

Acorn Industrial Services Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2022

Rödl & Partner Limited
170 Edmund Street
Birmingham
B3 2HB

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Acorn Industrial Services Group Limited

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Acorn Industrial Services Group Limited

Company Information

Directors	M Povey I O L Sjolín B Helgesson P D Spillings
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 Group Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

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

Fair review of the business

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

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

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

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

Financial KPIs	Unit	2022	2021
Turnover	£'000	33,879	32,989
Gross profit	£'000	11,856	10,965
Profit before tax	£'000	3,028	2,076

Future developments

The directors recognise that the outlook for 2023 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 a mixture of retained profits, inter-company accounts and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by Axel Johnson Group 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.

Approved and authorised by the Board on 5/6/2023, and signed on its behalf by:

.....
M Povey

Company secretary and director

Acorn Industrial Services Group Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the consolidated financial statements for the year ended 31 December 2022.

Directors of the group

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

M Povey - Company secretary and director

I O L Sjolín

B Helgesson

P D Spillings

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends paid during the year £6,300,000 (2021: nil).

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

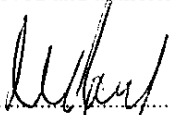
Important non adjusting events after the financial period

Acorn Industrial Services Group Limited has acquired two new companies, Solent Bearings Ltd on the 10th February 2023 and Performance Conveyor Belting Ltd on the 31st March 2023.

Disclosure of information to the auditor

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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved and authorised by the Board on 5/6/2023 and signed on its behalf by:



M Povey
Company secretary and director

Acorn Industrial Services Group 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 group and the company and of the profit or loss of the group for that period*. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Acorn Industrial Services Group Limited

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

Opinion

We have audited the financial statements of Acorn Industrial Services Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group'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 Group Limited

Independent Auditor's Report to the Members of Acorn Industrial Services Group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 then 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 Group Limited

Independent Auditor's Report to the Members of Acorn Industrial Services Group 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 group'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 group's or the parent 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 group or the parent 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 group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 R&D & Partner Limited, Statutory Auditor

170 Edmund Street
Birmingham
B3 2HB

Date: 5th June, 2023

Acorn Industrial Services Group Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2022

(As restated)

	Note	2022 £	2021 £
Turnover	3	33,878,739	32,988,865
Cost of sales		<u>(22,022,339)</u>	<u>(22,023,700)</u>
Gross profit		11,856,400	10,965,165
Distribution costs		(1,005,817)	(1,210,536)
Administrative expenses		(7,812,871)	(7,682,883)
Other operating income	4	<u>20,534</u>	<u>21,486</u>
Operating profit	5	3,058,246	2,093,232
Other interest receivable and similar income	6	5,511	3,239
Interest payable and similar expenses	7	<u>(35,803)</u>	<u>(20,870)</u>
Profit before tax		3,027,954	2,075,601
Tax on profit	11	<u>(627,593)</u>	<u>(531,355)</u>
Profit for the financial year		<u>2,400,361</u>	<u>1,544,246</u>
Profit/(loss) attributable to:			
Owners of the company		<u>2,400,361</u>	<u>1,544,246</u>

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

The Group profit and loss account 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 Profit and Loss Account.

The group has no recognised gains or losses for the year other than the results above.

The notes on pages 14 to 27 form an integral part of these financial statements.

Acorn Industrial Services Group Limited

(Registration number: 05500626)

Consolidated Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Goodwill	12	307,200	584,775
Tangible assets	13	957,463	877,199
Current assets			
Stocks	16	7,184,130	5,593,354
Debtors	17	6,368,234	6,705,102
Cash at bank and in hand		2,090,674	7,994,879
		<u>15,643,038</u>	<u>20,293,335</u>
Creditors: Amounts falling due within one year	18	<u>(3,925,157)</u>	<u>(4,879,126)</u>
Net current assets		<u>11,717,881</u>	<u>15,414,209</u>
Total assets less current liabilities		12,982,544	16,876,183
Provisions for liabilities	19	<u>(28,000)</u>	<u>(22,000)</u>
Net assets		<u>12,954,544</u>	<u>16,854,183</u>
Capital and reserves			
Called up share capital	21	1,830	1,830
Share premium reserve		9,254	9,254
Retained earnings		<u>12,943,460</u>	<u>16,843,099</u>
Equity attributable to owners of the company		<u>12,954,544</u>	<u>16,854,183</u>
Shareholders' funds		<u>12,954,544</u>	<u>16,854,183</u>

Approved and authorised by the Board on 5/6/2023 and signed on its behalf by:

.....
M Povey
Company secretary and director

The notes on pages 14 to 27 form an integral part of these financial statements.

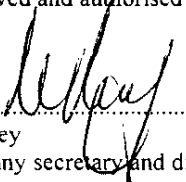
Acorn Industrial Services Group Limited

(Registration number: 05500626)
Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	14	6,968,970	6,968,970
Current assets			
Debtors	17	1,297	1,297
Cash at bank and in hand		<u>2</u>	<u>2</u>
		1,299	1,299
Creditors: Amounts falling due within one year	18	<u>(6,415,158)</u>	<u>(6,415,158)</u>
Net current liabilities		<u>(6,413,859)</u>	<u>(6,413,859)</u>
Net assets		<u>555,111</u>	<u>555,111</u>
Capital and reserves			
Called up share capital	21	1,830	1,830
Share premium reserve		9,254	9,254
Retained earnings		<u>544,027</u>	<u>544,027</u>
Shareholders' funds		<u>555,111</u>	<u>555,111</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's result for the year ended was £6,300,000 (2021 - £NIL).

Approved and authorised by the Board on 5/6/2023 and signed on its behalf by:


.....
M Povey
Company secretary and director

Acorn Industrial Services Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022 Equity attributable to the parent company

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2022	1,830	9,254	16,843,099	16,854,183
Profit for the year	-	-	2,400,361	2,400,361
Dividends	-	-	(6,300,000)	(6,300,000)
At 31 December 2022	1,830	9,254	12,943,460	12,954,544

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2021	1,830	9,254	15,298,853	15,309,937
Profit for the year	-	-	1,544,246	1,544,246
At 31 December 2021	1,830	9,254	16,843,099	16,854,183

The notes on pages 14 to 27 form an integral part of these financial statements.

Acorn Industrial Services Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2022	1,830	9,254	544,027	555,111
Profit for the year	-	-	6,300,000	6,300,000
Dividends	-	-	(6,300,000)	(6,300,000)
At 31 December 2022	<u>1,830</u>	<u>9,254</u>	<u>544,027</u>	<u>555,111</u>

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2021	1,830	9,254	544,027	555,111
At 31 December 2021	<u>1,830</u>	<u>9,254</u>	<u>544,027</u>	<u>555,111</u>

The notes on pages 14 to 27 form an integral part of these financial statements.

Acorn Industrial Services Group Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		2,400,361	1,544,246
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	442,096	723,262
Interest received		(26,045)	(24,725)
Profit on disposal of tangible assets		(1,909)	-
Finance costs		35,803	20,870
Income tax expense	11	627,593	531,355
		<u>3,477,899</u>	<u>2,795,008</u>
Working capital adjustments			
Increase in stocks	16	(1,590,776)	(209,668)
Decrease in trade debtors	17	337,069	8,168
Decrease in trade creditors	18	(953,969)	(452,848)
Increase/(decrease) in provisions	19	6,000	(250,000)
Cash generated from operations		1,276,223	1,890,660
Income taxes paid	11	(622,884)	(521,070)
Net cash flow from operating activities		<u>653,339</u>	<u>1,369,590</u>
Cash flows from investing activities			
Interest received		26,045	24,725
Acquisitions of tangible assets		(249,695)	(246,172)
Proceeds from sale of tangible assets		1,909	-
Net cash flows from investing activities		<u>(221,741)</u>	<u>(221,447)</u>
Cash flows from financing activities			
Interest paid		(35,803)	(20,870)
Dividends paid		(6,300,000)	-
Net cash flows from financing activities		<u>(6,335,803)</u>	<u>(20,870)</u>
Net (decrease)/increase in cash and cash equivalents		(5,904,205)	1,127,273
Cash and cash equivalents at 1 January		<u>7,994,879</u>	<u>6,867,606</u>
Cash and cash equivalents at 31 December		<u><u>2,090,674</u></u>	<u><u>7,994,879</u></u>

The notes on pages 14 to 27 form an integral part of these financial statements.

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

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

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 United Kingdom and Republic of Ireland and the Companies Act 2006'.

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 £.

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.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Basis of consolidation

The consolidated financial statements incorporate those of Acorn Industrial Services Group Limited and all of its subsidiaries (i.e. 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 2022. 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 provided evidence of an impairment of the asset transferred.

R W Bearings 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 R W Bearings Limited for the period from its acquisition on 11th December 2020. The purchases 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 2008. As the ultimate parent, Acorn Industrial Services Group Limited has provided a statutory guarantee for any outstanding liabilities of this business. All subsidiary undertakings have been included in the consolidation.

Gerald Summers Limited

Bearing Station Limited

Acorn Industrial Limited (formerly Berkshire Bearings & Transmissions Limited)

Town and County Engineering Services Limited

R W Bearings Limited

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Reclassification of comparative amounts

A reclassification of balances has been made to the Consolidated Profit and Loss Account in 2021. The effect of this reclassification has no impact on the overall profitability of the business. The prior period reclassification is as follows:

Administrative expenses has decreased from £7,762,096 to £7,682,883

Interest payable and similar expenses has increased from £58,343 to (£20,870)

Judgements

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 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.

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 group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the group.

The group 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 group'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 group operates and generates taxable income.

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

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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	Depreciation method and rate
Land and buildings Freehold	25 years straight line
Land and buildings Leasehold	5 years straight line
Fixtures, fittings & equipment	15% reducing balance
Computer equipment	3 years straight line
Motor vehicles	25% reducing balance

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	5 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

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.

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.

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

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 group 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 group 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.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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.

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 group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group 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 group has elected to apply the provisions of Section 'Basic Financial Instruments' and Section 'Other Financial Instruments Issues' of FRS to all of its financial instruments.

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

3 Turnover

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

	2022	2021
	£	£
Sale of goods	<u>33,878,739</u>	<u>32,988,865</u>

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

	2022	2021
	£	£
UK	28,665,166	28,469,996
Europe	2,488,573	2,214,071
Rest of world	<u>2,725,000</u>	<u>2,304,798</u>
	<u>33,878,739</u>	<u>32,988,865</u>

4 Other operating income

Other operating income consists of £Nil (2021: £21,486) received as part of the Coronavirus Job Retention Scheme and sundry income of £55 (2021: £Nil).

5 Operating profit

Arrived at after charging/(crediting)

		As restated
	2022	2021
	£	£
Depreciation expense	164,521	159,700
Amortisation expense	277,575	563,562
Foreign exchange gains	(227,135)	(79,213)
Operating lease expense - plant and machinery	205,157	210,111
Loss on disposal of property, plant and equipment	<u>1,909</u>	<u>-</u>

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

6 Other interest receivable and similar income

	2022	2021
	£	£
Interest income on bank deposits	5,489	3,053
Other interest income	22	186
	<u>5,511</u>	<u>3,239</u>

7 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	35,803	24,317
Interest on finance leases and hire purchase contracts	-	(3,447)
	<u>35,803</u>	<u>20,870</u>

8 Staff costs

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

	Group 2022	Group 2021
	£	£
Wages and salaries	4,626,321	4,098,590
Social security costs	484,231	420,048
Pension costs, defined contribution scheme	189,779	180,351
	<u>5,300,331</u>	<u>4,698,989</u>

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

	Group 2022	Group 2021
	No.	No.
Production	26	25
Administration and support	48	46
Distribution	69	67
	<u>143</u>	<u>138</u>

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	Group 2022 £	Group 2021 £
Remuneration	271,547	177,927
Contributions paid to money purchase schemes	2,642	-
	<u>274,189</u>	<u>177,927</u>

In respect of the highest paid director:

	Group 2022 £	Group 2021 £
Remuneration	<u>126,152</u>	<u>92,071</u>

10 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements of the group and company	6,500	6,500
Audit of the financial statements of the company's subsidiaries	25,600	28,400
	<u>32,100</u>	<u>34,900</u>

11 Taxation

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

	2022 £	2021 £
Current taxation		
UK corporation tax	611,639	486,855
UK corporation tax adjustment to prior periods	954	-
	<u>612,593</u>	<u>486,855</u>
Deferred taxation		
Arising from origination and reversal of timing differences	15,000	44,500
Tax expense in the income statement	<u>627,593</u>	<u>531,355</u>

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	<u>3,027,954</u>	<u>2,075,601</u>
Corporation tax at standard rate	628,051	394,364
Effect of expense not deductible in determining taxable profit (tax loss)	2,554	113,389
Deferred tax credit relating to changes in tax rates or laws	-	(1,026)
Increase in UK and foreign current tax from adjustment for prior periods	954	-
Fixed asset differences	(3,098)	-
Deferred tax expense/(credit) from unrecognised tax loss or credit	2,541	(410)
Tax decrease from other short-term timing differences	-	(912)
Depreciation on assets not qualifying for tax allowances	(4,994)	(1,795)
UK deferred tax expense relating to changes in tax rates or laws	<u>1,585</u>	<u>27,745</u>
Total tax charge	<u>627,593</u>	<u>531,355</u>

12 Intangible assets

Group

	Goodwill £	Total £
Cost		
At 1 January 2022	<u>3,095,422</u>	<u>3,095,422</u>
At 31 December 2022	<u>3,095,422</u>	<u>3,095,422</u>
Amortisation		
At 1 January 2022	2,510,647	2,510,647
Amortisation charge	<u>277,575</u>	<u>277,575</u>
At 31 December 2022	<u>2,788,222</u>	<u>2,788,222</u>
Carrying amount		
At 31 December 2022	<u>307,200</u>	<u>307,200</u>
At 31 December 2021	<u>584,775</u>	<u>584,775</u>

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

13 Tangible assets

Group

	Land and buildings Freehold £	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2022	250,000	3,291	1,433,287	780,309	53,893	2,520,780
Additions	-	-	214,594	33,920	1,181	249,695
Disposals	(54,788)	-	282,016	18,936	46,157	292,321
At 31 December 2022	<u>195,212</u>	<u>3,291</u>	<u>1,929,897</u>	<u>833,165</u>	<u>101,231</u>	<u>3,062,796</u>
Depreciation						
At 1 January 2022	58,820	-	842,732	725,220	16,809	1,643,581
Charge for the year	1,010	-	120,857	34,241	8,413	164,521
Eliminated on disposal	(54,788)	-	270,923	34,938	46,158	297,231
At 31 December 2022	<u>5,042</u>	<u>-</u>	<u>1,234,512</u>	<u>794,399</u>	<u>71,380</u>	<u>2,105,333</u>
Carrying amount						
At 31 December 2022	<u>190,170</u>	<u>3,291</u>	<u>695,385</u>	<u>38,766</u>	<u>29,851</u>	<u>957,463</u>
At 31 December 2021	<u>191,180</u>	<u>3,291</u>	<u>590,555</u>	<u>55,089</u>	<u>37,084</u>	<u>877,199</u>

Included within the net book value of land and buildings above is £3,291 (2021 - £3,291) in respect of freehold land and buildings and £190,170 (2021 - £191,180) in respect of long leasehold land and buildings.

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

14 Investments

Company

	2022	2021
	£	£
Investments in subsidiaries	<u>6,968,970</u>	<u>6,968,970</u>

Subsidiaries

£

Cost or valuation

At 1 January 2022	<u>6,968,970</u>
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At 31 December 2022	<u>6,968,970</u>
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Provision

Carrying amount

At 31 December 2022	<u>6,968,970</u>
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At 31 December 2021	<u>6,968,970</u>
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15 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Acorn Industrial Services Limited	same as parent company	Distribution of bearings and power transmission and linear products	Ordinary	100.00
Bearing Station Limited	same as parent company	Online sales of industrial consumables	Ordinary	100.00
Acorn Industrial Limited (formerly Berkshire Bearings & Transmissions Limited)	same as parent company	Marketing of bearings and transmissions	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
R W Bearings Limited	same as parent company	Distribution of bearings and power transmission and linear products	Ordinary	100.00

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

For the year ended 31 December 2021, 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)

Acorn Industrial Limited (01572216)

Town & County Engineering Services Limited (01985942)

R W Bearings Limited (05373511)

16 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Raw materials and consumables	546,031	393,108	-	-
Finished goods and goods for resale	7,216,169	5,846,854	-	-
Slow-moving stock provision	(578,070)	(646,608)	-	-
	<u>7,184,130</u>	<u>5,593,354</u>	<u>-</u>	<u>-</u>

Group

17 Debtors

		Group		Company	
		2022	2021	2022	2021
		£	£	£	£
Current	Note				
Trade debtors		5,875,126	6,261,142	-	-
Other debtors		298,347	277,486	1,297	1,297
Prepayments		191,761	164,771	-	-
Deferred tax assets	11	<u>3,000</u>	<u>1,703</u>	<u>-</u>	<u>-</u>
		<u>6,368,234</u>	<u>6,705,102</u>	<u>1,297</u>	<u>1,297</u>

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

18 Creditors

		Group		Company	
	Note	2022 £	2021 £	2022 £	2021 £
Due within one year					
Trade creditors		2,604,834	4,630,310	-	-
Amounts due to related parties	24	-	-	6,415,158	6,415,158
Social security and other taxes		303,688	116,090	-	-
Other payables		1,244	2,171	-	-
Accruals		233,185	93,390	-	-
Income tax liability	11	782,206	37,165	-	-
		3,925,157	4,879,126	6,415,158	6,415,158

19 Provisions for liabilities

Group		Deferred tax £	Total £
At 1 January 2022		22,000	22,000
Additional provisions		<u>6,000</u>	<u>6,000</u>
At 31 December 2022		<u>28,000</u>	<u>28,000</u>

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £189,779 (2021 - £180,351).

21 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,830</u>	<u>1,830</u>	<u>1,830</u>	<u>1,830</u>

Acorn Industrial Services Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

22 Obligations under leases

Group

Operating leases

The total of future minimum lease payments is as follows:

	2022	2021
	£	£
Not later than one year	365,185	345,047
Later than one year and not later than five years	883,863	272,487
Later than five years	-	220,281
	<u>1,249,048</u>	<u>837,815</u>

23 Dividends

	2022	2021
	£	£
Final dividend of £Nil (2021 - £2) per ordinary share	-	-
Interim dividend of £3,443 (2021 - £4) per ordinary share	<u>6,300,000</u>	<u>-</u>
	<u>6,300,000</u>	<u>-</u>

24 Related party transactions

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

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

During the year, the group occupied properties owned by the director's pension scheme and paid rent on a commercial basis of £333,625 (2021: £205,250).

25 Controlling party

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

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

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

26 Non adjusting events after the financial period

Acorn Industrial Services Group Limited has acquired two new companies, Solent Bearings Ltd on the 10th February 2023 and Performance Conveyor Belting Ltd on the 31st March 2023.