

Company Registration No. 05500626 (England and Wales)

ACORN INDUSTRIAL SERVICES GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

ACORN INDUSTRIAL SERVICES GROUP LIMITED

COMPANY INFORMATION

Directors	M Povey P D Spillings B Helgesson I Sjolín
Secretary	M Povey
Company number	05500626
Registered office	Unit A Denby Way Hellaby Industrial Estate Rotherham South Yorkshire S66 8HR
Independent auditors	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL
Solicitors	Keebles LLP 14 Commercial Street Sheffield S1 2AT

ACORN INDUSTRIAL SERVICES GROUP LIMITED

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ACORN INDUSTRIAL SERVICES GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

Acorn Industrial Services Group Limited are a technical distributor of Industrial Power Transmission products and services.

We supply customers in the Distribution, OEM and MRO markets with IPT products and services including Bearings, Belt and Chain Drives, Linear Systems, Couplings, Drives and IPT Consumables.

During the year the group grew turnover by 3% and maintained a healthy operating profit margin of 8.6%. Cash at the financial year end was £3.5m (2018: £2.6m). Net Current Assets are now £12.0m (2018: £9.5m) and the net assets of the group are £13.7m (2018: £11.6m).

Acorn Industrial Services Group Limited is part of the New Power Transmission Solutions Platform within the Axel Johnson International Group. The Power Transmission Solutions companies provide secure and reliable mechanical power transmission components and related services to European manufacturers in a wide range of industries.

As anticipated 2019 was challenging, Brexit caused much uncertainty in the market. Despite this, we continued to grow across all customer segments and consolidate our market position as a Specialised Technical Distributor.

The directors recognise that the outlook for 2020 remains challenging. Further economic uncertainty and price pressure from both customers and suppliers will all contribute to another challenging year.

We will continue to invest in all operational areas of the business including IT systems and Warehousing to keep Acorn at the forefront logistically. We will increase our offer and range of items available whilst maintaining working capital levels to deliver long term sustainable growth.

ACORN INDUSTRIAL SERVICES GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

COVID-19

Covid-19 is a major source of uncertainty for the economy and the markets in which we operate. We have taken steps to mitigate any risks to customers, suppliers, employees and the liquidity of the business. During the year we have managed to keep all areas of the business fully operational. Where possible staff have been able to work from home. Additional safety measures have been put in place at all places of work to reduce the risk of infection. The second quarter of 2020 saw a reduction in activity of approx 15%, there have since been positive signs of recovery. We will continue to monitor the situation closely throughout 2020 and beyond.

Interest Rate Risk

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

Liquidity Risk

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

Currency Risk

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

Key performance indicators

	2019	2018	Movement	% change
	£'000	£'000	£'000	
Turnover	33,086	30,998	2,088	7%
Gross profit	11,121	10,261	860	8%
Profit before tax	2,845	2,668	177	7%
On behalf of the board				

M Povey

Director

17 November 2020

ACORN INDUSTRIAL SERVICES GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and audited consolidated financial statements for the year ended 31 December 2019.

Principal activities

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

Directors

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

M Povey
P D Spillings
B Helgesson
I Sjolín

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid (2018: none). The directors do not recommend payment of a further dividend.

Since the COVID-19 pandemic in the first quarter of 2020 there has been widespread disruption in the UK and consequently for the Group and Company. As the pandemic began after the year end this event has been classified as a non-adjusting post balance sheet event. It is not possible at this time for the Group and Company to estimate the full financial effect of the outbreak.

As part of the going concern assessment, the Directors have considered the Group and Company's principal risk areas, including the potential impact of the COVID-19 pandemic, that they consider material to the assessment of going concern. The Directors have performed stress testing over the Group and Company's forecasts. Having completed this assessment, the Directors believe that preparing the financial statements on the going concern basis is appropriate and that the Company will have adequate resources and liquidity to continue in operational existence for the foreseeable future.

The Company's financial risk management policies/ future developments are noted in the Strategic Report on pages 1 to 2.

Independent auditors

In accordance with section 485 of the Companies Act 2006, a resolution proposing that PricewaterhouseCoopers LLP, be reappointed as auditors of the company will be put at a General Meeting.

ACORN INDUSTRIAL SERVICES GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Statement of disclosure to auditors

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

On behalf of the board

M Povey

Director

17 November 2020

ACORN INDUSTRIAL SERVICES GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ACORN INDUSTRIAL SERVICES GROUP LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the group and company balance sheets as at 31 December 2019; the group statement of comprehensive income, the group statement of cash flows, and the group and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

ACORN INDUSTRIAL SERVICES GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ACORN INDUSTRIAL SERVICES GROUP LIMITED

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

ACORN INDUSTRIAL SERVICES GROUP LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ACORN INDUSTRIAL SERVICES GROUP LIMITED

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Rachel Greveson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

17 November 2020

ACORN INDUSTRIAL SERVICES GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	33,085,941	30,997,944
Cost of sales		(21,965,176)	(20,737,210)
Gross profit		11,120,765	10,260,734
Distribution costs		(702,677)	(758,952)
Administrative expenses		(7,569,423)	(6,817,945)
Other operating income		1,000	1,000
Operating profit	4	2,849,665	2,684,837
Interest receivable and similar income	8	10,902	417
Interest payable and similar expenses	9	(16,020)	(16,925)
Profit before taxation		2,844,547	2,668,329
Tax on profit	10	(660,577)	(624,254)
Profit for the financial year		2,183,970	2,044,075

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Group statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

ACORN INDUSTRIAL SERVICES GROUP LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Goodwill	11	1,104,985		1,575,535	
Tangible assets	12	615,860		560,362	
		<u>1,720,845</u>		<u>2,135,897</u>	
Current assets					
Stocks	16	5,492,796		5,445,303	
Debtors	17	7,083,726		6,932,137	
Cash at bank and in hand		3,553,546		2,624,662	
		<u>16,130,068</u>		<u>15,002,102</u>	
Creditors: amounts falling due within one year	18	<u>(4,054,423)</u>		<u>(5,523,335)</u>	
Net current assets			12,075,645		9,478,767
Total assets less current liabilities			13,796,490		11,614,664
Provisions for liabilities	19		<u>(55,000)</u>		<u>(57,144)</u>
Net assets			<u>13,741,490</u>		<u>11,557,520</u>
Capital and reserves					
Called up share capital	21		1,830		1,830
Share premium account			9,254		9,254
Profit and loss account			13,730,406		11,546,436
Total equity			<u>13,741,490</u>		<u>11,557,520</u>

The financial statements were approved by the board of directors and authorised for issue on 17 November 2020 and are signed on its behalf by:

M Povey
Director

ACORN INDUSTRIAL SERVICES GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Investments	13		6,297,141		6,297,141
Current assets					
Debtors	17	1,297		1,297	
Cash at bank and in hand		2		2	
		<u>1,299</u>		<u>1,299</u>	
Creditors: amounts falling due within one year	18	<u>(5,743,329)</u>		<u>(5,743,329)</u>	
Net current liabilities			<u>(5,742,030)</u>		<u>(5,742,030)</u>
Total assets less current liabilities			<u>555,111</u>		<u>555,111</u>
Capital and reserves					
Called up share capital	21		1,830		1,830
Share premium account			9,254		9,254
Profit and loss account			<u>544,027</u>		<u>544,027</u>
Total equity			<u>555,111</u>		<u>555,111</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's result for the year was £nil (2018 - £549,951 profit).

The financial statements were approved by the board of directors and authorised for issue on 17 November 2020 and are signed on its behalf by:

M Povey
Director

Company Registration No. 05500626

ACORN INDUSTRIAL SERVICES GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2018	1,830	9,254	9,502,361	9,513,445
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	2,044,075	2,044,075
Balance at 31 December 2018	1,830	9,254	11,546,436	11,557,520
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	2,183,970	2,183,970
Balance at 31 December 2019	1,830	9,254	13,730,406	13,741,490

ACORN INDUSTRIAL SERVICES GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2018	1,830	9,254	(5,924)	5,160
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	549,951	549,951
Balance at 31 December 2018	1,830	9,254	544,027	555,111
Year ended 31 December 2019:				
Result and total comprehensive income for the year	-	-	-	-
Balance at 31 December 2019	1,830	9,254	544,027	555,111

ACORN INDUSTRIAL SERVICES GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	26	1,838,910		3,028,230	
Interest paid		(16,020)		(16,925)	
Income taxes paid		(751,745)		(724,850)	
Net cash inflow from operating activities		<u>1,071,145</u>		<u>2,286,455</u>	
Investing activities					
Purchase of tangible fixed assets		(171,913)		(63,880)	
Proceeds on disposal of tangible fixed assets		18,750		-	
Interest received		10,902		417	
Net cash used in investing activities		<u>(142,261)</u>		<u>(63,463)</u>	
Financing activities					
Repayment of borrowings		-		(800,000)	
Payment of finance leases obligations		-		(23,707)	
Dividends paid to equity shareholders		-		(1,000,000)	
Net cash used in financing activities		<u>-</u>		<u>(1,823,707)</u>	
Net increase in cash and cash equivalents		<u>928,884</u>		<u>399,285</u>	
Cash and cash equivalents at beginning of year		2,624,662		2,225,377	
Cash and cash equivalents at end of year		<u><u>3,553,546</u></u>		<u><u>2,624,662</u></u>	

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Acorn Industrial Services Group Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Unit A, Denby Way, Hellaby Industrial Estate, Rotherham, South Yorkshire, S66 8HR.

1.1 Accounting convention

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

The financial statement have been prepared with early application of the FRS 102 Triennial Review 2017 amendments in full.

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

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Acorn Industrial Services Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The following subsidiaries have taken advantage of an exemption from audit under section 479A of the Companies Act 2006. As the ultimate parent, Acorn Industrial Services Group Limited has provided a statutory guarantee for any outstanding liabilities of this business. All subsidiary undertakings have been included in the consolidation.

Gerald Summers Limited

Bearing Station Limited

Acorn Industrial Limited (formerly Berkshire Bearings & Transmissions Limited)

Town & County Engineering Services Limited

1.3 Going concern

Since the COVID-19 pandemic in the first quarter of 2020 there has been widespread disruption in the UK and consequently for the Group and Company. As the pandemic began after the year end this event has been classified as a non-adjusting post balance sheet event. It is not possible at this time for the Group and Company to estimate the full financial effect of the outbreak.

As part of the going concern assessment, the Directors have considered the Group and Company's principal risk areas, including the potential impact of the COVID-19 pandemic, that they consider material to the assessment of going concern. The Directors have performed stress testing over the Group and Company's forecasts. Having completed this assessment, the Directors believe that preparing the financial statements on the going concern basis is appropriate and that the Company will have adequate resources and liquidity to continue in operational existence for the foreseeable future.

1.4 Turnover

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

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

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

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

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

1.6 Tangible fixed assets

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

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

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

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

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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

1.9 Stocks

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

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

1.10 Financial instruments

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

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

Basic financial assets

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

Impairment of financial assets

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.13 Employee benefits

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

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

1.14 Retirement benefits

The group operates two defined contribution pension schemes and the pension charge represents the amounts payable by the group to the funds in respect of the year.

1.15 Leases

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

1.16 Foreign exchange

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

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Stock Provision

When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods.

Investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available. In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

3 Turnover

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

	2019 £	2018 £
Turnover analysed by class of business		
	33,085,941	30,997,944
	<u> </u>	<u> </u>
	2019 £	2018 £
Turnover analysed by geographical market		
UK	27,910,749	25,470,353
Rest of Europe	3,892,412	3,940,821
Rest of World	1,282,780	1,586,770
	<u> </u>	<u> </u>
	33,085,941	30,997,944
	<u> </u>	<u> </u>

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after (crediting)/ charging:		
Exchange losses/(gains)	29,114	(55,268)
Depreciation of owned tangible fixed assets	108,126	92,703
Profit on disposal of tangible fixed assets	(10,461)	-
Amortisation of intangible assets	470,550	504,197
Cost of stocks recognised as an expense	21,495,425	20,305,720
Operating lease charges	516,444	477,641
	<u>516,444</u>	<u>477,641</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £29,114 (2018 - £55,268).

5 Auditors' remuneration

	2019	2018
	£	£
Fees payable to the company's auditors and associates:		
For audit services		
Audit of the financial statements of the group and company	7,500	7,500
Audit of the financial statements of the company's subsidiaries	33,100	25,000
	<u>40,600</u>	<u>32,500</u>

6 Employees

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

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
Production staff	25	44	-	-
Distribution staff	75	67	-	-
Administrative staff	42	24	-	-
	<u>142</u>	<u>135</u>	<u>-</u>	<u>-</u>

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	4,138,473	3,745,894	-	-
Social security costs	372,484	297,390	-	-
Other pension costs	115,515	74,123	-	-
	<u>4,626,472</u>	<u>4,117,407</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	Group 2019 £	Group 2018 £
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Remuneration for qualifying services	<u>325,416</u>	<u>225,275</u>
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Remuneration disclosed above includes the following amounts paid to the highest paid director:

	Group 2019 £	Group 2018 £
Remuneration for qualifying services	<u>125,000</u>	<u>100,000</u>

The directors are considered to be the key management personnel of the group.

8 Interest receivable and similar income

	2019 £	2018 £
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Interest income		
Interest on bank deposits	10,881	417
Other interest income	21	-
Total income	<u>10,902</u>	<u>417</u>

Interest income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>10,881</u>	<u>417</u>
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ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	13,228	9,604
Interest payable to group undertakings	-	3,395
	<u>13,228</u>	<u>12,999</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	-	3,926
Other interest	2,792	-
	<u>2,792</u>	<u>-</u>
Total finance costs	<u>16,020</u>	<u>16,925</u>

10 Tax on profit

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	625,481	624,254
Adjustments in respect of prior periods	37,240	-
	<u>662,721</u>	<u>624,254</u>
Total current tax	<u>662,721</u>	<u>624,254</u>
Deferred tax		
Origination and reversal of timing differences	(2,144)	-
	<u>(2,144)</u>	<u>-</u>
Total tax charge	<u>660,577</u>	<u>624,254</u>

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2019 £	2018 £
Profit before taxation	<u>2,844,547</u>	<u>2,668,329</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	540,464	506,983
Tax effect of expenses that are not deductible in determining taxable profit	96,400	93,933
Change in unrecognised deferred tax assets	(13,595)	14,481
Adjustments in respect of prior periods	37,240	-
Effect of change in corporation tax rate	-	63
Depreciation on assets not qualifying for tax allowances	1,416	8,309
Other permanent differences	-	485
Change in deferred tax rates	(1,348)	-
	<u>660,577</u>	<u>624,254</u>
Taxation charge	<u>660,577</u>	<u>624,254</u>

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Goodwill

Group	Goodwill £
Cost	
At 1 January 2019 and 31 December 2019	2,578,651
Accumulated amortisation and impairment	
At 1 January 2019	1,003,116
Amortisation charged for the year	470,550
At 31 December 2019	1,473,666
Carrying amount	
At 31 December 2019	1,104,985
At 31 December 2018	1,575,535

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

12 Tangible assets

Group	Land and buildings Freehold £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2019	250,000	862,843	695,011	31,676	1,839,530
Additions	-	129,489	32,424	10,000	171,913
Disposals	-	-	-	(22,500)	(22,500)
At 31 December 2019	250,000	992,332	727,435	19,176	1,988,943
Accumulated depreciation and impairment					
At 1 January 2019	55,796	553,291	657,861	12,220	1,279,168
Depreciation charged in the year	1,008	68,356	34,216	4,546	108,126
Eliminated in respect of disposals	-	-	-	(14,211)	(14,211)
At 31 December 2019	56,804	621,647	692,077	2,555	1,373,083
Carrying amount					
At 31 December 2019	193,196	370,685	35,358	16,621	615,860
At 31 December 2018	194,204	309,552	37,150	19,456	560,362

The company had no tangible fixed assets at 31 December 2019 or 31 December 2018.

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	14	-	-	6,297,141	6,297,141
Movements in fixed asset investments					
Company				Shares in group undertakings	
				£	
Cost or valuation					
At 1 January 2019 and 31 December 2019				6,297,141	
Carrying amount					
At 31 December 2019				6,297,141	
At 31 December 2018				6,297,141	

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Acorn Industrial Services Limited	same as parent company	Distribution of bearings and power transmission and linear products	Ordinary	100.00 0
Bearing Station Limited	same as parent company	Online sales of industrial consumables	Ordinary	100.00 0
Acorn Industrial Limited (formerly Berkshire Bearings & Transmissions Limited)	same as parent company	Marketing of bearings and transmissions	Ordinary	100.00 0
Gerald Summers Limited	same as parent company	Distribution of bearings and power transmission and linear products	Ordinary	100.00 0
Town & County Engineering Services Limited	same as parent company	Machinery and equipment wholesaler	Ordinary	100.00 0

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Subsidiaries

(Continued)

For the year ended 31 December 2019, the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies:

Gerald Summers Limited (00379562)

Bearing Station Limited (SC357273)

Berkshire Bearings & Transmissions Limited (01572216)

Town & County Engineering Services Limited (01985942)

15 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	6,941,065	6,727,446	1,297	1,297
Carrying amount of financial liabilities				
Measured at amortised cost	3,365,157	5,019,784	5,743,329	5,743,329

16 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	299,864	287,696	-	-
Finished goods and goods for resale	5,192,932	5,157,607	-	-
	5,492,796	5,445,303	-	-

Stocks are stated after recording provisions totalling £602,221 in relation to old and slow moving stock (2018: £582,977).

17 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	6,739,768	6,726,149	-	-
Corporation tax recoverable	1,383	-	-	-
Other debtors	201,297	1,297	1,297	1,297
Prepayments and accrued income	141,278	204,691	-	-
	7,083,726	6,932,137	1,297	1,297

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Debtors

(Continued)

Amounts owed by group companies are unsecured, interest free and repayable on demand.

Trade debtors includes a bad debt provision of £nil (2018: £5,503).

18 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Trade creditors	3,218,327	4,751,119	-	-
Amounts owed to group undertakings	-	-	5,743,329	5,518,329
Corporation tax payable	179,046	266,687	-	-
Other taxation and social security	510,220	236,864	-	-
Other creditors	4,965	241,532	-	225,000
Accruals and deferred income	141,865	27,133	-	-
	<u>4,054,423</u>	<u>5,523,335</u>	<u>5,743,329</u>	<u>5,743,329</u>

Amounts owed to group companies are unsecured, interest free and repayable on demand.

19 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2019 £	Liabilities 2018 £
ACAs	<u>55,000</u>	<u>57,144</u>

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 January 2019	57,144	-
Credit to profit or loss	(2,144)	-
Liability at 31 December 2019	<u>55,000</u>	<u>-</u>

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	115,515	74,123

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	Group and company	
	2019	2018
Ordinary share capital	£	£
Issued and fully paid		
1,830 Ordinary shares of £1 each	1,830	1,830

22 Operating lease commitments

Lessee

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	511,865	532,404	-	-
Between two and five years	994,595	1,174,905	-	-
In over five years	160,889	339,000	-	-
	1,667,349	2,046,309	-	-

23 Events after the reporting date

Since the COVID-19 pandemic in the first quarter of 2020 there has been widespread disruption in the UK and consequently for the Group and Company. As the pandemic began after the year end this event has been classified as a non-adjusting post balance sheet event. It is not possible at this time for the Group and Company to estimate the full financial effect of the outbreak. The assessment on the ability of the Group and Company to operate as a going concern is disclosed in the accounting policies.

ACORN INDUSTRIAL SERVICES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

24 Related party transactions

Acorn Industrial Services Group Limited has given a guarantee concerning the debts of its subsidiary companies in the form prescribed by section 479C of the Companies Act 2006.

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

During the year, the group occupied properties owned by the directors' pension scheme and paid rent on a commercial basis of £203,000 (2018: £182,000).

25 Controlling party

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

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

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

26 Cash generated from group operations

	2019 £	2018 £
Profit for the financial year:	2,183,970	2,044,075
Adjustments for:		
Taxation charged	660,577	624,254
Finance costs	16,020	16,925
Investment income	(10,902)	(417)
Gain on disposal of tangible fixed assets	(10,461)	-
Amortisation and impairment of intangible assets	470,550	504,197
Depreciation and impairment of tangible fixed assets	108,126	92,703
Movements in working capital:		
Increase in stocks	(47,493)	(995,695)
Increase in debtors	(150,206)	(53,650)
(Decrease)/increase in creditors	(1,381,271)	795,838
Cash generated from operations	1,838,910	3,028,230

27 Analysis of changes in net funds - group

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	2,624,662	928,884	3,553,546

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.