

Registration number: 01733820

Acorn Industrial Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2023

Rödl & Partner Limited
170 Edmund Street
Birmingham
B3 2HB

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Acorn Industrial Services Limited

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Acorn Industrial Services Limited

Company Information

Directors	S Stenström G P Stacey P D Spillings I O L Sjolín M Povey B P Helgesson
Company secretary	M Povey
Registered office	Unit A Denby Way Hellaby Rotherham South Yorkshire S66 8HR
Solicitors	Knights Professional Services Ltd Newcastle-under-Lyme Staffordshire ST5 0QW
Bankers	Handelsbanken 7th Floor 3 St Paul's Place 129 Norfolk Street Sheffield S1 2JE
Auditors	Rödl & Partner Limited 170 Edmund Street Birmingham B3 2HB

Acorn Industrial Services Limited

Strategic Report for the Year Ended 31 December 2023

The directors present their strategic report for the year ended 31 December 2023.

Fair review of the business

Acorn Industrial Services 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 company's revenue increased by 13.7% and maintained a healthy operating profit margin of 8.3%. Cash at bank at the financial year end was £0.9m (2022: £1.7m). Net Current Assets are now £17.2m (2022: £15.2m), and the net assets of the company are £18m (2022: £16m).

Acorn Industrial Services Limited is part of the Power Transmission Solutions business group within Axel Johnson International. The Power Transmission Solutions companies provide secure and reliable mechanical power transmission components and related services to European manufacturers in various industries.

Future developments

The directors recognise that the outlook for 2024 remains challenging. Further economic uncertainty and price pressure from customers and suppliers will contribute to another challenging year.

We will continue to invest in all operational business areas, 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.

Principal risks and uncertainties

Interest Rate Risk

The company finances its operations through retained profits, inter-company accounts and bank borrowings. Axel Johnson Group uses fixed and floating facilities to manage the company's exposure to interest rate fluctuations on its borrowings.

Liquidity Risk

The company seeks to manage financial risk by ensuring sufficient liquidity 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 by trading 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 using foreign-currency bank accounts.

Acorn Industrial Services Limited

Strategic Report for the Year Ended 31 December 2023

The company's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2023	2022
Turnover	£'000	32,753	28,795
Gross profit	£'000	10,966	9,661
Profit before tax	£'000	2,681	2,525

Approved and authorised by the Board on 22/4/24 and signed on its behalf by:


.....
M Povey
Director

Acorn Industrial Services Limited

Directors' Report for the Year Ended 31 December 2023

The directors present their report and the financial statements for the year ended 31 December 2023.

Principal activity

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

Directors of the company

The directors who held office during the year were as follows:

S Stenström

G P Stacey

P D Spillings

I O L Sjölin

M Povey

B P Helgesson

Results and dividends

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

Ordinary dividends paid during the year were nil (2022: £4,000,000).

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

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved and authorised by the Board on 22/4/24 and signed on its behalf by:

.....
M Povey
Director

Acorn Industrial Services Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Acorn Industrial Services Limited

Independent Auditor's Report to the Members of Acorn Industrial Services Limited

Opinion

We have audited the financial statements of Acorn Industrial Services Limited (the 'company') for the year ended 31 December 2023, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Acorn Industrial Services Limited

Independent Auditor's Report to the Members of Acorn Industrial Services Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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

Acorn Industrial Services Limited

Independent Auditor's Report to the Members of Acorn Industrial Services Limited

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Imran Farooq (Senior Statutory Auditor)

For and on behalf of Rödl & Partner Limited, Statutory Auditor

170 Edmund Street
Birmingham
B3 2HB

Date: Apr 22, 2024

Acorn Industrial Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2023

	Note	2023 £	2022 £
Turnover	3	32,752,676	28,794,956
Cost of sales		<u>(21,785,977)</u>	<u>(19,133,260)</u>
Gross profit		10,966,699	9,661,696
Distribution costs		(904,385)	(773,210)
Administrative expenses		(7,405,888)	(6,349,124)
Other operating income	4	<u>70,141</u>	<u>20,479</u>
Operating profit	5	2,726,567	2,559,841
Other interest receivable and similar income	9	-	1,302
Interest payable and similar expenses	10	<u>(45,542)</u>	<u>(35,626)</u>
Profit before tax		2,681,025	2,525,517
Tax on profit	11	<u>(641,563)</u>	<u>(479,993)</u>
Profit for the financial year		<u>2,039,462</u>	<u>2,045,524</u>
 Total comprehensive income for the year		 <u>2,039,462</u>	 <u>2,045,524</u>

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

There were no items of other comprehensive income or losses for the current or prior year other than those included in the Statement of comprehensive income.

Acorn Industrial Services Limited

(Registration number: 01733820)
Balance Sheet as at 31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	12	835,171	770,964
Current assets			
Stocks	13	6,107,073	6,297,701
Debtors	14	14,668,080	10,701,437
Cash at bank and in hand		920,914	1,730,381
		<u>21,696,067</u>	<u>18,729,519</u>
Creditors: Amounts falling due within one year	15	<u>(4,500,116)</u>	<u>(3,519,177)</u>
Net current assets		<u>17,195,951</u>	<u>15,210,342</u>
Total assets less current liabilities		18,031,122	15,981,306
Provisions for liabilities		<u>(10,354)</u>	-
Net assets		<u>18,020,768</u>	<u>15,981,306</u>
Capital and reserves			
Called up share capital		100	100
Capital redemption reserve		105	105
Profit and loss account		<u>18,020,563</u>	<u>15,981,101</u>
Shareholders' funds		<u>18,020,768</u>	<u>15,981,306</u>

Approved and authorised by the Board on 22/4/24 and signed on its behalf by:

.....
M Povey
Director

Acorn Industrial Services Limited

Statement of Changes in Equity for the Year Ended 31 December 2023

	Share capital	Capital redemption reserve	Retained earnings	Total
	£	£	£	£
At 1 January 2023	100	105	15,981,101	15,981,306
Profit for the year	-	-	2,039,462	2,039,462
At 31 December 2023	<u>100</u>	<u>105</u>	<u>18,020,563</u>	<u>18,020,768</u>

	Share capital	Capital redemption reserve	Retained earnings	Total
	£	£	£	£
At 1 January 2022	100	105	17,935,577	17,935,782
Profit for the year	-	-	2,045,524	2,045,524
Dividends	-	-	(4,000,000)	(4,000,000)
At 31 December 2022	<u>100</u>	<u>105</u>	<u>15,981,101</u>	<u>15,981,306</u>

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

Unit A Denby Way
Hellaby
Rotherham
South Yorkshire
S66 8HR

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The presentational currency used to prepare the financial statements is Sterling (£) and amounts have been rounded to the nearest £1.

Summary of disclosure exemptions

The company's parent undertaking includes the Company in its consolidated financial statements. In these financial statements the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 and the Companies Act in respect of the following disclosures:

Cash Flow statement and related notes

Basic Financial Instruments and Other Financial Instrument Issues

Related Party Disclosures with other members of that group.

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.

Reclassification of comparative amounts

A reclassification of balances has been made to the Director's remuneration in Note 8. The prior period reclassification is as follows:

Director's remuneration has increased from £208,767 to £374,856.

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Land and buildings Freehold
Fixtures, fittings & equipment
Computer equipment
Motor vehicles

Depreciation method and rate

4% straight line
15% reducing balance
3 years straight line
25% reducing balance

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

Impairment of fixed assets

At each reporting period end date, the company 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.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Impairment

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.

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.

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 company 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.

Judgements and key sources of estimation uncertainty

In the application of the company'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.

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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 sale ability of finished goods.

3 Revenue

The analysis of the company's turnover for the year from continuing operations is as follows:

	2023	2022
	£	£
Sale of goods	<u>32,752,676</u>	<u>28,794,956</u>

The analysis of the company's turnover for the year by market is as follows:

	2023	2022
	£	£
UK	26,468,248	23,581,383
Europe	2,411,461	2,488,573
Rest of world	<u>3,872,967</u>	<u>2,725,000</u>
	<u>32,752,676</u>	<u>28,794,956</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2023	2022
	£	£
Other income	<u>70,141</u>	<u>20,479</u>

5 Operating profit

Arrived at after charging/(crediting)

	2023	2022
	£	£
Exchange (losses)/gains	90,245	(221,821)
Depreciation of owned tangible fixed assets	139,510	120,986
Profit on disposal of tangible fixed assets	4,918	1,909
Cost of stocks recognised as an expense	21,785,977	19,113,261
Operating lease charges	<u>506,721</u>	<u>320,102</u>

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

6 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	<u>27,800</u>	<u>25,600</u>

The company has entered into a liability limitation agreement with the company's auditor which was approved on 30th October 2023. The principal terms of the agreement are fair and reasonable.

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023 £	2022 £
Wages and salaries	4,046,780	3,810,354
Social security costs	426,958	392,162
Pension costs, defined contribution scheme	<u>192,942</u>	<u>157,338</u>
	<u>4,666,680</u>	<u>4,359,854</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2023 No.	2022 No.
Production	22	19
Distribution	61	60
Administration	<u>38</u>	<u>36</u>
	<u>121</u>	<u>115</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 £	2022 £ (As restated)
Remuneration	432,043	374,856
Contributions paid to money purchase schemes	<u>6,615</u>	<u>6,342</u>
	<u>438,658</u>	<u>381,198</u>

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

During the year the number of directors who were receiving benefits and share incentives was as follows:

(As restated)

	2023	2022
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

(As restated)

	2023	2022
	£	£
Remuneration	228,401	192,005
Company contributions to money purchase pension schemes	<u>6,615</u>	<u>6,342</u>

9 Other interest receivable and similar income

	2023	2022
	£	£
Interest income on bank deposits	<u>-</u>	<u>1,302</u>

10 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and borrowings	<u>45,542</u>	<u>35,626</u>

11 Taxation

Tax charged/(credited) in the profit and loss account

	2023	2022
	£	£
Current taxation		
UK corporation tax	622,563	470,039
UK corporation tax adjustment to prior periods	<u>-</u>	<u>954</u>
	622,563	470,993
Deferred taxation		
Arising from origination and reversal of timing differences	<u>19,000</u>	<u>9,000</u>
Tax expense in the income statement	<u>641,563</u>	<u>479,993</u>

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 23.5% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	<u>2,681,025</u>	<u>2,525,517</u>
Corporation tax at standard rate	630,592	479,848
Rounding	(3,633)	-
Tax effect of expenses that are not deductible in determining taxable profit	3,219	1,934
Change in unrecognised deferred tax assets	9,388	90
Increase in UK and foreign current tax from adjustment for prior periods	-	954
Depreciation on assets not qualifying for tax allowances	1,429	(4,994)
Effect of change in deferred tax rates	<u>568</u>	<u>2,161</u>
Total tax charge	<u>641,563</u>	<u>479,993</u>

12 Tangible assets

	Land and buildings Freehold £	Fixtures, fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2023	195,212	1,322,124	823,295	2,500	2,343,131
Additions	3,291	142,718	79,447	69,320	294,776
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,320)</u>	<u>(69,320)</u>
At 31 December 2023	<u>198,503</u>	<u>1,464,842</u>	<u>902,742</u>	<u>2,500</u>	<u>2,568,587</u>
Depreciation					
At 1 January 2023	5,042	777,902	786,723	2,500	1,572,167
Charge for the year	1,008	96,226	37,973	4,303	139,510
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>26,042</u>	<u>(4,303)</u>	<u>21,739</u>
At 31 December 2023	<u>6,050</u>	<u>874,128</u>	<u>850,738</u>	<u>2,500</u>	<u>1,733,416</u>
Carrying amount					
At 31 December 2023	<u>192,453</u>	<u>590,714</u>	<u>52,004</u>	<u>-</u>	<u>835,171</u>
At 31 December 2022	<u>190,170</u>	<u>544,222</u>	<u>36,572</u>	<u>-</u>	<u>770,964</u>

Included within the net book value of land and buildings above is £192,453 (2022 - £190,170) in respect of long leasehold land and buildings.

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

13 Stocks

	2023	2022
	£	£
Finished goods and goods for resale	<u>6,107,073</u>	<u>6,297,701</u>

Stocks are stated after recording provisions totalling £499,962 in relation to old and slow moving stock (2022: £578,070).

14 Debtors

		2023	2022
		£	£
Trade debtors		6,026,518	5,332,117
Amounts owed by group undertakings	23	8,395,428	5,199,528
Prepayments and accrued income		<u>246,134</u>	<u>169,792</u>
		<u>14,668,080</u>	<u>10,701,437</u>

15 Creditors

	2023	2022
	£	£
Due within one year		
Trade creditors	2,323,386	2,354,601
Corporation tax	1,441,371	813,018
Amounts owed to group undertakings	31,189	-
Other taxation and social security	245,626	176,729
Other payables	262,096	890
Accruals	<u>196,448</u>	<u>173,939</u>
	<u>4,500,116</u>	<u>3,519,177</u>

Deferred tax

Deferred tax assets and liabilities

	Liability
	£
2023	
Accelerated capital allowances	<u>114,000</u>
	<u>114,000</u>
2022	
Accelerated capital allowances	<u>95,000</u>
	<u>95,000</u>

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £192,942 (2022 - £157,338).

18 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary share capital of £1 each	100	100	100	100

19 Financial commitments, guarantees and contingent liabilities

The company has a bond with Handelsbanken in favour of HMRC totalling £25,000 (2022: £25,000).

20 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2023	2022
	£	£
Not later than one year	506,721	320,102
Later than one year and not later than five years	737,470	866,705
	<u>1,244,191</u>	<u>1,186,807</u>

21 Dividends

	2023	2022
	£	£
Final dividend of £Nil (2022 - £40,000.00) per ordinary share	<u>-</u>	<u>4,000,000</u>

Acorn Industrial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2023

22 Parent and ultimate parent undertaking

The company is controlled by Acorn Industrial Services Group Limited, a company registered in England and Wales.

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

Acorn Industrial Services Group Limited prepares group financial statements, which is the smallest group to consolidate these financial statements and copies can be obtained from the Company Secretary at Unit A, Denby Way, Hellaby Industrial Estate, Rotherham, South Yorkshire, S66 SHR.

Acorn Industrial Services Group Limited is controlled by Axel Johnson AB by virtue of that company holding 100% of the share capital in Acorn Industrial Services Group Limited.

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

23 Related party transactions

No guarantees have been given or received.

The company 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 company occupied properties owned by the directors' pension scheme and paid rent on a commercial basis of £240,350 (2022: £333,625).