

Acorn Mobility Services Limited

Registered number: 02593771

Annual report and consolidated financial statements

For the year ended 30 September 2019

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ACORN MOBILITY SERVICES LIMITED

COMPANY INFORMATION

Directors	J S Jakes N Wilson J Richardson P Bethell M J Oldham (Non Executive) K Gledhill (appointed 1 April 2020)
Registered number	02593771
Registered office	Telecom House Millennium Business Park Steeton Bradford West Yorkshire BD20 6RB
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	Lloyds Bank plc 2nd Floor Lisbon House 116 Wellington Street Leeds West Yorkshire LS1 4LT
Solicitors	Squire Patton Boggs (UK) LLP 6 Wellington Place Leeds West Yorkshire LS3 4AP

ACORN MOBILITY SERVICES LIMITED

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ACORN MOBILITY SERVICES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

Introduction

The directors present their Group Strategic Report for the year ended 30 September 2019 for Acorn Mobility Services Limited and its subsidiaries ("Acorn").

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.

	2019	2018
Turnover ('000)	£241,070	£224,425
Non UK turnover by country of destination (%)	71.5%	70.8%
Gross profit ('000)	£164,613	£152,289
Gross profit margin (%)	68.3%	67.9%
Operating profit ('000)	£27,716	£22,230
Operating profit margin (%)	11.5%	9.9%
Cash inflow from operating activities ('000)	£29,506	£20,257
Employees	1,588	1,536

Development and financial performance during the year

It has been another successful year. The year has been characterised by both sales growth and profitability. As reported in the Consolidated Statement of Comprehensive Income, Group revenue has increased by 7.4% from £224.4m to £241.1m.

Revenue growth has been generated within all global markets including the UK and Europe. The North American market in particular has experienced very positive sales growth. The percentage of non UK turnover by country of destination has now increased from 70.8% in the prior year to 71.5% in the current year.

Efficiencies have been achieved throughout the business. This can be evidenced in an increase in overall profit. Gross profit has increased from £152.3m to £164.6m. Gross profit margin is 68.3% compared to 67.9% in the prior year.

Operating profit has increased from £22.2m to £27.7m and the operating margin has increased from 9.9% to 11.5%. Operational efficiencies have been achieved via improved marketing strategy, cost control and continuous training and development of staff. The result has also been positively impacted by the strength of the US dollar.

ACORN MOBILITY SERVICES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Financial position at the reporting date

Total net assets have decreased from £15.2m to £15.1m. Dividends have increased from £20.8m to £23.8m.

There has been very positive cash movement. Net cash movements from operating activities are £29.4m versus £20.3m in the prior year. This reflects both improved operating profit performance in the year and an increase in deferred income.

The Group average headcount increased from 1,536 to 1,588 as the business continues to invest in sales growth. 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.

Research and development

The group continues to invest in research and development working together with key suppliers to continuously improve and develop the comfort, safety and functionality of its products. During the year £30,000 (2018: £55,777) was spent directly on research and development projects and on securing and supporting licences, patents and intellectual property.

Principal risks and uncertainties

The Board of Directors connect regularly and 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:

The impact of uncertainties due to the COVID-19 Coronavirus

Although the full impact of the current COVID-19 Coronavirus pandemic is not clear, it is having a significant detrimental impact on the overall economy.

Throughout this pandemic, Acorn has continued to operate in order to service and protect the ongoing needs of our customers. In common with the economy at large, COVID-19 has had a significant impact on normal operations and the business has reacted in order to safeguard the employment of our valued employees.

The directors expect this detrimental impact to be temporary and to be followed by a gradual recovery in 2020 and beyond. However, it is not currently possible to evaluate all of the potential implications to the Group, customers, suppliers, and the wider economy. Given the Group had significant cash of £9.8m, net assets of £15.1m and no bank debt as at 30 September 2019 and this broadly remains the case today, the directors consider the Group and Company are well placed to manage the risks associated with, and detrimental impact of, COVID-19 Coronavirus. COVID-19 is considered to be a non-adjusting post balance sheet event.

ACORN MOBILITY SERVICES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Brexit risk

The Directors have considered the potential impact of Brexit on the following key areas of the Group's business: the potential loss of staff, loss of customers and disruption to the supply chain.

The Group is not considered to be significantly exposed to the risk of the loss of key staff, as there is currently limited reliance on migrant labour from other EU member states within the UK. Given the Group's presence within Europe there are also sufficient key staff located within Europe.

Any potential disruption at UK shipping ports could result in supply chain delays. To mitigate this risk the Group has increased stock levels within Europe. The Group also has a supply chain that is sourced from both within the EU and outside the EU. To mitigate this risk, the Group has also confirmed that significant suppliers have increased UK stock levels.

A further risk is foreign exchange rate risk and the possible impact on sterling. This is mitigated by the Group generating non sterling surpluses protecting against any future adverse exchange rate movements (see Foreign Exchange Risk statement below).

Brexit is not expected to have a significant impact on the business for the reasons set out above.

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 USD and Euro outflows.

ACORN MOBILITY SERVICES LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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 26/6/2020 . and signed on its behalf.



J Richardson
Director

ACORN MOBILITY SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their report and the financial statements for the year ended 30 September 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £23,059,274 (2018 - £18,725,766).

Dividends declared in the year totalled £23,804,865 (2018 - £20,774,630).

Directors

The directors who served during the year were:

J S Jakes
N Wilson
J Richardson
P Bethell
M J Oldham (Non Executive)

ACORN MOBILITY SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

Going Concern

The Group's forecasts and projections, taking into account reasonable possible changes in trading performance and considering the impact of COVID-19 as described in the Group Strategic Report, show that the Group should trade profitably in future years. In particular, the Group has a significant level of financial resources, and no bank debt or other financial liability with any restrictive or financial covenant. Given the nature of the business there is no significant credit risk exposure to any single counterparty. The Group has continued to trade profitably and generate cash post year end, despite the challenging circumstances encountered as a result of the COVID-19 pandemic.

As a consequence, the Directors believe that the Group is well placed in its sector to manage its business risks successfully, to have the expectation that the Group has adequate resources to continue trading successfully, and to fully comply with its regulatory requirements for the foreseeable future. Consequently, the Directors continue to adopt the going concern basis in preparing these financial statements.

Employee involvement

Acorn Mobility Services Limited is an Investor in People, successfully retaining this important accreditation at the 3 year review in February 2019 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 employees

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.

Qualifying third party indemnity provisions

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

Matters covered in the strategic report

In accordance with s.414C(11) of Companies Act 2006 and 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 4. These matters relate to Risks and Future Developments.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

ACORN MOBILITY SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Post balance sheet events

After the year end dividends totalling £7.9m were declared and paid up by 27 February 2020. Additionally the Company purchased freehold property for £2.2m completing on 21 October 2019.

On 11 March 2020 the World Health Organisation ("WHO") declared Coronavirus COVID-19 a pandemic and as at 23 June 2020 there were over 8.5m confirmed cases of COVID-19 worldwide. Many countries like the UK imposed significant lockdown restrictions to limit movement and reduce the spread of the virus. This has had a significant detrimental impact on the UK and Global economy and due to its nature it is not currently possible to evaluate all the potential implications of COVID-19 to the Company and the Group's trade, customers and suppliers and the wider economy.

Throughout the Coronavirus pandemic, the Group has continued to operate in order to service and protect the ongoing needs of their customers. In common with the economy at large, COVID-19 has had a significant impact on normal operations and the business has reacted in order to safeguard the employment of our valued employees. As the Group operates across a wide range of geographical markets it is well diversified to manage the impact of COVID-19. Whilst there has not been a material post balance sheet impact of COVID-19 the Directors recognise that there is wider economic uncertainty which may impact the Group's performance in the future as disclosed in the Strategic Report and note 2.3 to the financial statements.

Auditor

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

This report was approved by the board on 26/6/2020 and signed on its behalf.



J Richardson
Director

ACORN MOBILITY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN MOBILITY SERVICES LIMITED

Opinion

We have audited the consolidated financial statements of Acorn Mobility Services Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 30 September 2019 and of the Group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the Group and Parent Company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 2, and their consideration on the going concern basis of preparation on page 6 and non-adjusting post balance sheet events on page 7.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, the potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications to the Group and Parent Company's trade, customers, suppliers and the wider economy.

ACORN MOBILITY SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN MOBILITY SERVICES LIMITED

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's nor Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN MOBILITY SERVICES LIMITED

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

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



Shaun Mullins (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor
3 Wellington Place
Leeds
LS1 4AP

Date: 26/06/2020

ACORN MOBILITY SERVICES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	241,070,021	224,424,572
Cost of sales		(76,456,526)	(72,135,378)
Gross profit		164,613,495	152,289,194
Distribution costs		(41,699,104)	(40,239,118)
Administrative expenses		(95,198,133)	(89,819,995)
Operating profit	5	27,716,258	22,230,081
Interest receivable and similar income	9	61,820	20,300
Profit before tax		27,778,078	22,250,381
Tax on profit	10	(4,718,804)	(3,524,615)
Profit for the financial year		23,059,274	18,725,766
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Foreign exchange movement		642,325	(267,864)
		642,325	(267,864)
Total comprehensive income for the year		23,701,599	18,457,902

The notes on pages 18 to 45 form part of these financial statements.

ACORN MOBILITY SERVICES LIMITED
REGISTERED NUMBER: 02593771

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	5,561,569	6,067,166
Tangible assets	13	17,428,388	17,236,076
		<u>22,989,957</u>	<u>23,303,242</u>
Current assets			
Stocks	15	21,415,078	19,120,125
Debtors: amounts falling due within one year	16	10,171,097	9,673,452
Cash at bank and in hand	17	9,759,488	5,993,993
		<u>41,345,663</u>	<u>34,787,570</u>
Creditors: amounts falling due within one year	18	(38,776,440)	(33,466,949)
Net current assets		<u>2,569,223</u>	<u>1,320,621</u>
Total assets less current liabilities		<u>25,559,180</u>	<u>24,623,863</u>
Creditors: amounts falling due after more than one year	19	(8,412,493)	(7,412,901)
Provisions for liabilities			
Deferred tax	22	(407,409)	(269,178)
Other provisions	23	(1,634,737)	(1,733,977)
		<u>(2,042,146)</u>	<u>(2,003,155)</u>
Net assets		<u><u>15,104,541</u></u>	<u><u>15,207,807</u></u>
Capital and reserves			
Called up share capital	24	10,002	10,002
Foreign exchange reserve	25	1,563,535	921,210
Profit and loss account	25	13,531,004	14,276,595
		<u>15,104,541</u>	<u>15,207,807</u>

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

J Richardson
Director

 26/6/2020

The notes on pages 18 to 45 form part of these financial statements.

ACORN MOBILITY SERVICES LIMITED
REGISTERED NUMBER: 02593771

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	10,341,801	10,760,768
Investments	14	16,901,080	16,901,080
		<u>27,242,881</u>	<u>27,661,848</u>
Current assets			
Stocks	15	4,568,428	4,223,310
Debtors: amounts falling due within one year	16	9,591,265	8,760,873
Cash at bank and in hand	17	4,067,577	2,518,879
		<u>18,227,270</u>	<u>15,503,062</u>
Creditors: amounts due within one year	18	(21,138,686)	(17,486,512)
Net current liabilities		<u>(2,911,416)</u>	<u>(1,983,450)</u>
Total assets less current liabilities		<u>24,331,465</u>	<u>25,678,398</u>
Creditors: amounts falling due after more than one year	19	(8,882,736)	(7,595,620)
Provisions for liabilities			
Other provisions	23	(631,131)	(802,778)
Net assets		<u>14,817,598</u>	<u>17,280,000</u>
Capital and reserves			
Called up share capital	24	10,002	10,002
Profit and loss account	25	14,807,596	17,269,998
		<u>14,817,598</u>	<u>17,280,000</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the Parent Company for the year was £21,342,462 (2018 - £17,337,783).

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

J Richardson
Director

 26/6/2020

The notes on pages 18 to 45 form part of these financial statements.

ACORN MOBILITY SERVICES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 October 2018	10,002	921,210	14,276,595	15,207,807
Comprehensive income for the year				
Profit for the year	-	-	23,059,274	23,059,274
Movement on foreign exchange reserve	-	642,325	-	642,325
Other comprehensive income for the year	-	642,325	-	642,325
Total comprehensive income for the year	-	642,325	23,059,274	23,701,599
Dividends: Equity capital	-	-	(23,804,865)	(23,804,865)
Total transactions with owners	-	-	(23,804,865)	(23,804,865)
At 30 September 2019	10,002	1,563,535	13,531,004	15,104,541

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital £	Foreign exchange reserve £	Profit and loss account £	Total equity £
At 1 October 2017	10,002	1,189,074	16,325,459	17,524,535
Comprehensive income for the year				
Profit for the year	-	-	18,725,766	18,725,766
Movement on foreign exchange reserve	-	(267,864)	-	(267,864)
Other comprehensive income for the year	-	(267,864)	-	(267,864)
Total comprehensive income for the year	-	(267,864)	18,725,766	18,457,902
Dividends: Equity capital	-	-	(20,774,630)	(20,774,630)
Total transactions with owners	-	-	(20,774,630)	(20,774,630)
At 30 September 2018	10,002	921,210	14,276,595	15,207,807

The notes on pages 18 to 45 form part of these financial statements.

ACORN MOBILITY SERVICES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2018	10,002	17,269,999	17,280,001
Comprehensive income for the year			
Profit for the year	-	21,342,462	21,342,462
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	21,342,462	21,342,462
Dividends: Equity capital	-	(23,804,865)	(23,804,865)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(23,804,865)	(23,804,865)
	<hr/>	<hr/>	<hr/>
At 30 September 2019	10,002	14,807,596	14,817,598
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2017	10,002	20,706,846	20,716,848
Comprehensive income for the year			
Profit for the year	-	17,337,783	17,337,783
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	17,337,783	17,337,783
Dividends: Equity capital	-	(20,774,630)	(20,774,630)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(20,774,630)	(20,774,630)
	<hr/>	<hr/>	<hr/>
At 30 September 2018	10,002	17,269,999	17,280,001
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 18 to 45 form part of these financial statements.

ACORN MOBILITY SERVICES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	23,059,274	18,725,766
Adjustments for:		
Amortisation of intangible assets	505,597	505,597
Depreciation of tangible assets	2,773,301	2,876,643
Loss on disposal of tangible assets	16,217	6,496
Interest received	(61,820)	(20,300)
Taxation charge	4,718,804	3,524,615
Increase in stocks	(2,294,953)	(2,955,216)
Increase in debtors	(142,183)	(86,659)
Increase in creditors	4,493,885	490,299
(Decrease)/increase in provisions	(99,240)	587,783
Corporation tax (paid)	(3,120,838)	(3,303,722)
Movement on foreign exchange	(342,015)	(94,724)
Net cash generated from operating activities	29,506,029	20,256,578
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,897,046)	(1,164,150)
Sale of tangible fixed assets	257,232	188,730
Interest received	61,820	20,300
Net cash used in investing activities	(2,577,994)	(955,120)

ACORN MOBILITY SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 £	2018 £
Cash flows from financing activities		
Dividends paid	(23,804,865)	(20,774,630)
Net cash used in financing activities	<u>(23,804,865)</u>	<u>(20,774,630)</u>
Net increase/(decrease) in cash and cash equivalents	3,123,170	(1,473,172)
Cash and cash equivalents at beginning of year	5,993,993	7,735,028
Foreign exchange gains and losses	642,325	(267,863)
Cash and cash equivalents at the end of year	<u><u>9,759,488</u></u>	<u><u>5,993,993</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	9,759,488	5,993,993
	<u><u>9,759,488</u></u>	<u><u>5,993,993</u></u>

The notes on pages 18 to 45 form part of these financial statements.

ACORN MOBILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. General information

Acorn Mobility Services Limited ('the Company') is a company limited by shares 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 continue to be the manufacturing, sale, installation and servicing of stairlifts.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ('the Group') as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

The Group's and the Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Group Strategic report and Directors' report on pages 1- 7. The financial position of the Group, its future developments and the principal risks and uncertainties are also shown in the Group Strategic report.

Although the full impact of the current COVID-19 Coronavirus pandemic is not clear, it is having a significant detrimental impact on the overall economy. The directors expect this detrimental impact to be temporary and to be followed by a gradual recovery in 2020 and beyond. However, it is not currently possible to evaluate all of the potential implications to the Group, customers, suppliers, and the wider economy.

The Group's forecasts and projections, taking into account reasonable possible changes in trading performance and considering the impact of COVID-19 as described in the Strategic Report, show that the Group should trade profitably in future years. In particular, the Group has a significant level of financial resources, and no bank debt or other financial liability with any restrictive or financial covenant. Given the nature of the business there is no significant credit risk exposure to any single counterparty. The Group has continued to trade profitably and generate cash post year end, despite the challenging circumstances encountered as a result of the COVID-19 pandemic.

As a consequence, the Directors believe that the Group is well placed in its sector to manage its business risks successfully, to have the expectation that the Group has adequate resources to continue trading successfully, and to fully comply with its regulatory requirements for the foreseeable future. Consequently, the Directors continue to adopt the going concern basis in preparing these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Group and Company financial statements are presented in pound sterling. The company's functional currency is pound sterling, however the group has overseas subsidiaries which have functional currencies other than pound sterling.

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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.5 Revenue

The principal activities of the Group are manufacturing, sale, installation and servicing of Stairlifts. Revenue in respect of stairlift sales is recognised on installation. Customer deposits received in advance of the installation date are deferred to the balance sheet until the installation is complete.

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.

Rendering of services

Service agreements are available to suit customers' needs. Where a service agreement spans more than one accounting period, revenue is deferred on a time apportioned basis. If the Company has completed its service obligations within the period the full revenue in respect of the service agreement is recognised.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 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. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.8 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.9 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 payment obligations.

The contributions are recognised as an expense in the Consolidated 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.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.11 Intangible 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 Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.12 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Leasehold improvements	- 10% or over the term of the lease
Plant & machinery	- 10% to 33% 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 in the Consolidated Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.13 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 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 reporting 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 profit or loss.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)**2.20 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 Consolidated Statement of Comprehensive Income 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.

A warranty cost provision is accrued using historic data to show the average parts and labour costs incurred per warranty sold. The total warranty cost provision is calculated as the average warranty costs incurred per warranty sold multiplied by the number of unexpired warranties at the year-end.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

2. Accounting policies (continued)

2.21 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, 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 debtors and creditors, 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 the 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 Consolidated 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.

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.

2.22 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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.

Assessing impairment indicators

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. No impairment indicators noted in the 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) Determining residual values and useful economic lives of tangible and intangible assets

The Company 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 Company 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.

(ii) Stock provisions

Judgement is also applied when determining an appropriate provision against the value of stock on a slow moving stock basis. Returned and dated parts and refurbished stairlifts are provided for, the judgement applies to the appropriate percentage of stock value that is to be provided for.

(iii) Warranty unbundling

Stairlifts are sold inclusive of a one or two year warranty depending on the jurisdiction in which the sale occurs. Under FRS 102 the revenue associated to the sale of the Stairlift and the warranty contract must be recognised separately, with the warranty income being deferred and released to the Statement of Comprehensive Income on a straight line basis over the period of the warranty.

The value associated to the contract is based on historic data to show the average parts and labour costs incurred per contract. Judgement is applied by management to ensure a reasonable profit margin is applied to these calculated costs.

(iv) Warranty cost provision

Management calculate a provision for the expected cost of attending to claims on unexpired warranties. The provision incorporates key judgements including the average percentage of customers who make warranty claims and the average cost of parts and labour used to rectify the issue.

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Sale of goods	213,476,327	200,509,809
Rendering of services	27,593,694	23,914,763
	<u>241,070,021</u>	<u>224,424,572</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	68,758,927	65,588,241
Rest of Europe	35,077,306	32,745,037
Rest of the World	137,233,788	126,091,294
	<u>241,070,021</u>	<u>224,424,572</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	2,773,301	2,876,643
Amortisation of intangible assets, including goodwill	505,597	505,597
Exchange differences	(789,004)	766,572
Defined contribution pension cost	1,421,403	1,251,566
Operating lease expenses	<u>4,589,733</u>	<u>4,243,160</u>

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	142,901	107,208
	<u>142,901</u>	<u>107,208</u>
Fees payable to the Group's auditor and its associates in respect of:		
Other services	121,027	52,700
	<u>121,027</u>	<u>52,700</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £
Wages and salaries	62,303,420	57,317,720
Social security costs	5,058,768	4,753,595
Cost of defined contribution scheme	1,421,403	1,251,566
	<u>68,783,591</u>	<u>63,322,881</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Office, administration, sales and installation	1,384	1,334
Production	204	202
	<u>1,588</u>	<u>1,536</u>

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

8. Directors' remuneration

	2019	2018
	£	£
Directors' emoluments	385,214	303,410
Company contributions to defined contribution pension schemes	24,153	16,213
Amounts paid to third parties in respect of directors' services	38,040	38,858
	<u>447,407</u>	<u>358,481</u>

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £123,193 (2018 - £98,652).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,708 (2018 - £8,046).

9. Interest receivable

	2019	2018
	£	£
Bank interest received	24,380	12,947
Other interest receivable	37,440	7,353
	<u>61,820</u>	<u>20,300</u>

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	3,305,823	2,928,888
Adjustments in respect of previous periods	55,545	(432,743)
	<u>3,361,368</u>	<u>2,496,145</u>
Foreign tax		
Foreign tax on income for the year	1,574,667	456,700
Total current tax	<u>4,936,035</u>	<u>2,952,845</u>
Deferred tax		
Origination and reversal of timing differences	(217,231)	571,770
Total deferred tax	<u>(217,231)</u>	<u>571,770</u>
Taxation on profit on ordinary activities	<u>4,718,804</u>	<u>3,524,615</u>

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 -lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	27,778,078	20,508,342
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	5,277,835	4,227,572
Effects of:		
Expenses not deductible for tax purposes including fixed asset impairment	16,019	80,328
Adjustments to tax charge in respect of prior periods	55,545	(432,743)
Research and Development and patent box tax credits leading to a decrease in the tax charge	(975,718)	(895,483)
Differences in corporation tax rate of subsidiaries during the period	310,862	122,813
Other adjustments	34,261	422,128
Total tax charge for the year	4,718,804	3,524,615

Factors that may affect future tax charges

The Group has estimated tax losses of £3,439,146 (2018: £3,627,745) to carry forward against future profits in specific subsidiary companies.

11. Dividends

	2019 £	2018 £
Dividends paid on equity capital	23,804,865	20,774,630
	<u>23,804,865</u>	<u>20,774,630</u>

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

12. Intangible assets**Group**

	Data £	Software £	Goodwill £	Total £
Cost				
At 1 October 2018	452,876	17,020	10,768,580	11,238,476
At 30 September 2019	452,876	17,020	10,768,580	11,238,476
Amortisation				
At 1 October 2018	452,876	17,020	4,701,414	5,171,310
Charge for the year	-	-	505,597	505,597
At 30 September 2019	452,876	17,020	5,207,011	5,676,907
Net book value				
At 30 September 2019	-	-	5,561,569	5,561,569
At 30 September 2018	-	-	6,067,166	6,067,166

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

12. Intangible assets (continued)**Company**

	Data £	Software £	Goodwill £	Total £
Cost				
At 1 October 2018	452,876	17,020	602,788	1,072,684
At 30 September 2019	452,876	17,020	602,788	1,072,684
Amortisation				
At 1 October 2018	452,876	17,020	602,788	1,072,684
At 30 September 2019	452,876	17,020	602,788	1,072,684
Net book value				
At 30 September 2019	-	-	-	-
At 30 September 2018	-	-	-	-

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

13. Tangible fixed assets

Group

	Land and buildings £	Plant & machinery £	Motor vehicles £	Other fixed assets £	Total £
Cost or valuation					
At 1 October 2018	9,113,112	9,178,701	7,598,746	8,939,974	34,830,533
Additions	6,673	839,544	2,050,829	-	2,897,046
Disposals	-	(216,070)	(901,458)	-	(1,117,528)
Exchange adjustments	237,076	147,589	189,590	-	574,255
At 30 September 2019	<u>9,356,861</u>	<u>9,949,764</u>	<u>8,937,707</u>	<u>8,939,974</u>	<u>37,184,306</u>
Depreciation					
At 1 October 2018	2,284,729	6,785,347	5,245,668	3,278,713	17,594,457
Charge for the year on owned assets	311,464	943,382	1,162,071	356,384	2,773,301
Disposals	-	(125,389)	(718,690)	-	(844,079)
Exchange adjustments	46,200	86,811	99,228	-	232,239
At 30 September 2019	<u>2,642,393</u>	<u>7,690,151</u>	<u>5,788,277</u>	<u>3,635,097</u>	<u>19,755,918</u>
Net book value					
At 30 September 2019	<u>6,714,468</u>	<u>2,259,613</u>	<u>3,149,430</u>	<u>5,304,877</u>	<u>17,428,388</u>
At 30 September 2018	<u>6,828,383</u>	<u>2,393,354</u>	<u>2,353,078</u>	<u>5,661,261</u>	<u>17,236,076</u>

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Freehold	6,000,940	6,092,613
Long leasehold	713,528	735,771
	<u>6,714,468</u>	<u>6,828,384</u>

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

13. Tangible fixed assets (continued)

Company

	Freehold property £	Leasehold improvements £	Plant & machinery £	Motor vehicles £	Other fixed assets £	Total £
Cost or valuation						
At 1 October 2018	3,772,800	658,016	6,265,940	2,157,943	8,939,974	21,794,673
Additions	-	-	415,115	507,672	-	922,787
Disposals	-	-	(114,131)	(129,266)	-	(243,397)
At 30 September 2019	3,772,800	658,016	6,566,924	2,536,349	8,939,974	22,474,063
Depreciation						
At 1 October 2018	351,456	658,016	5,081,633	1,664,087	3,278,713	11,033,905
Charge for the year on owned assets	75,200	-	526,551	276,742	356,384	1,234,877
Disposals	-	-	(25,756)	(110,764)	-	(136,520)
At 30 September 2019	426,656	658,016	5,582,428	1,830,065	3,635,097	12,132,262
Net book value						
At 30 September 2019	3,346,144	-	984,496	706,284	5,304,877	10,341,801
At 30 September 2018	3,421,344	-	1,184,307	493,856	5,661,261	10,760,768

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

14. Fixed asset investments**Company**

	Investments in subsidiary companies £
Cost	
At 1 October 2018	16,923,965
At 30 September 2019	<u>16,923,965</u>
Impairment	
At 1 October 2018	22,885
At 30 September 2019	<u>22,885</u>
Net book value	
At 30 September 2019	<u>16,901,080</u>
At 30 September 2018	<u>16,901,080</u>

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

14. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Acorn Stairlifts (Pty) Limited *	Unit F, 6 Narabang Way, Belrose, NSW 2085, Australia	Ordinary	100%
Acorn BVBA	Nijverheidslaan 1, 1853 Strombeek-Bever, Belgium	Ordinary	100%
Acorn Stairlifts (Canada) Inc	Unit 101, 5555 N Service Rd, Burlington, ON L7L 6W6, Canada	Ordinary	100%
Acorn Stairlifts Inc	7001 Lake Ellenor Dr, Orlando, FL 32809, USA	Ordinary	100%
Acorn Treppenlift GmbH	Rather Str. 23B, 40476 Dusseldorf, Germany	Ordinary	100%
Acorn Montascale SRL	Via Mario Guintini, 192, 56021 Comune di Cascina (PI), Italy	Ordinary	100%
Acorn Monte-Escalier SAS	27 Boulevard Saint Martin, 75003, Paris, France	Ordinary	100%
Brooks Stairlifts Limited	Telecom House, Millennium Business Park, Station Road, Steeton, Bradford, BD20 6RB, UK	Ordinary	100%
Alexander Pollock Limited	Hospital Road, Haddington, East Lothian, EH41 3PD, UK	Ordinary	100%
Acorn Stairlifts (Pty) Limited **	Unit 15 Prema Park, No. 12 Engine Road, Montague Gardens, Cape Town 7441, South Africa	Ordinary	100%
Acorn Stairlifts Limited	33 Sir John Rogerson's Quay, Dublin 2, Ireland	Ordinary	100%

* Acorn Stairlifts (Pty) Limited: subsidiary incorporated in Australia.

** Acorn Stairlifts (Pty) Limited: subsidiary incorporated in South Africa.

The principal activity of all above subsidiaries is the sale, installation and servicing of stairlifts, other than Alexander Pollock Limited whose principal activity is Metal Engraving. Acorn Mobility Services Limited also has a number of dormant subsidiaries.

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

Brooks Stairlifts Limited
Alexander Pollock Limited.

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

15. Stocks

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Raw materials and consumables	788,522	772,265	799,613	768,546
Finished goods and goods for resale	20,626,556	18,347,860	3,768,815	3,454,764
	<u>21,415,078</u>	<u>19,120,125</u>	<u>4,568,428</u>	<u>4,223,310</u>

Stock recognised in cost of sales during the year as an expense was £66,724,396 (2018 - £64,303,699).

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

16. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	4,564,029	3,908,976	881,460	986,652
Amounts owed by group undertakings	-	-	7,004,912	5,612,120
Other debtors	2,523,867	2,822,143	1,310,259	1,412,173
Prepayments and accrued income	1,974,305	2,188,899	373,156	642,509
Deferred taxation	1,108,896	753,434	21,478	107,419
	<u>10,171,097</u>	<u>9,673,452</u>	<u>9,591,265</u>	<u>8,760,873</u>

17. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	9,759,488	5,993,993	4,067,577	2,518,879
	<u>9,759,488</u>	<u>5,993,993</u>	<u>4,067,577</u>	<u>2,518,879</u>

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

18. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Payments received on account	2,120,144	2,292,193	580,973	884,544
Trade creditors	5,304,330	6,142,896	1,996,806	2,400,435
Amounts owed to group undertakings	-	-	-	24,045
Amounts owed to associates	4,626,288	3,601,187	4,608,239	3,584,009
Corporation tax	2,575,181	759,984	1,731,571	266,660
Other taxation and social security	810,401	757,186	425,095	415,460
Other creditors	2,585,549	1,351,849	1,570,726	395,729
Accruals and deferred income	20,754,547	18,561,654	10,225,276	9,515,630
	<u>38,776,440</u>	<u>33,466,949</u>	<u>21,138,686</u>	<u>17,486,512</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 £400,000 (2018 - £300,000).

19. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Amounts owed to group undertakings	-	-	1,315,308	1,297,261
Accruals and deferred income	8,412,493	7,412,901	7,567,428	6,298,359
	<u>8,412,493</u>	<u>7,412,901</u>	<u>8,882,736</u>	<u>7,595,620</u>

20. Accruals and deferred income

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due between one and two years	3,889,453	3,708,640	3,396,518	3,029,368
Due between two and five years	4,519,594	3,697,034	4,167,464	3,268,969
Due in greater than five years	3,446	7,227	3,446	22
	<u>8,412,493</u>	<u>7,412,901</u>	<u>7,567,428</u>	<u>6,298,359</u>

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

21. Financial instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Cash and cash equivalents	9,759,488	5,993,993	4,067,577	2,518,879
Financial assets that are debt instruments measured at amortised cost	7,087,896	6,731,119	9,196,631	8,010,945
	<u>16,847,384</u>	<u>12,725,112</u>	<u>13,264,208</u>	<u>10,529,824</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(19,542,417)</u>	<u>(18,954,998)</u>	<u>(11,370,369)</u>	<u>(10,022,701)</u>

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amounts due from group undertakings, amounts due from related parties and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, amounts owed to related parties, other creditors, payments on accounts and accruals.

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

22. Deferred taxation

Group

	2019 £
At beginning of year	484,256
Charged to profit or loss	217,231
At end of year	701,487

Company

	2019 £
At beginning of year	107,419
Charged to profit or loss	(85,941)
At end of year	21,478

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(385,463)	(245,168)	21,478	107,419
Tax losses carried forward	696,238	35,951	-	-
Other timing difference	390,712	693,473	-	-
	701,487	484,256	21,478	107,419
Comprising:				
Asset	1,108,896	753,434	21,478	107,419
Liability	(407,409)	(269,178)	-	-
	701,487	484,256	21,478	107,419

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

23. Provisions**Group**

	Warranty provision £
At 1 October 2018	1,733,977
Credited to the profit or loss	(99,240)
At 30 September 2019	<u>1,634,737</u>

Company

	Warranty provision £	Total £
At 1 October 2018	802,778	802,778
Credited to the profit or loss	(171,647)	(171,647)
At 30 September 2019	<u>631,131</u>	<u>631,131</u>

24. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
10,002 (2018 -10,002) Ordinary shares of £1.00 each	<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.

25. Reserves**Foreign exchange reserve**

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

Profit & loss account

The profit and loss account represents the accumulated profits and losses of the Group or Company less dividends paid.

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,421,403 (2018 - £1,251,566). Contributions totalling £154,090 (2018 - £86,280) were payable to the fund at the reporting date and are included in creditors.

27. Commitments under operating leases

At 30 September 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	2,324,806	2,661,477	52,000	52,000
Later than 1 year and not later than 5 years	3,105,973	2,838,314	-	-
Later than 5 years	20,356	78,451	-	-
	<u>5,451,135</u>	<u>5,578,242</u>	<u>52,000</u>	<u>52,000</u>

28. 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 100% owned by Acorn Mobility Services Limited.

During the year the Group entered into transactions with entities under common control. The Group sold goods and services with a value of £56,252 (2018: £38,996) and purchased goods and services of £80,475,092 (2018: £82,865,991). Amounts due to such companies at the year end was £5,639,057 (2018: £5,161,322).

Dividends totalling £23,804,864 (2018: £20,774,630) were declared in the year. At the year end an amount totalling £687,381 was owed to the ultimate controlling party (2018: £8,968 due to the ultimate controlling party).

ACORN MOBILITY SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

29. Post balance sheet events

After the year end dividends totalling £7.9m were declared and paid up by 27 February 2020. Additionally the Company purchased freehold property for £2.2m completing on 21 October 2019.

On 11 March 2020 the World Health Organisation ("WHO") declared Coronavirus COVID-19 a pandemic and as at 23 June 2020 there were over 8.5m confirmed cases of COVID-19 worldwide. Many countries like the UK imposed significant lockdown restrictions to limit movement and reduce the spread of the virus. This has had a significant detrimental impact on the UK and Global economy and due to its nature it is not currently possible to evaluate all the potential implications of COVID-19 to the Company and the Group's trade, customers and suppliers and the wider economy.

Throughout the Coronavirus pandemic, the Group has continued to operate in order to service and protect the ongoing needs of their customers. In common with the economy at large, COVID-19 has had a significant impact on normal operations and the business has reacted in order to safeguard the employment of our valued employees. As the Group operates across a wide range of geographical markets it is well diversified to manage the impact of COVID-19. Whilst there has not been a material post balance sheet impact of COVID-19 the Directors recognise that there is wider economic uncertainty which may impact the Group's performance in the future as disclosed in the Group Strategic Report and note 2.3 to the financial statements.

30. Controlling party

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