

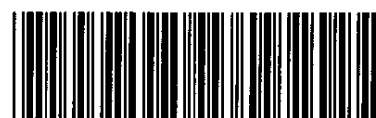
# **Acorn Mobility Services Limited**

Registered number: 02593771

## **Annual report and consolidated financial statements**

**For the year ended 30 September 2017**

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29/06/2018  
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**ACORN MOBILITY SERVICES LIMITED**

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**COMPANY INFORMATION**

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|----------------------------|--|
| <b>Directors</b>           | J S Jakes<br>N Wilson<br>J Richardson<br>P Bethell (appointed 20 October 2017)<br>M J Oldham (Non Executive)               |
| <b>Company secretary</b>   | G Moore  |
| <b>Registered number</b>   | 02593771   |
| <b>Registered office</b>   | Telecom House<br>Millennium Business Park<br>Steeton<br>Bradford<br>West Yorkshire<br>BD20 6RB                             |
| <b>Independent auditor</b> | Mazars LLP<br>Chartered Accountants & Statutory Auditor<br>Mazars House<br>Gelderd Road<br>Gildersome<br>Leeds<br>LS27 7JN |
| <b>Bankers</b>             | Lloyds TSB Bank plc<br>2nd Floor<br>Lisbon House<br>116 Wellington Street<br>Leeds<br>West Yorkshire<br>LS1 4LT            |
| <b>Solicitors</b>          | Squire Patton Boggs (UK) LLP<br>6 Wellington Place<br>Leeds<br>West Yorkshire<br>LS3 4AP                                   |

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**ACORN MOBILITY SERVICES LIMITED**

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## ACORN MOBILITY SERVICES LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

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#### Introduction

The directors present their Strategic Report for the year ended 30 September 2017.

#### 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 2017<br>('000) | 30 September 2016<br>('000) |
|---|-----------------------------|-----------------------------|
| Turnover  | £211,771                    | £177,198                    |
| Non UK turnover                                     | 70.9%                       | 67.7%                       |
| Gross profit  | £144,771                    | £117,187                    |
| Gross profit margin                                 | 68.4%                       | 66.1%                       |
| Operating profit excluding exceptional costs        | £21,982                     | £18,899                     |
| Operating profit margin excluding exceptional costs | 10.4%                       | 10.7%                       |
| Cash inflow from operating activities               | £21,339                     | £9,850                      |
| Employees   | 1,485                       | 1,307                       |

#### Development and Financial Performance During the Year

It has been a very positive year for Acorn. As reported in the Group's Statement of Comprehensive Income, Group revenue has increased by 19.5% (2016: 18.8%) from £177.2m to £211.8m. Strong revenue growth has been generated from rest of the world territories increasing the proportion of non UK turnover from 67.7% to 70.9%. The reported sales growth was assisted by a strong USD during the period, a significant portion of the Group's revenue is generated in territories using the USD as the primary and functional currency.

Gross profit has increased from £117.2m to £144.8m with the gross profit margin increasing from 66.1% to 68.4% due to strong cost control and efficiencies arising from sales growth.

Operating profit (excluding exceptional costs) has increased from £18.9m to £22.0m, however the operating margin has decreased from 10.7% to 10.4%.

#### Financial Position at the Reporting Date

Total net assets have decreased from £19.6m to £17.5m. Net cash movements from operating activities have improved from £9.8m to £21.3m in the current year, this reflects the strong operating profit performance in the year and a reduction in overall debtor days.

The Group average headcount continued to increase from 1,307 to 1,485 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.

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## **ACORN MOBILITY SERVICES LIMITED**

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### **GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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#### **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 & development working together with key suppliers to continuously improve and develop the comfort, safety and functionality of its products. During the year £45,000 (2016: £42,500) 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 meet 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 USD and Euro outflows.

##### **Financial Risk**

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

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**ACORN MOBILITY SERVICES LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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This report was approved by the board on 22/6/18 and signed on its behalf.

**J Richardson**  
Director

*J Richardson*

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## **ACORN MOBILITY SERVICES LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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The directors present their report and the financial statements for the year ended 30 September 2017.

#### **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 Company'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 £17,135,029 (2016 - £16,667,316).

Dividends totalling £18,989,579 were declared for the year (2016: £15,038,000).

#### **Directors**

The directors who served during the year were:

J S Jakes  
N Wilson  
J Richardson (appointed 25 September 2017)  
M J Oldham (Non Executive)

#### **Employee involvement**

Acorn Mobility Services Limited is an Investor in People, successfully retaining this important accreditation at the 3 year review in February 2016 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.

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**ACORN MOBILITY SERVICES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**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.

**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 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.

**Qualifying third party indemnity provisions**

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

**Matters covered 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.

**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.

**Post balance sheet events**

Post year end, interim dividends of £13,874,343 have been issued relating to the year ending 30 September 2018.

**Auditor**

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



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**ACORN MOBILITY SERVICES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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This report was approved by the board on 22 | 6 | 18 and signed on its behalf.



**J Richardson**  
Director

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**ACORN MOBILITY SERVICES LIMITED**

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

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**Opinion**

We have audited the financial statements of Acorn Mobility Services Limited for the year ended 30 September 2017 which comprise the Consolidated Statement of Comprehensive Income, the Group and Company Statement of Financial Positions, the Group and Company Statement of Changes in Equity, the Group 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 and Company's affairs as at 30 September 2017 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.

**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 or 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 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.

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**ACORN MOBILITY SERVICES LIMITED**

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

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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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

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**ACORN MOBILITY SERVICES LIMITED**

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

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**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 4, 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 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 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](http://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 Group's and Parent 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 Group's and Parent 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 Group and Parent Company and the Group and Parent 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  
Mazars House  
Gelderd Road  
Gildersome  
Leeds  
LS27 7JN

Date: 29.6.2018

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**ACORN MOBILITY SERVICES LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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|   | Note | 2017<br>£           | 2016<br>£           |
|---|------|---------------------|---------------------|
| Turnover  | 4    | 211,770,560         | 177,197,685         |
| Cost of sales   |      | (66,999,697)        | (60,010,198)        |
| <b>Gross profit</b>   |      | <b>144,770,863</b>  | <b>117,187,487</b>  |
| Distribution costs  |      | (39,110,669)        | (32,785,421)        |
| Administrative expenses                                       |      | (83,678,463)        | (65,503,197)        |
| Exceptional administrative expenses                           | 14   | (1,479,000)         | -                   |
| <b>Operating profit</b>                                       | 5    | <b>20,502,731</b>   | <b>18,898,869</b>   |
| Gain arising on fair value of current asset investments       |      | -                   | 1,800,878           |
| Investment income   | 9    | -                   | 60,000              |
| Interest receivable and similar income                        | 10   | 12,350              | 167,606             |
| Interest payable and expenses                                 | 11   | (6,739)             | (390)               |
| <b>Profit before tax</b>                                      |      | <b>20,508,342</b>   | <b>20,926,963</b>   |
| Tax on profit   | 12   | (3,373,313)         | (4,259,647)         |
| <b>Profit for the financial year</b>                          |      | <b>17,135,029</b>   | <b>16,667,316</b>   |
| <b>Other comprehensive income:</b>                            |      |                     |                     |
| <b>Items that will not be reclassified to profit or loss:</b> |      |                     |                     |
| Movement on foreign exchange reserve                          |      | (221,793)           | 1,607,320           |
| <b>Total comprehensive income for the year</b>                |      | <b>16,913,236</b>   | <b>18,274,636</b>   |
| <b>Profit for the year attributable to:</b>                   |      |                     |                     |
| Owners of the parent company                                  |      | (17,135,029)        | (16,667,316)        |
|   |      | <u>(17,135,029)</u> | <u>(16,667,316)</u> |

**ACORN MOBILITY SERVICES LIMITED**  
**REGISTERED NUMBER: 02593771**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**

|   | Note | 2017<br>£                | 2016<br>£                |
|---|------|--------------------------|--------------------------|
| <b>Fixed assets</b>                                     |      |                          |                          |
| Intangible assets                                       | 15   | 6,572,763                | 7,078,360                |
| Tangible assets   | 16   | 19,049,069               | 21,288,800               |
|   |      | <u>25,621,832</u>        | <u>28,367,160</u>        |
| <b>Current assets</b>                                   |      |                          |                          |
| Stocks  | 18   | 16,164,908               | 15,389,216               |
| Debtors: amounts falling due within one year            | 19   | 10,163,797               | 13,163,518               |
| Cash at bank and in hand                                | 20   | 7,735,028                | 8,138,552                |
|   |      | <u>34,063,733</u>        | <u>36,691,286</u>        |
| Creditors: amounts falling due within one year          | 21   | (31,328,965)             | (30,923,100)             |
| <b>Net current assets</b>                               |      | <u>2,734,768</u>         | <u>5,768,186</u>         |
| <b>Total assets less current liabilities</b>            |      | <u>28,356,600</u>        | <u>34,135,346</u>        |
| Creditors: amounts falling due after more than one year | 22   | (9,411,458)              | (12,103,810)             |
| <b>Provisions for liabilities</b>                       |      |                          |                          |
| Deferred tax  | 24   | (274,413)                | (1,220,359)              |
| Other provisions  | 25   | (1,146,194)              | (1,210,299)              |
|   |      | <u>(1,420,607)</u>       | <u>(2,430,658)</u>       |
| <b>Net assets</b>                                       |      | <u><u>17,524,535</u></u> | <u><u>19,600,878</u></u> |
| <b>Capital and reserves</b>                             |      |                          |                          |
| Called up share capital                                 | 27   | 10,002                   | 10,002                   |
| Foreign exchange reserve                                | 28   | 1,189,074                | 1,410,867                |
| Profit and loss account                                 | 28   | 16,325,459               | 18,180,009               |
|   |      | <u>17,524,535</u>        | <u>19,600,878</u>        |

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

 22/6/18

**J Richardson**  
 Director

The notes on pages 17 to 43 form part of these financial statements.

**ACORN MOBILITY SERVICES LIMITED**  
**REGISTERED NUMBER: 02593771**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**

|   | <b>Note</b> | <b>2017<br/>£</b> | <b>2016<br/>£</b>  |
|---|-------------|-------------------|--------------------|
| <b>Fixed assets</b>                                     |             |                   |                    |
| Tangible assets   | <b>16</b>   | 11,670,330        | 13,382,156         |
| Investments   | <b>17</b>   | 16,892,061        | 16,914,946         |
|   |             | <u>28,562,391</u> | <u>30,297,102</u>  |
| <b>Current assets</b>                                   |             |                   |                    |
| Stocks  | <b>18</b>   | 5,134,595         | 5,982,464          |
| Debtors: amounts falling due within one year            | <b>19</b>   | 8,571,285         | 12,004,958         |
| Cash at bank and in hand                                | <b>20</b>   | 3,597,078         | 3,466,495          |
|   |             | <u>17,302,958</u> | <u>21,453,917</u>  |
| Creditors: amounts falling due within one year          | <b>21</b>   | (16,095,871)      | (16,578,013)       |
| <b>Net current assets</b>                               |             | <u>1,207,087</u>  | <u>4,875,904</u>   |
| <b>Total assets less current liabilities</b>            |             | <u>29,769,478</u> | <u>35,173,006</u>  |
| Creditors: amounts falling due after more than one year | <b>22</b>   | (8,422,297)       | (12,117,446)       |
| <b>Provisions for liabilities</b>                       |             |                   |                    |
| Deferred taxation                                       | <b>24</b>   | 120,061           | (624,768)          |
| Other provisions  | <b>25</b>   | (750,393)         | (857,910)          |
|   |             | <u>(630,332)</u>  | <u>(1,482,678)</u> |
| <b>Net assets</b>                                       |             | <u>20,716,849</u> | <u>21,572,882</u>  |
| <b>Capital and reserves</b>                             |             |                   |                    |
| Called up share capital                                 | <b>27</b>   | 10,002            | 10,002             |
| Profit and loss account                                 | <b>28</b>   | 20,706,847        | 21,562,880         |
|   |             | <u>20,716,849</u> | <u>21,572,882</u>  |

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

 22/6/18

**J Richardson**  
 Director

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**ACORN MOBILITY SERVICES LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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|  | <b>Called up<br/>share capital</b> | <b>Foreign<br/>exchange<br/>reserve</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|--|------------------------------------|---|------------------------------------|---------------------|
|  | £                                  | £                                       | £                                  | £                   |
| At 1 October 2016                              | 10,002                             | 1,410,867                               | 18,180,009                         | 19,600,878          |
| <b>Comprehensive income for the year</b>       |                                    |   |                                    |                     |
| Profit for the year                            | -                                  | -                                       | 17,135,029                         | 17,135,029          |
| Movement on foreign exchange reserve           | -                                  | (221,793)                               | -                                  | (221,793)           |
| <b>Total comprehensive income for the year</b> | -                                  | (221,793)                               | 17,135,029                         | 16,913,236          |
| Dividends: Equity capital                      | -                                  | -                                       | (18,989,579)                       | (18,989,579)        |
| <b>At 30 September 2017</b>                    | <b>10,002</b>                      | <b>1,189,074</b>                        | <b>16,325,459</b>                  | <b>17,524,535</b>   |

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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|  | <b>Called up<br/>share capital</b> | <b>Foreign<br/>exchange<br/>reserve</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|--|------------------------------------|---|------------------------------------|---------------------|
|  | £                                  | £                                       | £                                  | £                   |
| At 1 October 2015                              | 10,002                             | (196,453)                               | 16,550,693                         | 16,364,242          |
| <b>Comprehensive income for the year</b>       |                                    |   |                                    |                     |
| Profit for the year                            | -                                  | -                                       | 16,667,316                         | 16,667,316          |
| Movement on foreign exchange reserve           | -                                  | 1,607,320                               | -                                  | 1,607,320           |
| <b>Total comprehensive income for the year</b> | -                                  | 1,607,320                               | 16,667,316                         | 18,274,636          |
| Dividends: Equity capital                      | -                                  | -                                       | (15,038,000)                       | (15,038,000)        |
| <b>At 30 September 2016</b>                    | <b>10,002</b>                      | <b>1,410,867</b>                        | <b>18,180,009</b>                  | <b>19,600,878</b>   |

The notes on pages 17 to 43 form part of these financial statements.



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**ACORN MOBILITY SERVICES LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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|  | <b>Called up<br/>share capital</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|--|------------------------------------|------------------------------------|---------------------|
|  | <b>£</b>                           | <b>£</b>                           | <b>£</b>            |
| At 1 October 2016                              | 10,002                             | 21,562,880                         | 21,572,882          |
| <b>Comprehensive income for the year</b>       |                                    |                                    |                     |
| Profit for the year                            | -                                  | 18,133,546                         | 18,133,546          |
|  | -                                  | 18,133,546                         | 18,133,546          |
| <b>Total comprehensive income for the year</b> |                                    |                                    |                     |
| Dividends: Equity capital                      | -                                  | (18,989,579)                       | (18,989,579)        |
| <b>At 30 September 2017</b>                    | <b>10,002</b>                      | <b>20,706,847</b>                  | <b>20,716,849</b>   |

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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|  | <b>Called up<br/>share capital</b> | <b>Foreign<br/>exchange<br/>reserve</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|--|------------------------------------|---|------------------------------------|---------------------|
|  | <b>£</b>                           | <b>£</b>                                | <b>£</b>                           | <b>£</b>            |
| At 1 October 2015 (as previously stated)       | 10,002                             | 26,576                                  | 20,145,669                         | 20,182,247          |
| Prior year adjustment (upon FRS102 conversion) | -                                  | -                                       | (844,866)                          | (844,866)           |
| At 1 October 2015 (as restated)                | 10,002                             | 26,576                                  | 19,300,803                         | 19,337,381          |
| <b>Comprehensive income for the year</b>       |                                    |   |                                    |                     |
| Profit for the year                            | -                                  | -                                       | 17,300,077                         | 17,300,077          |
| Movement on foreign exchange reserve           | -                                  | (26,576)                                | -                                  | (26,576)            |
|  | -                                  | (26,576)                                | 17,300,077                         | 17,273,501          |
| <b>Total comprehensive income for the year</b> |                                    |   |                                    |                     |
| Dividends: Equity capital                      | -                                  | -                                       | (15,038,000)                       | (15,038,000)        |
| <b>At 30 September 2016</b>                    | <b>10,002</b>                      | <b>-</b>                                | <b>21,562,880</b>                  | <b>21,572,882</b>   |

The notes on pages 17 to 43 form part of these financial statements.

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**ACORN MOBILITY SERVICES LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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|   | 2017<br>£          | 2016<br>£        |
|---|--------------------|------------------|
| <b>Cash flows from operating activities</b>         |                    |                  |
| Profit for the financial year                       | 17,135,029         | 16,667,316       |
| <b>Adjustments for:</b>                             |                    |                  |
| Amortisation of intangible assets                   | 505,597            | 899,585          |
| Depreciation of tangible assets                     | 3,076,505          | 2,696,237        |
| Impairments of fixed assets                         | 1,479,000          | -                |
| Loss on disposal of tangible assets                 | 44,855             | 74,947           |
| Interest paid                                       | 6,739              | 216,820          |
| Interest received and investment income             | (12,350)           | (227,606)        |
| Taxation charge                                     | 3,373,313          | 4,259,647        |
| Increase in stocks                                  | (775,692)          | (4,521,953)      |
| Decrease/(increase) in debtors                      | 2,128,754          | (2,822,579)      |
| Decrease in creditors                               | (1,137,784)        | (1,695,610)      |
| (Decrease)/increase in provisions                   | (64,105)           | 135,959          |
| Net fair value gains recognised                     | -                  | (1,800,878)      |
| Corporation tax paid                                | (4,596,995)        | (3,170,277)      |
| Movement on foreign exchange                        | 176,087            | (861,613)        |
| <b>Net cash generated from operating activities</b> | <b>21,338,953</b>  | <b>9,849,995</b> |
| <b>Cash flows from investing activities</b>         |                    |                  |
| Purchase of tangible fixed assets                   | (3,030,785)        | (4,469,155)      |
| Sale of tangible fixed assets                       | 494,069            | 109,041          |
| Interest received                                   | 12,350             | 2,400            |
| Other operating income received                     | -                  | 165,206          |
| Dividends received                                  | -                  | 60,000           |
| Proceeds from sale of current asset investments     | -                  | 7,968,000        |
| <b>Net cash from investing activities</b>           | <b>(2,524,366)</b> | <b>3,835,492</b> |

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**ACORN MOBILITY SERVICES LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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|   | 2017<br>£           | 2016<br>£           |
|---|---------------------|---------------------|
| <b>Cash flows from financing activities</b>                   |                     |                     |
| Dividends paid  | (18,989,579)        | (15,038,000)        |
| Interest paid   | (6,739)             | (216,820)           |
| <b>Net cash used in financing activities</b>                  | <u>(18,996,318)</u> | <u>(15,254,820)</u> |
| <b>Net decrease in cash and cash equivalents</b>              | (181,731)           | (1,569,333)         |
| Cash and cash equivalents at beginning of year                | 8,138,552           | 8,100,565           |
| Foreign exchange gains and losses                             | (221,793)           | 1,607,320           |
| <b>Cash and cash equivalents at the end of year</b>           | <u>7,735,028</u>    | <u>8,138,552</u>    |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                     |                     |
| Cash at bank and in hand                                      | 7,735,028           | 8,138,552           |
|   | <u>7,735,028</u>    | <u>8,138,552</u>    |

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## ACORN MOBILITY SERVICES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

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#### 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.

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 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).

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 companies 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 the 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 the 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:

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. Accounting policies (continued)****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.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 October 2014.

**2.3 Going concern**

The Group's business activities, together with 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.

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. Accounting policies (continued)****2.4 Revenue recognition**

The principal activities of the Group 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.

**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.

**2.5 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.

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**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 profit or loss 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, 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.

**2.7 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.

**2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.9 Stocks**

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 the Statement of Comprehensive Income.

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. Accounting policies (continued)****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 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 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.



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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. Accounting policies (continued)****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 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.

**2.15 Finance costs**

Finance costs are charged to the Consolidated 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.

**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.

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. Accounting policies (continued)****2.17 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.

**2.18 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.

**2.19 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.

**2.20 Interest income**

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

**2.21 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 less the average warranty cost incurred per unexpired warranty at the year end.

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**2. Accounting policies (continued)****2.22 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.

**2.23 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

**2.24 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.

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**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 Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below. 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.

**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) Estimating value in use**

Where an indication of impairment exists, the directors have carried out an impairment review to determine the recoverable amount of the asset, which is the higher of fair value less cost to sell and value in use. The value in use calculation has required the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and determine a suitable discount rate in order to calculate present value.

**(ii) 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.

**(iii) 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.

**(iv) Stock provisions**

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

**(v) Warranty unbundling**

Stairlifts are sold inclusive of a one year warranty. 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.

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**4. Turnover**

|                       | 2017<br>£          | 2016<br>£          |
|-----------------------|--------------------|--------------------|
| Sale of goods         | 191,738,988        | 157,675,053        |
| Rendering of services | 20,031,572         | 19,522,632         |
|                       | <u>211,770,560</u> | <u>177,197,685</u> |

|                          | 2017<br>£          | 2016<br>£          |
|--------------------------|--------------------|--------------------|
| United Kingdom           | 61,653,687         | 57,284,484         |
| Other European countries | 32,238,661         | 28,153,543         |
| Rest of the World        | 117,878,212        | 91,759,658         |
|                          | <u>211,770,560</u> | <u>177,197,685</u> |

**5. Operating profit**

The operating profit is stated after charging:

|   | 2017<br>£        | 2016<br>£        |
|---|------------------|------------------|
| Depreciation of tangible fixed assets                 | 3,076,505        | 2,696,237        |
| Impairment of tangible fixed assets                   | 1,479,000        | -                |
| Amortisation of intangible assets, including goodwill | 505,597          | 899,585          |
| Exchange differences                                  | 1,109,720        | (427,271)        |
| Operating lease rentals payable                       | 850,700          | 1,689,571        |
|   | <u>6,921,522</u> | <u>4,658,122</u> |

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**6. Auditor's remuneration**

|   | 2017<br>£ | 2016<br>£ |
|---|-----------|-----------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | 110,045   | 98,500    |
| <b>Fees payable to the Group's auditor and its associates in respect of:</b>                                    |           |           |
| Other services  | 19,225    | 28,425    |
|   | 19,225    | 28,425    |

**7. Employees**

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

|                                     | 2017<br>£  | 2016<br>£  |
|-------------------------------------|------------|------------|
| Wages and salaries                  | 53,569,316 | 43,117,981 |
| Social security costs               | 4,542,577  | 2,283,301  |
| Cost of defined contribution scheme | 850,700    | 848,812    |
|                                     | 58,962,593 | 46,250,094 |

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

|  | 2017<br>No. | 2016<br>No. |
|--|-------------|-------------|
| Administration, sales and installation | 1,279       | 1,164       |
| Production                             | 206         | 143         |
|  | 1,485       | 1,307       |

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**8. Directors' remuneration**

|   | 2017<br>£      | 2016<br>£      |
|---|----------------|----------------|
| Directors' emoluments   | 101,836        | 321,818        |
| Company contributions to defined contribution pension schemes   | 5,629          | 8,750          |
| Amounts paid to third parties in respect of directors' services | 36,540         | 32,391         |
|   | <u>144,005</u> | <u>362,959</u> |

During the year retirement benefits were accruing to 1 director (2016 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £89,836 (2016 - £191,542).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,629 (2016 - £5,250).

**9. Income from investments**

|                                     | 2017<br>£ | 2016<br>£     |
|-------------------------------------|-----------|---------------|
| Dividends received from investments | -         | 60,000        |
|                                     | <u>-</u>  | <u>60,000</u> |

**10. Interest receivable**

|                           | 2017<br>£     | 2016<br>£      |
|---------------------------|---------------|----------------|
| Bank interest received    | 5,539         | 2,400          |
| Other interest receivable | 6,811         | 165,206        |
|                           | <u>12,350</u> | <u>167,606</u> |

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**11. Interest payable and similar charges**

|                        | 2017<br>£    | 2016<br>£  |
|------------------------|--------------|------------|
| Bank interest payable  | 251          | 390        |
| Other interest payable | 6,488        | -          |
|                        | <u>6,739</u> | <u>390</u> |

**12. Taxation**

|  | 2017<br>£        | 2016<br>£        |
|--|------------------|------------------|
| <b>Corporation tax</b>                           |                  |                  |
| Current tax on profits for the year              | 3,601,402        | 3,361,459        |
| Adjustments in respect of previous periods       | (928,920)        | -                |
|  | <u>2,672,482</u> | <u>3,361,459</u> |
| <b>Foreign tax</b>                               |                  |                  |
| Foreign tax on income for the year               | 775,810          | 773,630          |
|  | <u>775,810</u>   | <u>773,630</u>   |
| <b>Total current tax</b>                         | <u>3,448,292</u> | <u>4,135,089</u> |
| <b>Deferred tax</b>                              |                  |                  |
| Origination and reversal of timing differences   | 396,585          | 124,558          |
| Adjustments in respect of previous periods       | (471,564)        | -                |
| <b>Total deferred tax</b>                        | <u>(74,979)</u>  | <u>124,558</u>   |
| <b>Taxation on profit on ordinary activities</b> | <u>3,373,313</u> | <u>4,259,647</u> |



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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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

The tax assessed for the year is the same as (2016 - higher than) the standard rate of corporation tax in the UK of 19.5% (2016 - 20%). The differences are explained below:

|  | 2017<br>£        | 2016<br>£        |
|--|------------------|------------------|
| Profit on ordinary activities before tax   | 20,508,342       | 20,926,963       |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.5% (2016 - 20%) | 3,999,127        | 4,185,393        |
| <b>Effects of:</b>   |                  |                  |
| Expenses not deductible for tax purposes including fixed asset impairment                                    | 308,689          | 50,298           |
| Adjustments to tax charge in respect of prior periods  | (928,920)        | (20,134)         |
| Adjustments to deferred tax charge in respect of prior periods   | (471,564)        | -                |
| R&D/ patent box tax credits leading to a decrease in the tax charge  | (553,946)        | (9,063)          |
| Capital gains  | -                | (73,882)         |
| Differences in corporation tax rate of subsidiaries during the period  | 209,308          | 252,645          |
| Deferred tax not recognised  | 135,000          | -                |
| Other adjustments  | 675,619          | (125,610)        |
| <b>Total tax charge for the year</b>   | <b>3,373,313</b> | <b>4,259,647</b> |

**Factors that may affect future tax charges**

The group has estimated tax losses of £3,095,715 (2016: £2,393,994) to carry forward against future profits in specific subsidiary companies.

Legislation was introduced in the Finance (no 2) Act 2015 to reduce the main rate of corporation tax for all non-ring fence profits to 19% for Financial Year 2017, to set the rate at 19% for Financial Years 2018 and 2019. The Finance Act 2016 has set the corporation tax rate for Financial Year 2020 as 17%.

**13. Dividends**

|                                  | 2017<br>£         | 2016<br>£         |
|----------------------------------|-------------------|-------------------|
| Dividends paid on equity capital | 18,989,579        | 15,038,000        |
|                                  | <u>18,989,579</u> | <u>15,038,000</u> |

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**14. Exceptional items**

|                            | 2017<br>£        | 2016<br>£ |
|----------------------------|------------------|-----------|
| Impairment of fixed assets | 1,479,000        | -         |
|                            | <u>1,479,000</u> | <u>-</u>  |

**15. Intangible assets****Group**

|                       | Data<br>£      | Development<br>costs<br>£ | Software<br>£ | Goodwill<br>£     | Total<br>£        |
|-----------------------|----------------|---------------------------|---------------|-------------------|-------------------|
| <b>Cost</b>           |                |                           |               |                   |                   |
| At 1 October 2016     | 452,876        | 1,000,000                 | 17,020        | 10,768,580        | 12,238,476        |
| Disposals             | -              | (1,000,000)               | -             | -                 | (1,000,000)       |
| At 30 September 2017  | <u>452,876</u> | <u>-</u>                  | <u>17,020</u> | <u>10,768,580</u> | <u>11,238,476</u> |
| <b>Amortisation</b>   |                |                           |               |                   |                   |
| At 1 October 2016     | 452,876        | 1,000,000                 | 17,020        | 3,690,220         | 5,160,116         |
| Charge for the year   | -              | -                         | -             | 505,597           | 505,597           |
| On disposals          | -              | (1,000,000)               | -             | -                 | (1,000,000)       |
| At 30 September 2017  | <u>452,876</u> | <u>-</u>                  | <u>17,020</u> | <u>4,195,817</u>  | <u>4,665,713</u>  |
| <b>Net book value</b> |                |                           |               |                   |                   |
| At 30 September 2017  | <u>-</u>       | <u>-</u>                  | <u>-</u>      | <u>6,572,763</u>  | <u>6,572,763</u>  |
| At 30 September 2016  | <u>-</u>       | <u>-</u>                  | <u>-</u>      | <u>7,078,360</u>  | <u>7,078,360</u>  |

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.

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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

|                       | <b>Data<br/>£</b> | <b>Development<br/>costs<br/>£</b> | <b>Software<br/>£</b> | <b>Goodwill<br/>£</b> | <b>Total<br/>£</b> |
|-----------------------|-------------------|------------------------------------|-----------------------|-----------------------|--------------------|
| <b>Cost</b>           |                   |                                    |                       |                       |                    |
| At 1 October 2016     | 452,876           | 1,000,000                          | 17,020                | 602,788               | 2,072,684          |
| Disposals             | -                 | (1,000,000)                        | -                     | -                     | (1,000,000)        |
| At 30 September 2017  | <u>452,876</u>    | <u>-</u>                           | <u>17,020</u>         | <u>602,788</u>        | <u>1,072,684</u>   |
| <b>Amortisation</b>   |                   |                                    |                       |                       |                    |
| At 1 October 2016     | 452,876           | 1,000,000                          | 17,020                | 602,788               | 2,072,684          |
| On disposals          | -                 | (1,000,000)                        | -                     | -                     | (1,000,000)        |
| At 30 September 2017  | <u>452,876</u>    | <u>-</u>                           | <u>17,020</u>         | <u>602,788</u>        | <u>1,072,684</u>   |
| <b>Net book value</b> |                   |                                    |                       |                       |                    |
| At 30 September 2017  | <u>-</u>          | <u>-</u>                           | <u>-</u>              | <u>-</u>              | <u>-</u>           |
| At 30 September 2016  | <u>-</u>          | <u>-</u>                           | <u>-</u>              | <u>-</u>              | <u>-</u>           |

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. This has now been fully amortised.

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**16. Tangible fixed assets**

**Group**

|                                     | <b>Land and<br/>buildings<br/>£</b> | <b>Plant &amp;<br/>machinery<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Equipment<br/>£</b> | <b>Total<br/>£</b> |
|-------------------------------------|-------------------------------------|--|---------------------------------|------------------------|--------------------|
| <b>Cost or valuation</b>            |                                     |  |                                 |                        |                    |
| At 1 October 2016                   | 9,057,516                           | 8,001,957                              | 6,892,070                       | 8,939,974              | 32,891,517         |
| Additions                           | 120,453                             | 1,229,742                              | 1,680,590                       | -                      | 3,030,785          |
| Disposals                           | -                                   | (503,239)                              | (763,516)                       | -                      | (1,266,755)        |
| Exchange adjustments                | (141,146)                           | (59,873)                               | (55,256)                        | -                      | (256,275)          |
| At 30 September 2017                | <u>9,036,823</u>                    | <u>8,668,587</u>                       | <u>7,753,888</u>                | <u>8,939,974</u>       | <u>34,399,272</u>  |
| <b>Depreciation</b>                 |                                     |  |                                 |                        |                    |
| At 1 October 2016                   | 1,708,565                           | 5,046,771                              | 3,702,492                       | 1,144,888              | 11,602,716         |
| Charge for the year on owned assets | 305,668                             | 1,093,420                              | 1,321,031                       | 356,386                | 3,076,505          |
| Disposals                           | -                                   | (264,334)                              | (463,496)                       | -                      | (727,830)          |
| Impairment charge                   | -                                   | -                                      | -                               | 1,479,000              | 1,479,000          |
| Exchange adjustments                | (22,934)                            | (23,275)                               | (33,979)                        | -                      | (80,188)           |
| At 30 September 2017                | <u>1,991,299</u>                    | <u>5,852,582</u>                       | <u>4,526,048</u>                | <u>2,980,274</u>       | <u>15,350,203</u>  |
| <b>Net book value</b>               |                                     |  |                                 |                        |                    |
| At 30 September 2017                | <u>7,045,524</u>                    | <u>2,816,005</u>                       | <u>3,227,840</u>                | <u>5,959,700</u>       | <u>19,049,069</u>  |
| At 30 September 2016                | <u>7,348,951</u>                    | <u>2,955,186</u>                       | <u>3,189,577</u>                | <u>7,795,086</u>       | <u>21,288,800</u>  |

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

|                 | <b>2017<br/>£</b> | <b>2016<br/>£</b> |
|-----------------|-------------------|-------------------|
| Freehold        | 5,908,786         | 6,231,324         |
| Long leasehold  | 751,854           | 718,924           |
| Short leasehold | 384,884           | 398,703           |
|                 | <u>7,045,524</u>  | <u>7,348,951</u>  |

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**16. Tangible fixed assets (continued)**

**Company**

|  | <b>Freehold<br/>property<br/>£</b> | <b>Leasehold<br/>improvements<br/>£</b> | <b>Plant &amp;<br/>machinery<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Other<br/>fixed<br/>assets<br/>£</b> | <b>Total<br/>£</b> |
|--|------------------------------------|---|--|---------------------------------|---|--------------------|
| <b>Cost or valuation</b>               |                                    |   |  |                                 |   |                    |
| At 1 October 2016                      | 3,772,800                          | 658,016                                 | 5,359,235                              | 1,943,735                       | 8,939,974                               | 20,673,760         |
| Additions                              | -                                  | -                                       | 756,340                                | 509,032                         | -                                       | 1,265,372          |
| Disposals                              | -                                  | -                                       | (159,218)                              | (241,143)                       | -                                       | (400,361)          |
| At 30 September 2017                   | <u>3,772,800</u>                   | <u>658,016</u>                          | <u>5,956,357</u>                       | <u>2,211,624</u>                | <u>8,939,974</u>                        | <u>21,538,771</u>  |
| <b>Depreciation</b>                    |                                    |   |  |                                 |   |                    |
| At 1 October 2016                      | 201,056                            | 658,016                                 | 3,911,977                              | 1,375,667                       | 1,144,888                               | 7,291,604          |
| Charge for the year on<br>owned assets | 75,200                             | -                                       | 686,960                                | 307,877                         | 356,386                                 | 1,426,423          |
| Disposals                              | -                                  | -                                       | (100,582)                              | (228,004)                       | -                                       | (328,586)          |
| Impairment charge                      | -                                  | -                                       | -                                      | -                               | 1,479,000                               | 1,479,000          |
| At 30 September 2017                   | <u>276,256</u>                     | <u>658,016</u>                          | <u>4,498,355</u>                       | <u>1,455,540</u>                | <u>2,980,274</u>                        | <u>9,868,441</u>   |
| <b>Net book value</b>                  |                                    |   |  |                                 |   |                    |
| At 30 September 2017                   | <u>3,496,544</u>                   | <u>-</u>                                | <u>1,458,002</u>                       | <u>756,084</u>                  | <u>5,959,700</u>                        | <u>11,670,330</u>  |
| At 30 September 2016                   | <u>3,571,744</u>                   | <u>-</u>                                | <u>1,447,258</u>                       | <u>568,068</u>                  | <u>7,795,086</u>                        | <u>13,382,156</u>  |

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**17. Fixed asset investments****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| <b>Name</b>                       | <b>Class of shares</b> | <b>Holding</b> | <b>Principal activity</b>                       |
|-----------------------------------|------------------------|----------------|---|
| Acorn Stairlifts (Pty) Limited *  | Ordinary               | 100 %          | Sales, installation and servicing of stairlifts |
| Acorn BVBA                        | Ordinary               | 100 %          | Sales, installation and servicing of stairlifts |
| Acorn Stairlifts (Canada) Inc.    | Ordinary               | 100 %          | Sales, installation and servicing of stairlifts |
| Acorn Stairlifts Inc              | Ordinary               | 100 %          | Sales, installation and servicing of stairlifts |
| Acorn Treppenlift GmbH            | Ordinary               | 100 %          | Sales, installation and servicing of stairlifts |
| Acorn Montascale SRL              | Ordinary               | 100 %          | Sales, installation and servicing of stairlifts |
| Acorn Monte-Escalier SAS          | Ordinary               | 100 %          | Sales, installation and servicing of stairlifts |
| Brooks Stairlifts Limited         | Ordinary               | 100 %          | Sales, installation and servicing of stairlifts |
| Alexander Pollock Limited         | Ordinary               | 100 %          | Metal engraving                                 |
| Acorn Stairlifts (Pty) Limited ** | Ordinary               | 100 %          | Sales, installation and servicing of stairlifts |
| Acorn Stairlifts Limited          | Ordinary               | 100 %          | Sales, installation and servicing of stairlifts |
| Bison Homecare Limited            | Ordinary               | 100 %          | Non-trading                                     |
| Bison Bede Limited                | Ordinary               | 100 %          | Non-trading                                     |

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

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

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 accounts by virtue of section 479A of the Companies Act 2006:

Brooks Stairlifts Limited  
Alexander Pollock Limited  
Bison Homecare Limited  
Bison Bede Limited

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**17. Fixed asset investments (continued)**

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

**Company**

|                          | <b>Investments<br/>in<br/>subsidiary<br/>companies<br/>£</b> |
|--------------------------|--|
| <b>Cost or valuation</b> |  |
| At 1 October 2016        | 16,914,946   |
| At 30 September 2017     | 16,914,946   |
| <b>Impairment</b>        |  |
| Charge for the period    | 22,885   |
| At 30 September 2017     | 22,885   |
| <b>Net book value</b>    |  |
| At 30 September 2017     | 16,892,061   |
| At 30 September 2016     | 16,914,946   |

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**18. Stocks**

|                                     | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Raw materials and consumables       | 713,711                     | 713,206                     | 703,596                       | 705,293                       |
| Finished goods and goods for resale | 15,451,197                  | 14,676,010                  | 4,430,999                     | 5,277,171                     |
|                                     | <u>16,164,908</u>           | <u>15,389,216</u>           | <u>5,134,595</u>              | <u>5,982,464</u>              |

Stock expensed in the year was £58,865,345 (2016: £57,701,647).

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

**19. Debtors**

|                                    | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| <b>Due within one year</b>         |                             |                             |                               |                               |
| Trade debtors                      | 4,654,918                   | 5,182,739                   | 970,806                       | 1,475,385                     |
| Amounts owed by group undertakings | -                           | -                           | 5,821,866                     | 7,993,293                     |
| Amounts owed by related parties    | 92,468                      | 49,133                      | 92,166                        | 49,133                        |
| Other debtors                      | 2,180,850                   | 2,551,706                   | 1,261,146                     | 1,155,588                     |
| Prepayments and accrued income     | 1,905,122                   | 3,178,533                   | 425,301                       | 1,331,559                     |
| Deferred taxation                  | 1,330,439                   | 2,201,407                   | -                             | -                             |
|                                    | <u>10,163,797</u>           | <u>13,163,518</u>           | <u>8,571,285</u>              | <u>12,004,958</u>             |

**20. Cash and cash equivalents**

|                          | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 7,735,028                   | 8,138,552                   | 3,597,078                     | 3,466,495                     |
|                          | <u>7,735,028</u>            | <u>8,138,552</u>            | <u>3,597,078</u>              | <u>3,466,495</u>              |



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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017**

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**21. Creditors: Amounts falling due within one year**

|                                    | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Payments received on account       | 2,486,593                   | 2,150,800                   | 659,940                       | 582,960                       |
| Trade creditors                    | 6,711,238                   | 7,554,848                   | 2,844,971                     | 3,998,749                     |
| Amounts owed to group undertakings | -                           | -                           | 737                           | 138,005                       |
| Amounts owed to related parties    | 1,339,215                   | 29,913                      | 1,321,054                     | -                             |
| Corporation tax                    | 1,110,860                   | 2,259,564                   | 598,876                       | 1,640,782                     |
| Other taxation and social security | 683,837                     | 406,884                     | 352,626                       | 369,670                       |
| Other creditors                    | 1,042,453                   | 2,386,386                   | 280,401                       | 338,031                       |
| Accruals and deferred income       | 17,954,769                  | 16,134,705                  | 10,037,266                    | 9,509,816                     |
|                                    | <u>31,328,965</u>           | <u>30,923,100</u>           | <u>16,095,871</u>             | <u>16,578,013</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.

**22. Creditors: Amounts falling due after more than one year**

|                                    | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Amounts owed to group undertakings | -                           | -                           | 1,314,571                     | 3,369,662                     |
| Accruals and deferred income       | 9,411,458                   | 12,103,810                  | 7,107,726                     | 8,747,784                     |
|                                    | <u>9,411,458</u>            | <u>12,103,810</u>           | <u>8,422,297</u>              | <u>12,117,446</u>             |

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**23. Financial instruments**

|  | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| <b>Financial assets and cash</b>   |                             |                             |                               |                               |
| Cash and cash equivalents  | 7,735,028                   | 8,138,552                   | 3,597,078                     | 3,466,495                     |
| Financial assets that are debt instruments<br>measured at amortised cost | 6,928,236                   | 7,783,577                   | 8,145,984                     | 10,673,399                    |
|  | <u>14,663,264</u>           | <u>15,922,129</u>           | <u>11,743,062</u>             | <u>14,139,894</u>             |
| <b>Financial liabilities</b>   |                             |                             |                               |                               |
| Financial liabilities measured at amortised<br>cost                      | 16,436,016                  | 17,042,913                  | 7,792,516                     | 9,723,190                     |
|  | <u>16,436,016</u>           | <u>17,042,913</u>           | <u>7,792,516</u>              | <u>9,723,190</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 account and accruals.

**24. Deferred taxation**

**Group**

|                           | <b>2017<br/>£</b> | <b>2016<br/>£</b> |
|---------------------------|-------------------|-------------------|
| At beginning of year      | 981,048           | 1,105,606         |
| Charged to profit or loss | 74,978            | (124,558)         |
| <b>At end of year</b>     | <u>1,056,026</u>  | <u>981,048</u>    |

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**24. Deferred taxation (continued)**

**Company**

|                           | <b>2017<br/>£</b> | <b>2016<br/>£</b> |
|---------------------------|-------------------|-------------------|
| At beginning of year      | (624,768)         | (600,192)         |
| Charged to profit or loss | 744,829           | (24,576)          |
| <b>At end of year</b>     | <b>120,061</b>    | <b>(624,768)</b>  |

|                                | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|--------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Accelerated capital allowances | (274,413)                   | (1,220,359)                 | 120,061                       | (624,768)                     |
| Tax losses carried forward     | 60,078                      | 430,919                     | -                             | -                             |
| Other timing differences       | 1,270,361                   | 1,770,488                   | -                             | -                             |
|                                | <u>1,056,026</u>            | <u>981,048</u>              | <u>120,061</u>                | <u>(624,768)</u>              |
| <b>Comprising:</b>             |                             |                             |                               |                               |
| Asset - due within one year    | 1,330,439                   | 2,201,407                   | -                             | -                             |
| Liability                      | (274,413)                   | (1,220,359)                 | 120,061                       | (624,768)                     |
|                                | <u>1,056,026</u>            | <u>981,048</u>              | <u>120,061</u>                | <u>(624,768)</u>              |

**25. Provisions**

**Group**

|                             | <b>Warranty<br/>provision<br/>£</b> |
|-----------------------------|-------------------------------------|
| At 1 October 2016           | 1,210,299                           |
| Charged to profit or loss   | (64,105)                            |
| <b>At 30 September 2017</b> | <b><u>1,146,194</u></b>             |

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**25. Provisions (continued)****Company**

|                             | <b>Warranty<br/>provision<br/>£</b> | <b>Total<br/>£</b> |
|-----------------------------|-------------------------------------|--------------------|
| At 1 October 2016           | 857,910                             | 857,910            |
| Charged to profit or loss   | (107,517)                           | (107,517)          |
| <b>At 30 September 2017</b> | <b>750,393</b>                      | <b>750,393</b>     |

**26. Accruals and deferred income**

|                                | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|--------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Due between one and two years  | 5,468,394                   | 6,679,889                   | 3,828,404                     | 4,725,366                     |
| Due between two and five years | 3,942,797                   | 5,421,159                   | 3,279,203                     | 4,019,875                     |
| Due in greater than five years | 268                         | 2,762                       | 119                           | 2,543                         |
|                                | <b>9,411,459</b>            | <b>12,103,810</b>           | <b>7,107,726</b>              | <b>8,747,784</b>              |

**27. Share capital**

|   | <b>2017<br/>£</b> | <b>2016<br/>£</b> |
|---|-------------------|-------------------|
| <b>Shares classified as equity</b>        |                   |                   |
| <b>Allotted, called up and fully paid</b> |                   |                   |
| 10,002 Ordinary shares of £1 each         | 10,002            | 10,002            |

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

**28. 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 distributable reserves of the company.

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**ACORN MOBILITY SERVICES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**29. Pension commitments**

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The pension cost charge of £854,597 (2016: £848,312) represents contributions payable by the group to the funds. Amounts outstanding to the fund at the year end were £35,953 (2016: £40,006).

**30. Commitments under operating leases**

At 30 September 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

|  | <b>Group<br/>2017<br/>£</b> | <b>Group<br/>2016<br/>£</b> | <b>Company<br/>2017<br/>£</b> | <b>Company<br/>2016<br/>£</b> |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Not later than 1 year                        | 2,483,723                   | 1,911,268                   | 52,000                        | 52,000                        |
| Later than 1 year and not later than 5 years | 2,217,399                   | 2,608,334                   | -                             | -                             |
| Later than 5 years                           | 27,764                      | 62,631                      | -                             | -                             |
|  | <u>4,728,886</u>            | <u>4,582,233</u>            | <u>52,000</u>                 | <u>52,000</u>                 |

**31. 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.

During the year the Group entered into transactions with entities under the common control. The Group sold goods and services with a value of £94,322 (2016: 323,016) and purchased goods and services of £72,837,598 (2016: £51,741,477). Amounts due to such companies as at the year end was £2,365,843 (2016: £1,220,568). All transactions were made on a commercial arm's length basis.

Dividends totalling £18,989,579 (2016: £15,038,000) were paid to the shareholder in the year.

Included within other creditors is a net amount due to J S Jakes as at the year end of £13,375 (2016: £23,056).

**32. Post balance sheet events**

After the year end dividends totalling £13.9m were declared.

**33. Controlling party**

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