

Company Registration No. 05500626 (England and Wales)

**ACORN INDUSTRIAL SERVICES GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## COMPANY INFORMATION

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

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# ACORN INDUSTRIAL SERVICES GROUP LIMITED

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# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present the strategic report for the year ended 31 December 2017.

### Fair review of the business

The board of Directors are satisfied with the overall performance during the year and are confident that the group is in a solid position to continue at this level into 2018.

2017 was the second year as part of the Axel Johnson International Group. During the year Acorn Industrial Services Group Limited, the parent, added another strategic acquisition to its company portfolio with the purchase of Town and County Engineering Services (TCES). Strengthening Acorn's position, both geographically and in product offer, with TCES's expertise in Conveyor Belting.

Further growth at Key customers and continued development of Acorn's key brand structure has continued to consolidate our market position as a Technical Solutions Partner.

The directors recognise that the outlook for 2018 is by no means guaranteed to continue at 2017 levels. Brexit drawing ever closer, continued price increases in the market and an increasing struggle to access product on realistic lead times will all contribute to another challenging year. We will continue to focus on consolidation and productivity within the business group. With an increased emphasis on processes and procedures while still retaining our outward market perspective

### Principal risks and uncertainties

#### Interest Rate Risk

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

#### Liquidity Risk

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

#### Currency Risk

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

### Key performance indicators

	2017	2016	Movement	% change
	£'000	£'000	£'000	
Turnover	28,193	22,129	6,064	27%
Gross profit	9,734	7,341	2,393	33%
Profit before tax	3,019	2,144	875	41%

On behalf of the board

M Povey

Director

10/1/19

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their annual report and financial statements for the year ended 31 December 2017.

#### 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 7.

Ordinary dividends were paid amounting to £1,000,000 (2016: £nil). The directors do not recommend payment of a further dividend.

#### Auditor

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

#### 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 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 company and of the profit or loss of the group and 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 company will continue in business.

The directors are also responsible for safeguarding the assets of the group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## DIRECTORS' REPORT (CONTINUED)

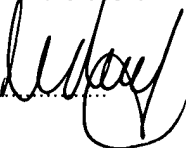
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor 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 auditor of the company is aware of that information.

On behalf of the board



M Povey

Director

Date: 10/1/19

# **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**

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#### **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 2017 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 2017; 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.

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#### **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.

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#### **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 when:

- 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 to the members of Acorn Industrial Services Group Limited (continued)***

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#### **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 2017 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.

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#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.



## ACORN INDUSTRIAL SERVICES GROUP LIMITED

### ***Independent auditors' report to the members of Acorn Industrial Services Group Limited (continued)***

#### *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.

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### **Other required reporting**

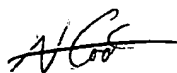
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#### **Companies Act 2006 exception reporting**

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.



Nicholas Cook (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
10 January 2019

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	28,192,553	22,128,665
Cost of sales		(18,458,841)	(14,787,871)
<b>Gross profit</b>		<b>9,733,712</b>	<b>7,340,794</b>
Distribution costs		(716,689)	(636,397)
Administrative expenses		(5,981,050)	(4,534,779)
Other operating income		1,549	-
<b>Operating profit</b>	4	<b>3,037,522</b>	<b>2,169,618</b>
Interest receivable and similar income	8	22	-
Interest payable and similar expenses	9	(18,970)	(26,052)
<b>Profit before taxation</b>		<b>3,018,574</b>	<b>2,143,566</b>
Tax on profit	10	(613,241)	(440,695)
<b>Profit for the financial year</b>		<b>2,405,333</b>	<b>1,702,871</b>

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 Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	12		2,079,732		729,553
Tangible assets	13		589,185		539,946
			<u>2,668,917</u>		<u>1,269,499</u>
<b>Current assets</b>					
Stocks	17	4,449,608		3,857,263	
Debtors	18	6,878,487		4,869,384	
Cash at bank and in hand		2,225,377		1,966,615	
		<u>13,553,472</u>		<u>10,693,262</u>	
<b>Creditors: amounts falling due within one year</b>	19	(6,641,008)		(3,805,349)	
<b>Net current assets</b>			<u>6,912,464</u>		<u>6,887,913</u>
<b>Total assets less current liabilities</b>			<u>9,581,381</u>		<u>8,157,412</u>
<b>Creditors: amounts falling due after more than one year</b>	20		(10,792)		-
<b>Provisions for liabilities</b>	23		(57,144)		(49,300)
<b>Net assets</b>			<u><u>9,513,445</u></u>		<u><u>8,108,112</u></u>
<b>Capital and reserves</b>					
Called up share capital	25		1,830		1,830
Share premium account			9,254		9,254
Profit and loss reserves			9,502,361		8,097,028
<b>Total equity</b>			<u><u>9,513,445</u></u>		<u><u>8,108,112</u></u>

The financial statements were approved by the board of directors and authorised for issue on 10/1/19 and are signed on its behalf by:

M Povey  
Director

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Investments	14		6,297,141		4,216,110
<b>Current assets</b>					
Debtors	18	1,297		1,297	
Cash at bank and in hand		2		2	
		<u>1,299</u>		<u>1,299</u>	
<b>Creditors: amounts falling due within one year</b>	19	<u>(6,293,280)</u>		<u>(4,206,325)</u>	
<b>Net current liabilities</b>			<u>(6,291,981)</u>		<u>(4,205,026)</u>
<b>Total assets less current liabilities</b>			<u>5,160</u>		<u>11,084</u>
<b>Capital and reserves</b>					
Called up share capital	25		1,830		1,830
Share premium account			9,254		9,254
Profit and loss reserves			<u>(5,924)</u>		<u>-</u>
<b>Total equity</b>			<u>5,160</u>		<u>11,084</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 profit for the year was £994,076 (2016 - £0 result).

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the board of directors and authorised for issue on 10/1/19 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 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2016</b>		1,830	9,254	6,394,157	6,405,241
<b>Year ended 31 December 2016:</b>					
Profit and total comprehensive income for the year		-	-	1,702,871	1,702,871
<b>Balance at 31 December 2016</b>		1,830	9,254	8,097,028	8,108,112
<b>Year ended 31 December 2017:</b>					
Profit and total comprehensive income for the year		-	-	2,405,333	2,405,333
Dividends	11	-	-	(1,000,000)	(1,000,000)
<b>Balance at 31 December 2017</b>		1,830	9,254	9,502,361	9,513,445

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2016</b>		1,830	9,254	-	11,084
<b>Year ended 31 December 2016:</b>					
Result and total comprehensive income for the year		-	-	-	-
<b>Balance at 31 December 2016</b>		1,830	9,254	-	11,084
<b>Year ended 31 December 2017:</b>					
Profit and total comprehensive income for the year		-	-	994,076	994,076
Dividends	11	-	-	(1,000,000)	(1,000,000)
<b>Balance at 31 December 2017</b>		1,830	9,254	(5,924)	5,160

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	30	1,522,437		1,683,232	
Interest paid		(18,970)		(26,052)	
Income taxes paid		(586,130)		(407,167)	
<b>Net cash inflow from operating activities</b>		<u>917,337</u>		<u>1,250,013</u>	
<b>Investing activities</b>					
Purchase of business		(1,421,905)		(771,725)	
Adjustment to consideration on purchase of business		51,710		-	
Purchase of tangible fixed assets		(84,011)		(24,618)	
Proceeds on disposal of tangible fixed assets		4,917		-	
Interest received		22		-	
<b>Net cash used in investing activities</b>		<u>(1,449,267)</u>		<u>(796,343)</u>	
<b>Financing activities</b>					
Loan from parent company		800,000		-	
Payment of finance leases obligations		(9,308)		-	
<b>Net cash generated from/(used in) financing activities</b>		<u>790,692</u>		<u>-</u>	
<b>Net increase in cash and cash equivalents</b>		<u>258,762</u>		<u>453,670</u>	
Cash and cash equivalents at beginning of year		1,966,615		1,512,945	
<b>Cash and cash equivalents at end of year</b>		<u><u>2,225,377</u></u>		<u><u>1,966,615</u></u>	

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **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.

#### **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.

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 2017. 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.



# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

Town & County Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Town & County Limited for the 6 month period from its acquisition on 14th July 2017. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

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 Ltd 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*  
*Berkshire Bearings & Transmissions Limited*

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 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.

#### 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.

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

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

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.

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.

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 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.

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

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

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

##### **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 direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 1 Accounting policies

(Continued)

##### 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.

##### 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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 1 Accounting policies

(Continued)

#### 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.

### 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.

#### *Debtors and Stock Provisions*

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

#### *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:

	2017	2016
	£	£
Turnover analysed by class of business		
	28,192,553	22,128,665

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 3 Turnover (Continued)

	2017	2016
	£	£
Turnover analysed by geographical market		
	28,192,553	22,128,665

#### Turnover - geographical analysis

In the opinion of the directors the disclosure of the geographical split of turnover would be seriously prejudicial to the interests of the company.

### 4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(56,522)	(110,713)
Depreciation of owned tangible fixed assets	88,893	112,243
Depreciation of tangible fixed assets held under finance leases	9,298	-
Loss on disposal of tangible fixed assets	1,368	-
Amortisation of intangible assets	340,319	33,647
Cost of stocks recognised as an expense	18,187,676	14,336,195
Operating lease charges	434,534	392,099

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 £56,522 (2016 - £110,713).

### 5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	7,500	-
Audit of the financial statements of the company's subsidiaries	42,500	25,000
	50,000	25,000

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 6 Employees

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

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Production staff	44	26	-	-
Distribution staff	65	60	-	-
Administrative staff	24	19	-	-
	<u>133</u>	<u>105</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	3,489,648	2,652,319	-	-
Social security costs	283,414	231,398	-	-
Pension costs	58,051	58,353	-	-
	<u>3,831,113</u>	<u>2,942,070</u>	<u>-</u>	<u>-</u>

### 7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>282,914</u>	<u>235,525</u>

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

	2017 £	2016 £
Remuneration for qualifying services	<u>100,000</u>	<u>100,000</u>

### 8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	<u>22</u>	<u>-</u>

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 8 Interest receivable and similar income

(Continued)

Interest income includes the following:

Interest on financial assets not measured at fair value through profit or loss	22	-
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### 9 Interest payable and similar expenses

	2017	2016
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	11,889	26,052
Interest on finance leases and hire purchase contracts	1,157	-
Interest payable to group undertakings	5,924	-
	<u>18,970</u>	<u>26,052</u>

### 10 Taxation

	2017	2016
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	613,073	452,614
Adjustments in respect of prior periods	168	(1)
Total current tax	<u>613,241</u>	<u>452,613</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(12,394)
Adjustment in respect of prior periods	-	476
Total deferred tax	<u>-</u>	<u>(11,918)</u>
Total tax charge for the year	<u>613,241</u>	<u>440,695</u>



# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 10 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	3,018,574	2,143,566
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	581,075	428,713
Tax effect of expenses that are not deductible in determining taxable profit	76,384	10,937
Change in unrecognised deferred tax assets	479	(679)
Adjustments in respect of prior years	168	-
Effect of change in corporation tax rate	(4,519)	-
Permanent capital allowances in excess of depreciation	-	37
Depreciation on assets not qualifying for tax allowances	1,581	1,860
Other permanent differences	(41,927)	(173)
Taxation charge for the year	613,241	440,695

### 11 Dividends

	2017 £	2016 £
Final paid (£546.45 per share (2016: £nil))	1,000,000	-

The dividend overpayment has been remedied post year by a dividend from Acorn Industrial Services Limited to Acorn Industrial Services Group Limited.

### 12 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 January 2017	888,153
Additions - business combinations	1,742,208
Adjustment to consideration	(51,710)
At 31 December 2017	2,578,651
<b>Amortisation and impairment</b>	
At 1 January 2017	158,600
Amortisation charged for the year	340,319
At 31 December 2017	498,919

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 12 Intangible fixed assets

(Continued)

#### Carrying amount

At 31 December 2017	2,079,732
At 31 December 2016	729,553

The company had no intangible fixed assets at 31 December 2017 or 31 December 2016.

### 13 Tangible fixed assets

Group	Land and buildings Freehold	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2017	250,000	746,705	676,611	45,288	1,718,604
Additions	-	20,370	47,046	16,595	84,011
Business combinations	-	69,704	-	-	69,704
Disposals	-	-	-	(30,207)	(30,207)
At 31 December 2017	250,000	836,779	723,657	31,676	1,842,112
<b>Depreciation and impairment</b>					
At 1 January 2017	51,549	443,449	660,799	22,861	1,178,658
Depreciation charged in the year	3,239	61,003	26,883	7,066	98,191
Eliminated in respect of disposals	-	-	-	(23,922)	(23,922)
At 31 December 2017	54,788	504,452	687,682	6,005	1,252,927
<b>Carrying amount</b>					
At 31 December 2017	195,212	332,327	35,975	25,671	589,185
At 31 December 2016	198,451	303,256	15,812	22,427	539,946

The company had no tangible fixed assets at 31 December 2017 or 31 December 2016.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2017 £	2016 £	Company 2017 £	2016 £
Fixtures, fittings & equipment	45,642	-	-	-
Depreciation charge for the year in respect of leased assets	9,298	-	-	-

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

### 14 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	15	-	-	6,297,141	4,216,110

#### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2017	4,216,110
Additions	2,132,741
Adjustment to consideration	(51,710)
At 31 December 2017	6,297,141
<b>Carrying amount</b>	
At 31 December 2017	6,297,141
At 31 December 2016	4,216,110

The company purchased 100% of the share capital of Town & County Engineering Services on 14 July 2017 for £2,132,741.

### 15 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 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
Berkshire Bearings Limited	same as parent company	Marketing of bearings and transmissions	Ordinary	100.00
Bearing Station Limited	same as parent company	Online sales of industrial consumables	Ordinary	100.00
Gerald Summers Limited	same as parent company	Distribution of bearings and power transmission and linear products	Ordinary	100.00
Town & County Engineering Services Limited	same as parent company	Machinery and equipment wholesaler	Ordinary	100.00

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 15 Subsidiaries

(Continued)

For the year ended 31 December 2017, 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)

### 16 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	6,704,418	4,752,783	1,297	1,297
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	5,916,916	3,232,313	6,293,280	4,206,325

### 17 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials and consumables	279,693	-	-	-
Finished goods and goods for resale	4,169,915	3,857,263	-	-
	4,449,608	3,857,263	-	-

### 18 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Amounts falling due within one year:</b>				
Trade debtors	6,699,505	4,751,486	-	-
Other debtors	4,913	1,297	1,297	1,297
Prepayments and accrued income	174,069	116,601	-	-
	6,878,487	4,869,384	1,297	1,297

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 19 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under finance leases	22	12,915	-	-	-
Other borrowings	21	800,000	-	800,000	-
Trade creditors		3,519,019	2,860,173	-	-
Amounts due to group undertakings		1,000,000	-	5,043,280	4,006,325
Corporation tax payable		367,283	291,402	-	-
Other taxation and social security		367,601	281,634	-	-
Other creditors		530,563	332,473	450,000	200,000
Accruals and deferred income		43,627	39,667	-	-
		<u>6,641,008</u>	<u>3,805,349</u>	<u>6,293,280</u>	<u>4,206,325</u>

Amounts due to group undertakings represents amounts due to AxIndustries AB, the parent of Acorn Industrial Services Group Limited, based in Sweden. These amounts have not been removed on consolidation as AxIndustries AB do not form part of this consolidation group.

### 20 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under finance leases	22	10,792	-	-	-

### 21 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Loans from group undertakings	800,000	-	800,000	-
Payable within one year	800,000	-	800,000	-

Loans from group undertakings represents amounts due to AxIndustries AB, the parent of Acorn Industrial Services Group Limited, based in Sweden. These amounts have not been removed on consolidation as AxIndustries AB do not form part of this consolidation group.

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 22 Finance lease obligations

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	12,915	-	-	-
In two to five years	10,792	-	-	-
	<u>23,707</u>	<u>-</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 23 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:

	Liabilities 2017 £	Liabilities 2016 £
<b>Group</b>		
ACAs	<u>57,144</u>	<u>49,300</u>

The company has no deferred tax assets or liabilities.

	Group 2017 £	Company 2017 £
<b>Movements in the year:</b>		
Liability at 1 January 2017	49,300	-
Other	7,844	-
Liability at 31 December 2017	<u>57,144</u>	<u>-</u>

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 24 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	58,051	58,353

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.

### 25 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
1,830 Ordinary shares (2016: 1,830 Ordinary shares) of £1 each	1,830	1,830

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 26 Acquisitions

On 14 July 2017 the group acquired 100% percent of the issued capital of Town & County Engineering Services Limited.

	Book Value £	Adjustments £	Fair Value £
Tangible fixed assets	69,704	-	69,704
Stock	179,225	-	179,225
Trade and other debtors	515,738	-	515,738
Cash and cash equivalents	260,836	-	260,836
Obligations under finance lease	(33,015)	-	(33,015)
Trade and other creditors	(545,341)	-	(545,341)
Tax liabilities	(56,614)	-	(56,614)
Total identifiable net assets	390,533	-	390,533
Goodwill			1,742,208
Total consideration			2,132,741
The consideration was satisfied by:			£
Cash			1,682,741
Deferred consideration			450,000
			2,081,031
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£
Turnover			1,197,220
Profit after tax			239,252



# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 27 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 2017 £	2016 £	Company 2017 £	2016 £
Within one year	453,158	329,217	-	-
Between two and five years	1,220,773	945,239	-	-
In over five years	456,969	621,000	-	-
	<u>2,130,900</u>	<u>1,895,456</u>	<u>-</u>	<u>-</u>

### 28 Related party transactions

No guarantees have been given or received.

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 £182,000 (2016: £182,000).

### 29 Controlling party

On 13 June 2017 the remaining shares of Acorn Industrial Services Group Ltd were sold to Axel Johnson International AB.

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

Axel Johnson AB prepares group financial statements, which is the smallest and largest group to consolidate these financial statements and copies can be obtained from the Company Secretary at Axel Johnson AB, 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.

# ACORN INDUSTRIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

### 30 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	2,405,333	1,702,871
Adjustments for:		
Taxation charged	613,241	440,695
Finance costs	18,970	26,052
Investment income	(22)	-
Loss on disposal of tangible fixed assets	1,368	-
Amortisation and impairment of intangible assets	340,319	33,647
Depreciation and impairment of tangible fixed assets	98,191	112,243
Movements in working capital:		
(Increase) in stocks	(413,120)	(25,248)
(Increase) in debtors	(1,493,365)	(378,396)
(Decrease) in creditors	(48,478)	(228,632)
<b>Cash generated from operations</b>	<b>1,522,437</b>	<b>1,683,232</b>