Rendering of Services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Intangible fixed assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

Other intangible fixed assets

Other intangible fixed assets are stated at cost less amortisation. Intangible fixed assets are written off in equal instalments over the estimated useful life as follows:

Data costs	written off over the estimated life of the data
Development costs	written off over the estimated life of the product
Software	written off over the estimated life of the software

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

2 Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis. Land is not depreciated.

The estimated useful lives range as follows:

Freehold Property	- 2% straight line
Long leasehold	- 10% over lease period
Plant and machinery	- 10 - 25% straight line
Motor vehicles	- 25% straight line
Equipment	- 4% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

2.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each Statement Financial Position date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

2 Accounting policies (continued)

2.9. Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Statement Financial Position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

2 Accounting policies (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including 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 income as appropriate.

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 publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

The financial statements of the foreign subsidiaries are translated into sterling with the profit and loss accounts being translated at the average exchange rate for the year and the Statement of Financial Positions translated at the closing rate of exchange. Foreign exchange differences arising from the translation of the opening reserves are taken directly to the foreign exchange reserves.

2.15 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

2 Accounting policies (continued)

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

2 Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The critical judgements that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Judgements in applying accounting policies

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Recoverability of receivables

The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors have considered factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

(ii) Determining residual values and useful economic lives of tangible and intangible assets

The Group depreciates tangible assets, and amortises intangible assets, over their estimated useful lives. The estimation of the useful lives of tangible assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied. The estimation of useful lives of intangible assets is based on any contractual or legal rights associated with the asset, or the period in which the Group expects to use the asset if shorter. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

(iii) Stock provisions

Judgement is also applied when determining an appropriate provision against the value of stock on a slow moving stock basis.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

4 Turnover

	2016	2015
	£	£
United Kingdom	57,284,484	55,295,852
Other European countries	28,153,543	20,507,278
North America	83,679,151	66,537,677
Rest of the World	8,080,507	6,792,505
	<u>177,197,685</u>	<u>149,133,312</u>

	2016	2015
	£	£
Sale of goods	157,670,138	135,449,650
Rendering of services	<u>19,527,547</u>	<u>13,683,662</u>
	<u>177,197,685</u>	<u>149,133,312</u>

5 Operating Profit

	2016	2015
	£	£
Operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	899,585	538,429
Depreciation	2,696,237	2,004,047
Difference on foreign exchange	(427,271)	1,015,492
Operating lease rentals payable	1,689,571	1,174,845
Research and development	63,000	94,898
Auditors' remuneration:		
- Audit fees	43,650	57,650
- Other services	<u>27,925</u>	<u>22,825</u>

6 Employees

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

Group	2016	2015
	Number	Number
Administration, sales and installation	1,164	1,062
Production	<u>143</u>	<u>130</u>
	<u>1,307</u>	<u>1,192</u>

	2016	2015
	£	£
Staff costs (including directors):		
Wages and salaries	43,132,041	32,414,032
Social security costs	2,283,301	2,988,064
Pension costs	<u>848,812</u>	<u>770,746</u>
	<u>46,264,154</u>	<u>36,172,842</u>

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

7 Directors' remuneration

	2016 £	2015 £
Group		
Directors' emoluments	354,209	374,815
Pension scheme contributions	8,750	48,150
	<u>362,959</u>	<u>422,965</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2015 - 1).

The highest paid director received remuneration of £196,702 (2015: £184,750).

The value of the Group's contributions to a defined contribution pension scheme in respect of the highest paid director amounted to £5,250 (2015: £10,500).

Key management personnel are deemed to be the Board of Directors.

8 Investment income

	2016 £	2015 £
Investment income	<u>60,000</u>	<u>384,800</u>

9 Other interest receivable and similar income

	2016 £	2015 £
Bank interest received	2,400	9,717
Other income	165,206	33,213
	<u>167,606</u>	<u>42,930</u>

10 Interest payable

	2016 £	2015 £
Bank interest	<u>390</u>	<u>256</u>

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

11 Taxation

	2016 £	2015 £
UK Corporation tax:		
UK Corporation tax on profit for the year	3,361,459	2,693,571
	<u>3,361,459</u>	<u>2,693,571</u>
Foreign tax:		
Corporation tax on profit for the year	773,630	1,170,632
	<u>4,135,089</u>	<u>3,864,203</u>
Deferred taxation:		
Current period (see note 23)	124,558	33,078
Tax charge on profit on ordinary activities	<u>4,259,647</u>	<u>3,897,281</u>

Factors affecting tax charge for the year

For both the 2016 and 2015 years the tax assessed for the year is higher than the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	20,926,963	17,178,125
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%).	4,185,393	3,435,625
Effects of:		
Expenses not deductible for tax purposes	50,298	(395,586)
Adjustment in research and development tax credit leading to a decrease in the tax charge	(9,063)	-
Adjustments in respect of previous periods	(20,134)	-
Capital gains	(73,882)	-
Changes in the corporation tax rate during the period	-	65,521
Difference in tax rates	252,645	589,483
Other adjustments	(125,610)	202,238
	<u>4,259,647</u>	<u>3,897,281</u>

The group has estimated tax losses of £2,393,994 (2015: £1,643,011) to carry forward against future profits in specific subsidiary companies.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

12 Dividends on equity shares

	2016 £	2015 £
Dividends paid	15,038,000	18,501,529

13 Intangible assets

Group

	Data	Development costs	Software	Purchased goodwill	Total
Cost	£	£	£	£	£
At 1 October 2015	452,876	1,000,000	17,020	10,768,580	12,238,476
At 30 September 2016	452,876	1,000,000	17,020	10,768,580	12,238,476
Amortisation					
At 1 October 2015	452,876	1,000,000	17,020	2,790,635	4,260,531
Charge for the year	-	-	-	899,585	899,585
At 30 September 2016	452,876	1,000,000	17,020	3,690,220	5,160,116
Net book value					
At 30 September 2016	-	-	-	7,078,360	7,078,360
At 30 September 2015	-	-	-	7,977,945	7,977,945

Positive goodwill arose on the acquisition of Brooks Stairlifts Limited, Alexander Pollock Limited and Bison Bede Limited. Positive goodwill is being amortised over 20 years. In the opinion of the directors, this represents a prudent estimate of the period over which the group will derive economic benefit from the goodwill existing at the date of acquisition.

The amortisation charge is included in Administration expenses.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

13 Company intangible assets (continued)

Company

	Data	Development costs	Software	Goodwill	Total
Cost	£	£	£	£	£
At 1 October 2015	452,876	1,000,000	17,020	602,788	2,072,684
At 30 September 2016	452,876	1,000,000	17,020	602,788	2,072,684
Amortisation					
At 1 October 2015	452,876	1,000,000	17,020	241,115	1,711,011
Charge for the year	-	-	-	361,673	361,673
At 30 September 2016	452,876	1,000,000	17,020	602,788	2,072,684
Net book value					
At 30 September 2016	-	-	-	-	-
At 30 September 2015	-	-	-	361,673	361,673

Development costs represent expenditure on individual projects which is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from related projects.

Positive goodwill arose on the acquisition of Bison Bede Limited. Positive goodwill is being amortised over 20 years. In the opinion of the directors, this represents a prudent estimate of the period over which the group will derive economic benefit from the goodwill existing at the date of acquisition.

14 Fixed assets investments

Company

As restated Shares in subsidiary undertakings £

Cost and net book value

At 1 October 2015	16,914,946
Additions	-
At 30 September 2016	<u>16,914,946</u>

Details of the subsidiaries can be found in note 31.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

15 Tangible fixed assets

Group

	Land and buildings £	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 Oct 2015	7,422,343	6,079,754	5,230,337	8,939,974	27,672,408
Additions	1,144,223	1,604,255	1,428,016	292,661	4,469,155
Disposals	-	(317,745)	(729,801)	-	(1,047,546)
Foreign exchange	490,949	401,123	925,272	(292,660)	1,524,684
At 30 September 2016	<u>9,057,515</u>	<u>7,767,387</u>	<u>6,853,824</u>	<u>8,939,975</u>	<u>32,618,701</u>
Depreciation					
At 1 Oct 2015	1,159,725	3,787,384	3,112,242	774,798	8,834,149
Charge for the year	276,942	946,017	1,103,187	370,092	2,696,238
Disposals	-	(174,897)	(688,660)	-	(863,557)
Foreign exchange	271,897	235,351	155,823	-	663,071
At 30 September 2016	<u>1,708,564</u>	<u>4,793,855</u>	<u>3,682,592</u>	<u>1,144,890</u>	<u>11,329,901</u>
Net book value					
At 30 September 2016	<u>7,348,951</u>	<u>2,973,532</u>	<u>3,171,232</u>	<u>7,795,085</u>	<u>21,288,800</u>
At 1 October 2015	<u>6,262,618</u>	<u>2,292,370</u>	<u>2,118,095</u>	<u>8,165,176</u>	<u>18,838,259</u>

Land and buildings

	Freehold £	Long leasehold £	Land £	Total £
Cost				
At 1 October 2015	6,359,864	721,518	340,961	7,422,343
Additions	459,347	684,876	-	1,144,223
Foreign exchange	367,685	65,522	57,742	490,949
At 30 September 2016	<u>7,186,896</u>	<u>1,471,916</u>	<u>398,703</u>	<u>9,057,515</u>
Depreciation				
At 1 October 2015	463,575	696,150	-	1,159,725
Charge for the year	229,962	46,980	-	276,942
Foreign exchange	262,035	9,862	-	271,897
At 30 September 2016	<u>955,572</u>	<u>752,992</u>	<u>-</u>	<u>1,708,564</u>
Net book value				
At 30 September 2016	<u>6,231,324</u>	<u>718,924</u>	<u>398,703</u>	<u>7,348,951</u>
At 1 October 2015	<u>5,896,289</u>	<u>25,368</u>	<u>340,961</u>	<u>6,262,618</u>

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

15 Company tangible fixed assets (continued)

Company	Land and buildings £	Plant and machinery £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 Oct 2015	4,430,816	4,662,776	1,921,053	8,939,974	19,954,619
Additions	-	398,099	341,541	-	739,640
Disposals	-	(2,134)	(334,571)	-	(336,705)
At 30 September 2016	<u>4,430,816</u>	<u>5,058,741</u>	<u>1,928,023</u>	<u>8,939,974</u>	<u>20,357,554</u>
Depreciation					
At 1 Oct 2015	780,981	2,993,910	1,333,366	774,798	5,883,055
Charge for the year	78,091	619,119	361,160	370,090	1,428,460
Disposals	-	(1,546)	(334,571)	-	(336,117)
At 30 September 2016	<u>859,072</u>	<u>3,611,483</u>	<u>1,359,955</u>	<u>1,144,888</u>	<u>6,975,398</u>
Net book value					
At 30 September 2016	<u>3,571,744</u>	<u>1,447,258</u>	<u>568,068</u>	<u>7,795,086</u>	<u>13,382,156</u>
At 1 October 2015	<u>3,649,835</u>	<u>1,668,866</u>	<u>587,687</u>	<u>8,165,176</u>	<u>14,071,564</u>

Land and buildings	Freehold £	Long leasehold £	Total £
Cost			
At 1 October 2015	<u>3,772,800</u>	<u>658,016</u>	<u>4,430,816</u>
At 30 September 2016	<u>3,772,800</u>	<u>658,016</u>	<u>4,430,816</u>
Depreciation			
At 1 October 2015	122,965	658,016	780,981
Charge for the year	78,091	-	78,091
At 30 September 2016	<u>201,056</u>	<u>658,016</u>	<u>859,072</u>
Net book value			
At 30 September 2016	<u>3,571,744</u>	<u>-</u>	<u>3,571,744</u>
At 1 October 2015	<u>3,649,835</u>	<u>-</u>	<u>3,649,835</u>

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

16 Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials	713,206	507,566	705,293	500,890
Finished goods	14,676,010	10,359,697	5,277,171	3,895,533
	<u>15,389,216</u>	<u>10,867,263</u>	<u>5,982,464</u>	<u>4,396,423</u>

Stock expensed in the year was £57,701,647 (2015: £47,835,962)

There is no significant difference between the replacement cost of raw materials and finished goods and their carrying amounts.

17 Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	5,182,739	3,954,656	1,475,385	823,750
Amounts due from group undertakings	-	-	7,993,293	5,223,678
Amounts owed by related parties	49,133	-	49,133	-
Other debtors	2,551,706	2,061,799	1,155,587	1,864,338
Prepayments	3,178,533	2,123,077	1,331,559	522,625
Deferred tax asset	2,201,407	1,903,150	-	-
	<u>13,163,518</u>	<u>10,042,682</u>	<u>12,004,957</u>	<u>8,434,391</u>

18 Current asset investments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Listed investments	-	6,167,121	-	6,167,121

The current asset investments were disposed of during the year. At 30 September 2016, the market value of the listed investments (all of which are listed on a recognised investment exchange in Great Britain) held by the Group was £Nil (2015: £6,167,121) and by the company £Nil (2015: £6,167,121).

Current asset investments were revalued in the year with an increase in value of £1,800,878 (2015: £223,726 decrease) recognised in the Consolidated statement of comprehensive income.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

19 Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	<u>8,138,552</u>	<u>8,100,565</u>	<u>3,466,495</u>	<u>1,905,076</u>

20 Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	7,554,848	4,526,712	3,998,749	2,470,758
Payments on account	2,150,800	836,045	582,960	455,103
Corporation tax	2,259,564	1,294,752	1,640,782	949,733
Other creditors, other taxes and social security	2,801,201	3,804,998	707,700	924,649
Amounts owed to related parties	29,913	2,690,736	-	2,423,076
Amounts owed to group undertakings	-	-	138,005	1,240,821
Accruals and deferred income	<u>16,479,163</u>	<u>15,041,773</u>	<u>9,509,816</u>	<u>9,829,135</u>
	<u>31,275,489</u>	<u>28,195,016</u>	<u>16,578,012</u>	<u>18,293,275</u>

The Group has granted a debenture in the form of a fixed and floating charge on the assets to secure any liabilities arising to its bankers.

The Group has granted an import guarantee to HM Revenue & Customs to the value of £300,000.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

21 Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	As restated Company 2015 £
Amounts owed to group undertakings	-	-	3,369,662	2,055,091
Accruals and deferred income (note 24)	12,103,810	15,562,693	8,747,784	10,890,915
	<u>12,103,810</u>	<u>15,562,693</u>	<u>12,117,446</u>	<u>12,946,006</u>

22 Financial instruments

Financial assets	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash and cash equivalents	8,138,552	8,100,565	3,466,495	1,905,076
Financial assets measured at fair value through profit or loss	-	6,167,121	-	6,167,121
Financial assets that are debt instruments measured at amortised cost	7,783,577	6,016,454	10,673,399	7,911,767
	<u>15,922,129</u>	<u>20,284,140</u>	<u>14,139,894</u>	<u>15,983,964</u>

Financial liabilities	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial liabilities measured at amortised cost	9,712,989	7,782,808	8,702,356	9,893,311
	<u>9,712,989</u>	<u>7,782,808</u>	<u>8,702,356</u>	<u>9,893,311</u>

Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

Financial assets measured at amortised cost comprise of trade debtors, amounts owed from group undertakings, amounts owed by related parties and other debtors.

Financial Liabilities measured at amortised cost comprise bank loans, trade creditors, obligations under hire purchase contracts, amounts owed to group undertakings, other creditors and accruals.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

23 Provisions

Deferred tax

Group

	Deferred tax liability £	Deferred tax asset £	Deferred tax £
At 1 October 2015	(797,544)	1,903,150	1,105,606
Charged to the statement of comprehensive income	(422,815)	298,257	(124,558)
At 30 September 2016	(1,220,359)	2,201,407	981,048

Company

	Deferred tax £
At 1 October 2015	(600,192)
Charged to the statement of comprehensive income	(24,576)
At 30 September 2016	(624,768)

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Accelerated capital allowances	(1,220,359)	(797,544)	(624,768)	(600,192)
Tax losses carried forward	430,919	295,742	-	-
Other timing differences	1,770,488	1,607,408	-	-
	981,048	1,105,606	(624,768)	(600,192)

Other provisions

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
At 1 October 2015	1,074,340	818,359	1,074,340	818,359
Movement in warranty cost provision	(216,430)	255,981	(216,430)	255,981
At 30 September 2016	857,910	1,074,340	857,910	1,074,340

Other provisions consists of the warranty provision. The warranty provision was made to cover estimated warranty costs under the standard guarantee offered under the terms and conditions of Acorn Mobility Services Limited.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

24 Accruals and deferred income

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Due between one and two years	6,679,889	7,796,996	4,725,366	5,453,587
Due between two and five years	5,421,159	7,755,209	4,019,875	5,428,480
Due in greater than five years	2,762	10,488	2,543	8,848
	<u>12,103,810</u>	<u>15,562,693</u>	<u>8,747,784</u>	<u>10,890,915</u>

25 Share capital

Company	2016 £	2015 £
Allotted, called up and fully paid		
10,002 ordinary shares of £1 each	<u>10,002</u>	<u>10,002</u>
	<u>10,002</u>	<u>10,002</u>

The Company has one class of ordinary shares which carry voting rights but no right to fixed income.

26 Reserves

Foreign exchange reserve

This reserve represents the cumulative movement in foreign currencies of the subsidiary undertakings, when translating into the Group's reporting currency for consolidation.

Retained earnings

The profit and loss account represents the accumulated undistributed reserves of the company.

27 Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group companies in independently administered funds. The pension cost charge represents contributions payable by the group to the funds and amounted to £848,312 (2015 - £770,746). No amounts were payable to the scheme at 30 September 2016 (2015 - £NIL).

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

28 Operating Lease Commitments

At 30 September 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

Group	Land and buildings 2016 £	Other 2016 £	Land and buildings 2015 £	Other 2015 £
Not later than one year	391,732	1,519,536	315,738	566,292
Later than one year and not later than five years	609,247	1,999,087	513,775	541,338
Later than five years	62,631	-	5,002	-
	<u>1,063,610</u>	<u>3,518,623</u>	<u>834,515</u>	<u>1,107,630</u>

The Company had no future minimum lease payments under non-cancellable operating leases (2015: NIL).

29 Prior year adjustment

The prior year adjustment within the group financial statements relates to the reallocation of certain costs decreasing cost of sales, decreasing distribution costs and increasing administrative costs. There has been no impact on the previously reported profit. The adjustment in the Consolidated financial statements is summarised in the table below.

The prior year adjustment within the company financial statements that does not relate to the transition to FRS 102 is in respect of an investment in a subsidiary that was previously hived up into Acorn Mobility Services Limited. The adjustment in the Company's financial statements is summarised in the table below.

	As previously stated 30 September 2015 £	Effect of prior period error adjustment £	Effect of FRS 102 transition (see note 33)	As restated 30 September 2015 £
Group				
Cost of sales	(61,046,406)	6,222,053	-	(54,824,353)
Distribution costs	(37,387,259)	13,102,462	-	(24,284,797)
Administrative expenses	(33,699,304)	(19,324,515)	-	(53,023,819)
Company				
Profit for the year	11,663,619	(30,139)	(51,993)	11,581,487
Goodwill	-	361,673	-	361,673
Investments	19,843,946	(2,929,000)	-	16,914,946
Creditors: amounts falling due after more than one year	(15,423,701)	2,477,695	-	(12,946,006)
Profit and loss reserve	20,235,301	(89,633)	(844,865)	19,300,803

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

30 Related party transactions

The company has taken advantage of the exemption conferred by FRS 102 Section 33 not to disclose transactions with members of the group headed by Acorn Mobility Services Limited on the grounds that 100% of the voting rights in the company are controlled within the Group and the Company's results are controlled within that Group and the Company's results are included in the consolidated financial statements.

The managing director, J S Jakes, has a controlling interest in the company.

The group has paid rent of £52,000 (2015: £52,000) for the year to Belmont Properties Limited, a company controlled by J S Jakes, the ultimate controlling party of Acorn Mobility Services Limited in respect of Spring Mills, Norwood Avenue, Shipley. The amount due to Belmont Properties Limited at the year end was £15,600 (2015: £Nil). All transactions were made on a commercial arm's length basis. Dividends totalling £15,038,000 (2015: £18,501,529) were paid to the shareholder in the year.

During the year, the group sold goods and services to Lothian Electric Machines Limited, a company controlled by J S Jakes, with a value of £323,016 (2015: £178,165). The group purchased goods and services from Lothian Electric Machines Limited of £38,687,690 (2015: £34,396,255). The net amount due to Lothian Electric Machines Limited at the year end was £2,726 (2015: £2,180,376). All transactions were made on a commercial arm's length basis.

During the year, the group purchased goods and services from Mediatech Limited, a company controlled by J S Jakes, to the value of £13,001,787 (2015: £7,135,956). The amount due to Mediatech Limited at the year end was £1,202,242 (2015: £510,360). All transactions were made on a commercial arm's length basis.

Included within other creditors is a net amount due to J S Jakes as at the year end of £6,504 (2015: £22,015).

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

31 Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name of undertaking	Country	Business	Percentage holding
Acorn Stairlifts Incorporated	USA	Distribution of stairlifts	100%
Acorn Stairlifts (Canada) Incorporated	Canada	Distribution of stairlifts	100%
Acorn Stairlifts Pty Limited	Australia	Distribution of stairlifts	100%
Acorn Stairlifts (Pty) Limited	South Africa	Distribution of stairlifts	100%
Acorn Treppenlifte GmbH	Germany	Distribution of stairlifts	100%
Acorn Montascale SRL	Italy	Distribution of stairlifts	100%
Acorn Monte Escaliers	France	Distribution of stairlifts	100%
Acorn SPRL/BVBA	Belgium	Distribution of stairlifts	100%
Brooks Stairlifts Limited	England and Wales	Distribution of stairlifts	100%
Alexander Pollock Limited	England and Wales	Machine engraving	100%
Bison Homecare Limited	England and Wales	Holding company	100%
Bison Bede Limited	England and Wales	Dormant company	100%
Tectonic Designs Limited	England and Wales	Dormant company	100%
Bison Employee Benefit Trust Limited	England and Wales	Dormant company	100%
Acorn Stairlifts Limited	Ireland	Distribution of stairlifts	100%

The following companies were exempt from the requirements relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006:

Brooks Stairlifts Limited
Alexander Pollock Limited

32 Controlling party

The ultimate controlling party is J S Jakes, a director and 100% shareholder of the company.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

33 First time adoption of FRS102

The Group and Company transitioned to FRS 102 from previously extant UK GAAP as at 1 October 2014. The impact of the transition to FRS 102 is as follows:

Group	As previously stated 1 October 2014 £	Effect of transition 1 October 2014 £	FRS 102 (as restated) 1 October 2014 £	As previously stated 30 September 2015 £	Effect of transition 30 September 2015 £	FRS 102 (as restated) 30 September 2015 £
Fixed assets	25,696,037	-	25,696,037	26,816,204	-	26,816,204
Current assets	38,454,579	-	38,454,579	35,177,631	-	35,177,631
Creditors: amounts falling due within one year	(23,486,286)	(1,901,506)	(25,387,792)	(27,251,836)	(2,017,520)	(28,195,016)
1,2						
Net current assets	14,968,293	(1,901,506)	13,066,787	7,925,795	(2,017,520)	6,982,615
Total assets less current liabilities	40,664,330	(1,901,506)	38,762,824	34,741,999	(2,017,520)	33,798,819
Creditors: amounts falling due after more than one year	(15,239,080)	-	(15,239,080)	(15,562,693)	-	(15,562,693)
Provisions for liabilities: Deferred tax	(853,902)	-	(853,902)	(797,544)	-	(797,544)
Provisions for liabilities: Other provisions	(818,359)	-	(818,359)	(1,074,340)	-	(1,074,340)
Net assets	23,752,989	(1,901,506)	21,851,483	18,381,762	(2,017,520)	16,364,242
Capital and reserves	23,752,989	(1,901,506)	21,851,483	18,381,762	(2,017,520)	16,364,242

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

33 First time adoption of FRS102 (continued)

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 The transitional adjustment relates to the recognition of a holiday pay accrual for accumulated short-term compensated absences.
The adjustment has resulted in the recognition of an accrual and a decrease in retained earnings of £219,681 at 1 October 2014 and £245,647 at 30 September 2015.
- 2 The transition adjustment relates to the recognition of deferred income relating to a manufacturer's warranty that is sold at the time of the sale of goods.
The adjustment has resulted in the recognition of deferred income and decrease in retained earnings of £1,681,825 at 1 October 2014 and £1,771,873 at 30 September 2015.

Refer to Note 29 for details of prior year adjustments made that do not arise on the transition to FRS102.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

33 First time adoption of FRS102 (continued)

Company	Note	As previously stated 1 October 2014 £	Effect of transition 1 October 2014 £	FRS 102 (as restated) 1 October 2014 £	As previously stated 30 September 2015 £	Effect of transition 30 September 2015 £	FRS 102 (as restated) 30 September 2015 £
Fixed assets		34,206,489	(2,537,187)	31,669,302	33,915,512	(2,567,329)	31,348,183
Current assets		24,995,457	-	24,995,457	20,903,011	-	20,903,011
Creditors: amounts falling due within one year	1,2	(14,482,011)	(792,875)	(15,274,886)	(17,448,409)	(844,866)	(18,293,275)
Net current assets		10,513,446	(792,875)	9,720,571	3,454,602	(844,866)	2,609,736
Total assets less current liabilities		44,719,935	(3,330,062)	41,389,873	37,370,114	(3,412,195)	33,957,919
Creditors: amounts falling due after more than one year		(15,602,228)	2,477,695	(13,124,533)	(15,423,701)	2,477,695	(12,946,006)
Provisions for liabilities: Deferred tax		(642,873)	-	(642,873)	(600,192)	-	(600,192)
Provisions for liabilities: Other provisions		(818,359)	-	(818,359)	(1,074,340)	-	(1,074,340)
Net assets		27,656,475	(852,367)	26,804,108	20,271,881	(934,500)	19,337,381
Capital and reserves		27,656,475	(852,367)	26,804,108	20,271,881	(934,500)	19,337,381

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

33 First time adoption of FRS102 (continued)

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 The transitional adjustment relates to the recognition of a holiday pay accrual for accumulated short-term compensated absences.
The adjustment has resulted in the recognition of an accrual and a decrease in retained earnings of £176,477 at 1 October 2014 and £195,466 at 30 September 2015.
- 2 The transition adjustment relates to the recognition of deferred income relating to a manufacturer's warranty that is sold at the time of the sale of goods.
The adjustment has resulted in the recognition of deferred income and decrease in retained earnings of £616,396 at 1 October 2014 and £649,399 at 30 September 2015.

Refer to Note 29 for details of prior year adjustments made that do not arise on the transition to FRS102.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

33 First time adoption of FRS102 (continued)

Group		As previously stated 30 September 2015 £	Effect of transition 30 September 2015 £	FRS 102 (as restated) 30 September 2015 £
	Note			
Turnover	2	149,223,360	(90,048)	149,133,312
Cost of sales		(54,824,353)	-	(54,824,353)
Gross Profit		94,399,007	(90,048)	94,308,959
Distribution expenses		(24,284,797)	-	(24,284,797)
Administrative expenses	1	(53,023,819)	(25,966)	(53,049,785)
Operating profit		17,090,391	(116,014)	16,974,377
Investment income		384,800	-	384,800
Other interest receivable and similar income		42,930	-	42,930
Loss arising on movement in fair value of current asset investments		(223,726)	-	(223,726)
Interest payable		(256)	-	(256)
Taxation		(3,897,281)	-	(3,897,281)
Profit on ordinary activities after taxation for the financial year		13,396,858	(116,014)	13,280,844

Explanation of changes to previously reported profit and equity:

- 1 The transitional adjustment relates to the recognition of a holiday pay accrual for accumulated short-term compensated absences.
The adjustment has resulted in an increase in administrative expenses of £25,966 for the year ended 30 September 2015.
- 2 The transition adjustment relates to the recognition of deferred income relating to a manufacturer's warranty that is sold at the time of the sale of goods.
The adjustment has resulted in a decrease in turnover of £90,048 for the year ended 30 September 2015.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

33 First time adoption of FRS102 (continued)

Company		As previously stated 30 September 2015 £	Effect of transition 30 September 2015 £	FRS 102 (as restated) 30 September 2015 £
Turnover	Note 2	89,555,529	(33,003)	89,522,526
Cost of sales		(48,621,200)	-	(48,621,200)
Gross Profit		40,934,429	(33,003)	40,901,326
Distribution expenses		(9,164,613)	-	(9,164,613)
Administrative expenses	1	(20,694,391)	(49,129)	(20,743,520)
Operating profit		11,075,325	(82,132)	10,993,193
Investment income		2,884,800	-	2,884,800
Other interest receivable and similar income		9,640	-	9,640
Loss arising on fair value of current asset investments		(223,726)	-	(223,726)
Taxation		(2,082,420)	-	(2,082,420)
Profit on ordinary activities after taxation and for the financial year		11,663,619	(82,132)	11,581,487

Explanation of changes to previously reported profit and equity:

- 1 The transitional adjustment relates to the recognition of a holiday pay accrual for accumulated short-term compensated absences.
The adjustment has resulted in an increase in administrative expenses of £18,989 for the year ended 30 September 2015.
- 2 The transition adjustment relates to the recognition of deferred income relating to a one year manufacturer's warranty that is sold at the time of the sale of goods.
The adjustment has resulted in a decrease in turnover of £33,003 for the year ended 30 September 2015.

Refer to Note 29 for details of prior year adjustments made that do not arise on the transition to FRS102.