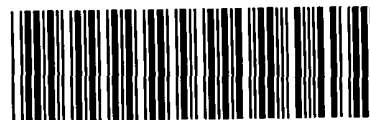


**Iracroft Limited**  
**Annual Report and Financial Statements**  
**Year Ended 31 December 2021**  
Registration number: 01055419

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# **Iracroft Limited**

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# **Iracroft Limited**

## **Company Information**

**Directors** M L Elliott  
A M Simmonds  
A H Webb  
W K Moore  
K Mullen  
D Colley  
P Luvaglia

**Company secretary** A H Webb

**Registered office** Blandford Heights Industrial Estate  
Shaftesbury Lane  
Blandford Forum  
Dorset  
DT11 7TE

**Auditors** PKF Francis Clark  
Chartered Accountants & Registered Auditors  
Towngate House  
2-8 Parkstone Road  
Poole  
Dorset  
BH15 2PW

# Iracroft Limited

## Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

### Principal activity

The principal activity of the company is the manufacture and supply of manipulated, formed and fabricated tubular and other products in a variety of ferrous and stainless steels, aluminium, copper and other specialist metal alloys. These products are used in a wide variety of applications in construction, excavation, industrial process equipment, general handling and agricultural machine markets, by a customer bases including global blue-chip OEMs and smaller niche players.

### Fair review of the business

Construction, mining and excavation markets showed strong recovery throughout 2021 following the easing of restrictions relating to the Covid pandemic in 2020. Company turnover grew by 58% from £10.6m in 2020 to £16.8m in 2021. The company also saw revenue growth of nearly 6% against 2019 (£15.9m). Raw material and energy costs proved to be highly volatile during the year, however end users have been accepting of price variations and therefore product margin levels have remained firm.

Market conditions remain favourable into early 2022 with customer demand continuing to increase and raw material prices starting to show some stability.

During 2021 the company invested significantly to expand both its capacity and capability through the acquisition of additional property and an automated powder coating line. This investment is key to continued growth of the business.

### Development and performance of the business

	Unit	2021	2020
Turnover	£	16,799,426	10,630,334
Profit/(Loss) before tax	£	128,440	(520,850)
Net assets at year end (excluding pension assets/liability)	£	3,823,831	3,981,041

## Iracroft Limited

### Strategic Report for the Year Ended 31 December 2021

#### Principal risks and uncertainties

The company supplies to national and global companies, in the UK and Europe, in the construction, specialist and industrial sectors supplying to global markets.

Although Covid restrictions in the UK have become far less restrictive other countries continue to take more active measures against covid which may adversely impact the global supply chain. It also remains possible that covid measures could be re-introduced in the UK.

The war in Ukraine is a significant source of uncertainty due to the potential impact on the global supply chain and energy sourcing across Europe. Raw material prices rose throughout 2021 but are currently plateauing, the risk remains that they begin to climb again. Although markets have absorbed past price rises there is no guarantee that future increases will be accepted.

Trade between the UK and EU has continued following the UK's exit from the common market, albeit with tighter controls and increased cost for both parties. This may present additional barriers to the future growth plans for the business.

Approved by the Board on 23/08/22 and signed on its behalf by:



.....  
P Luyaglia  
Director

## **Iracroft Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

#### **Directors of the company**

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

M L Elliott

A M Simmonds

A H Webb

W K Moore

K Mullen

D Colley

P Luvaglia

#### **Future developments**

The company is implementing targeted investment plans focussing on industry leading manufacturing equipment, technology and engineering skills development and building its lean manufacturing management and culture.

Expanding the scope and application of the company's products continues to be a key part of future development strategy and covers market penetration and new product development. The recent acquisition of a new 6,000 sqft property and automated powder coating facility will provide the additional production capacity and capability to achieve this.

#### **Research and development**

The company will continue its policy of investment in research and development in order to retain a competitive position in the market.

#### **Going concern**

2021 saw the company return to profitable trading. The company has continued to trade profitably into the early part of 2022 and the orderbook remains strong for the remainder of the year and into 2023. Working capital has been stretched following the recent growth of the business, capital acquisition and commencement of CBILS repayments, however current projections show positive cash generation going forward.

In the current year a mortgage was taken out. This loan contains a covenant which has been breached at 31 December 2021 and therefore the loan is presented as a current liability however, post year end the bank has issued a waiver.

Following the year end a bank covenant was breached in relation to temporarily exceeding the overdraft limit however the bank balance is now within the overdraft limit and the company continues to receive the bank's support.

On this basis the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

## Iracroft Limited

### Directors' Report for the Year Ended 31 December 2021

#### 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 by the Board on 23/08/22 and signed on its behalf by:



.....  
P Luwaglia  
Director

## **Iracroft 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 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 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.

## **Iracroft Limited**

### **Independent Auditor's Report to the Members of Iracroft Limited**

#### **Opinion**

We have audited the financial statements of Iracroft Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 company's affairs as at 31 December 2021 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's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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.

## **Iracroft Limited**

### **Independent Auditor's Report to the Members of Iracroft 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 6, 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's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## **Iracroft Limited**

### **Independent Auditor's Report to the Members of Iracroft Limited**

As part of our audit planning we obtained an understanding of the entity, its business operations, internal controls and the legal and regulatory framework that is applicable to Iracroft Limited. As part of this assessment process we enquired with management, reviewed the company's website, policies and procedures.

The key laws and regulations we identified were health and safety regulations and those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and tax legislation.

Management enquiries covered any knowledge or evidence of actual and potential fraud, litigation and claims, which were followed up with corroborative audit review work. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. Little was identified in the way of incentives as director's remuneration is not directly linked to revenue or GP% targets. The only material loan and borrowing balance is a Coronavirus Business Interruption Loan which does not include a covenant.

Based on our understanding of the entity, we designed our audit procedures to identify non-compliance with relevant laws and regulations. Our procedures involved the following:

- The risk of management override of controls was audited, including through using data analytics to test journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Review of legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

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

## **Iracroft Limited**

### **Independent Auditor's Report to the Members of Iracroft Limited**

#### **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.

*Chloe Mills*

Chloe Mills FCA (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Towngate House  
2-8 Parkstone Road  
Poole  
Dorset  
BH15 2PW

Date: 23.8.22

## Iracroft Limited

### Profit and Loss Account

Year Ended 31 December 2021

The above results were derived from continuing operations.

	Note	2021 £	2020 £
Turnover	3	16,799,426	10,630,334
Cost of sales		<u>(12,331,378)</u>	<u>(7,958,517)</u>
Gross profit		4,468,048	2,671,817
Administrative expenses		(4,289,338)	(3,999,211)
Other operating income	4	<u>14,506</u>	<u>859,627</u>
Operating profit/(loss)	5	193,216	(467,767)
Interest payable and similar charges	9	<u>(64,776)</u>	<u>(53,083)</u>
Profit/(loss) before tax		128,440	(520,850)
Taxation	10	<u>(76,030)</u>	<u>97,806</u>
Profit/(loss) for the financial year		<u>52,410</u>	<u>(423,044)</u>

## **Iracroft Limited**

### **Statement of Comprehensive Income**

**Year Ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit/(loss) for the year	52,410	(423,044)
Remeasurement gain/loss on defined benefit pension schemes	<u>2,213,500</u>	<u>(1,668,260)</u>
Total comprehensive income for the year	<u><u>2,265,910</u></u>	<u><u>(2,091,304)</u></u>

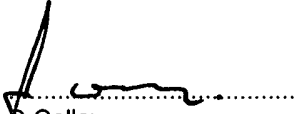
# Iracroft Limited

## Balance Sheet

31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	11	5,114,748	4,135,041
<b>Current assets</b>			
Stocks	12	1,280,065	920,855
Debtors	13	2,674,260	2,144,522
Cash at bank and in hand	14	59,112	952,621
		<u>4,013,437</u>	<u>4,017,998</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(4,224,265)</u>	<u>(2,684,085)</u>
<b>Net current (liabilities)/assets</b>		<u>(210,828)</u>	<u>1,333,913</u>
<b>Total assets less current liabilities</b>		4,903,920	5,468,954
<b>Creditors: Amounts falling due after more than one year</b>	15	(806,171)	(1,287,862)
<b>Provisions for liabilities</b>	16	<u>(273,918)</u>	<u>(200,051)</u>
<b>Net assets excluding pension asset/(liability)</b>		3,823,831	3,981,041
Net pension asset/(liability)	17	<u>1,546,500</u>	<u>(659,000)</u>
<b>Net assets</b>		<u>5,370,331</u>	<u>3,322,041</u>
<b>Capital and reserves</b>			
Called up share capital		90	90
Other reserves	19	243,761	243,761
Profit and loss account	19	<u>5,126,480</u>	<u>3,078,190</u>
Shareholders' funds		<u>5,370,331</u>	<u>3,322,041</u>

Approved and authorised by the Board on 23.8.22 and signed on its behalf by:

  
D Colley  
Director

Company Registration Number: 01055419

## Iracroft Limited

### Statement of Changes in Equity

Year Ended 31 December 2021

	<b>Share capital</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2021	90	243,761	3,078,190	3,322,041
Profit for the year	-	-	52,410	52,410
Other comprehensive income	-	-	2,213,500	2,213,500
Total comprehensive income	-	-	2,265,910	2,265,910
Dividends	-	-	(217,620)	(217,620)
At 31 December 2021	90	243,761	5,126,480	5,370,331
	<b>Share capital</b>	<b>Other reserves</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2020	90	243,761	5,385,494	5,629,345
Loss for the year	-	-	(423,044)	(423,044)
Other comprehensive income	-	-	(1,668,260)	(1,668,260)
Total comprehensive income	-	-	(2,091,304)	(2,091,304)
Dividends	-	-	(216,000)	(216,000)
At 31 December 2020	90	243,761	3,078,190	3,322,041

# Iracroft Limited

## Statement of Cash Flows

Year Ended 31 December 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		52,410	(423,044)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	459,167	460,858
Profit on disposal of tangible assets		(5,000)	(1,000)
Finance costs	9	64,776	53,083
Income tax expense	10	76,030	(97,806)
Defined benefit plans net finance (income)/costs		8,000	-
		<u>655,383</u>	<u>(7,909)</u>
Working capital adjustments			
(Increase)/decrease in stocks	12	(359,210)	34,237
Increase in trade debtors	13	(613,152)	(56,232)
Increase in trade creditors	15	<u>752,146</u>	<u>313,187</u>
Cash generated from operations		435,167	283,283
Income taxes received	10	<u>81,251</u>	<u>24,062</u>
Net cash flow from operating activities		<u>516,418</u>	<u>307,345</u>
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(1,438,874)	(187,810)
Proceeds from sale of tangible assets		<u>5,000</u>	<u>1,000</u>
Net cash flows from investing activities		<u>(1,433,874)</u>	<u>(186,810)</u>
<b>Cash flows from financing activities</b>			
Interest paid	9	(64,776)	(53,083)
Repayment of bank borrowing		(246,513)	(76,826)
Proceeds from other borrowing draw downs		420,000	1,300,000
Payments to and receipts from finance lease creditors		(187,621)	287,887
Dividends paid		<u>(217,620)</u>	<u>(216,000)</u>
Net cash flows from financing activities		<u>(296,530)</u>	<u>1,241,978</u>
Net (decrease)/increase in cash and cash equivalents		(1,213,986)	1,362,513
Cash and cash equivalents at 1 January		<u>952,621</u>	<u>(409,892)</u>
Cash and cash equivalents at 31 December		<u>(261,365)</u>	<u>952,621</u>

The notes on pages 16 to 32 form an integral part of these financial statements.

# **Iracroft Limited**

## **Notes to the Financial Statements**

**Year Ended 31 December 2021**

### **1 General information**

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

The address of its registered office is:

Blandford Heights Industrial Estate  
Shaftesbury Lane  
Blandford Forum  
Dorset  
DT11 7TE

### **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 financial statements have been prepared in pound sterling (£) and are rounded to the nearest whole pound.

#### **Going concern**

2021 saw the company return to profitable trading. The company has continued to trade profitably into the early part of 2022 and the orderbook remains strong for the remainder of the year and into 2023. Working capital has been stretched following the recent growth of the business, capital acquisition and commencement of CBILS repayments, however current projections show positive cash generation going forward.

In the current year a mortgage was taken out. This loan contains a covenant which has been breached at 31 December 2021 and therefore the loan is presented as a current liability however, post year end the bank has issued a waiver.

Following the year end a bank covenant was breached in relation to temporarily exceeding the overdraft limit however the bank balance is now within the overdraft limit and the company continues to receive the bank's support.

On this basis the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

# **Iracroft Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 December 2021**

#### **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 value added tax, returns, rebates and discounts and after eliminating sales within the company.

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.

#### **Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to income and expenditure are recognised in other income over the period in which the related costs are recognised.

#### **Foreign currency transactions and balances**

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate at the balance sheet date and the exchange differences are included in the profit and loss account.

#### **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 on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### **Tangible assets**

Tangible assets are stated in the statement of financial position 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:

## **Iracroft Limited**

### **Notes to the Financial Statements**

#### **Year Ended 31 December 2021**

<b>Asset class</b>	<b>Depreciation method and rate</b>
Motor vehicles	30% reducing balance basis
Plant and machinery	3-10 years straight line
Freehold property	50 years straight line basis
Furniture, fittings and equipment	3-5 years straight line basis

#### **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 at the transaction price 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**

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on the selling price less anticipated costs to completion and selling costs.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at the amount of the loan, net of transaction costs.

Interest expense is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

## **Iracroft Limited**

### **Notes to the Financial Statements**

#### **Year Ended 31 December 2021**

##### **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.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

##### **Research and development**

Research and development expenditure is written off as incurred.

##### **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.

##### **Defined benefit pension obligation**

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the Balance Sheet in respect of defined benefit pension plans is the fair value of plan assets at the reporting date minus the present value of the defined benefit obligation. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension asset.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

# Iracroft Limited

## Notes to the Financial Statements

### Year Ended 31 December 2021

#### Financial instruments

##### *Classification*

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

##### *Recognition and measurement*

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

### 3 Revenue

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

	2021	2020
	£	£
Sale of goods	<u>16,799,426</u>	<u>10,630,334</u>

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

	2021	2020
	£	£
UK	14,939,877	8,771,935
Europe	1,534,862	1,650,681
Rest of world	<u>324,687</u>	<u>207,718</u>
	<u>16,799,426</u>	<u>10,630,334</u>

### 4 Other operating income

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

	2021	2020
	£	£
Government grants	<u>14,506</u>	<u>859,627</u>

# Iracroft Limited

## Notes to the Financial Statements

Year Ended 31 December 2021

### 5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	459,167	460,858
Foreign exchange losses/(gains)	23,035	(3,907)
Profit on disposal of property, plant and equipment	<u>(5,000)</u>	<u>(1,000)</u>

### 6 Staff costs

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

	2021	2020
	£	£
Wages and salaries	6,537,684	5,045,018
Social security costs	564,164	450,547
Pension costs, defined contribution scheme	235,639	229,030
Redundancy costs	-	719
	<u>7,337,487</u>	<u>5,725,314</u>

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

	2021	2020
	No.	No.
Production	155	137
Administration and support	<u>55</u>	<u>52</u>
	<u>210</u>	<u>189</u>

### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	379,661	363,439
Contributions paid to money purchase schemes	<u>34,988</u>	<u>32,775</u>
	<u>414,649</u>	<u>396,214</u>

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

	2021	2020
	No.	No.
Accruing benefits under defined benefit pension scheme	1	2
Accruing benefits under money purchase pension scheme	<u>6</u>	<u>6</u>

## **Iracroft Limited**

### **Notes to the Financial Statements**

#### **Year Ended 31 December 2021**

In respect of the highest paid director:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Remuneration	110,000	91,319
Company contributions to money purchase pension schemes	<u>5,500</u>	<u>4,483</u>

#### **8 Auditor's remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>17,175</u>	<u>15,925</u>

#### **9 Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and borrowings	41,481	36,067
Interest on obligations under finance leases and hire purchase contracts	15,295	17,016
Other finance costs	<u>8,000</u>	<u>-</u>
	<u>64,776</u>	<u>53,083</u>

#### **10 Taxation**

Tax charged/(credited) in the income statement

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	2,163	(82,839)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>73,867</u>	<u>(14,967)</u>
Tax expense/(receipt) in the income statement	<u>76,030</u>	<u>(97,806)</u>

## Iracroft Limited

### Notes to the Financial Statements

#### Year Ended 31 December 2021

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	<u>128,440</u>	<u>(520,850)</u>
Corporation tax at standard rate	24,404	(98,962)
Effect of expense not deductible in determining taxable profit (tax loss)	3,053	322
Deferred tax expense relating to changes in tax rates or laws	65,740	-
Increase in UK and foreign current tax from adjustment for prior periods	2,163	-
Tax (decrease)/increase from effect of capital allowances and depreciation	(19,330)	1,203
Tax decrease from other short-term timing differences	<u>-</u>	<u>(369)</u>
Total tax charge/(credit)	<u>76,030</u>	<u>(97,806)</u>

#### Deferred tax

Deferred tax assets and liabilities

	Liability £
<b>2021</b>	
Difference between accumulated depreciation and amortisation and capital allowances	<u>273,918</u>
<b>2020</b>	
Difference between accumulated depreciation and amortisation and capital allowances	<u>200,051</u>

## Iracroft Limited

### Notes to the Financial Statements

Year Ended 31 December 2021

#### 11 Tangible assets

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	3,827,591	539,919	128,750	4,978,490	9,474,750
Additions	665,378	52,004	-	721,492	1,438,874
Disposals	-	-	-	(5,000)	(5,000)
At 31 December 2021	<u>4,492,969</u>	<u>591,923</u>	<u>128,750</u>	<u>5,694,982</u>	<u>10,908,624</u>
<b>Depreciation</b>					
At 1 January 2021	1,096,183	416,307	78,950	3,748,269	5,339,709
Charge for the year	69,504	58,970	13,485	317,208	459,167
Eliminated on disposal	-	-	-	(5,000)	(5,000)
At 31 December 2021	<u>1,165,687</u>	<u>475,277</u>	<u>92,435</u>	<u>4,060,477</u>	<u>5,793,876</u>
<b>Carrying amount</b>					
At 31 December 2021	<u>3,327,282</u>	<u>116,646</u>	<u>36,315</u>	<u>1,634,505</u>	<u>5,114,748</u>
At 31 December 2020	<u>2,731,408</u>	<u>123,612</u>	<u>49,800</u>	<u>1,230,221</u>	<u>4,135,041</u>

Included within the net book value of land and buildings above is £3,327,282 (2020 - £2,731,408) in respect of freehold land and buildings.

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2021 £	2020 £
Plant and machinery	<u>483,542</u>	<u>635,963</u>

## Iracroft Limited

### Notes to the Financial Statements

Year Ended 31 December 2021

#### 12 Stocks

	2021 £	2020 £
Raw materials and consumables	828,860	500,478
Work in progress	226,015	125,191
Finished goods and goods for resale	225,190	295,186
	<u>1,280,065</u>	<u>920,855</u>

#### 13 Debtors

	Note	2021 £	2020 £
Trade debtors		2,531,860	1,893,646
Other debtors		23,350	24,778
Prepayments		113,898	137,532
Income tax asset	10	5,152	88,566
		<u>2,674,260</u>	<u>2,144,522</u>

#### 14 Cash and cash equivalents

	2021 £	2020 £
Cash on hand	73	184
Cash at bank	59,039	952,437
	59,112	952,621
Bank overdrafts	(320,477)	-
Cash and cash equivalents in statement of cash flows	<u>(261,365)</u>	<u>952,621</u>

**Iracroft Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2021**

**15 Creditors**

	Note	2021 £	2020 £
<b>Due within one year</b>			
Loans and borrowings	20	1,319,862	531,828
Trade creditors		1,792,103	1,349,948
Social security and other taxes		566,576	493,471
Outstanding defined contribution pension costs		36,911	34,357
Other creditors		170,856	2,674
Accrued expenses		<u>337,957</u>	<u>271,807</u>
		<u>4,224,265</u>	<u>2,684,085</u>
<b>Due after one year</b>			
Loans and borrowings	20	<u>806,171</u>	<u>1,287,862</u>

**16 Deferred tax and other provisions**

	Deferred tax £
At 1 January 2021	200,051
Deferred tax utilised during the year	<u>73,867</u>
At 31 December 2021	<u>273,918</u>

**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 and costs payable by the company to the scheme and amounted to £235,639 (2020 - £229,030).

Contributions totalling £36,911 (2020 - £34,357) were payable to the scheme at the end of the year and are included in creditors.

# Iracroft Limited

## Notes to the Financial Statements

### Year Ended 31 December 2021

#### **Defined benefit pension schemes**

##### **The Iracroft Limited Life Assurance and Pension Scheme**

The company previously operated a pension scheme providing benefits based on final pensionable pay, this scheme closed to further accrual with effect from 31 July 2009. Under the scheme, the employees are entitled to retirement benefits based upon 1/60th of their final salary on reaching retirement age of 65. No other post-retirement benefits are provided. The scheme was a funded scheme.

The date of the most recent comprehensive actuarial valuation was 05 April 2021. The date of the most recent full actuarial valuation was 5 April 2020, and showed a surplus on technical provisions. No deficit funding contributions were required and the company agreed with the trustees that it will pay all expenses of administering the scheme and the cost of levies effective from 01 January 2020.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £8,000 (2020 - £Nil).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2020 - £-).

#### **Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

The amounts recognised in the statement of financial position are as follows:

	2021	2020
	£	£
Fair value of scheme assets	21,594,000	21,347,000
Present value of defined benefit obligation	<u>(19,532,000)</u>	<u>(22,006,000)</u>
Defined benefit pension scheme surplus/(deficit)	<u>2,062,000</u>	<u>(659,000)</u>

# Iracroft Limited

## Notes to the Financial Statements

Year Ended 31 December 2021

### **Defined benefit obligation**

Changes in the defined benefit obligation are as follows:

	2021 £
<b>Benefits paid and expenses</b>	
Present value at start of year	22,006,000
Interest cost	254,000
Actuarial gains and losses	(1,012,000)
Benefits and expenses paid	<u>(1,716,000)</u>
Present value at end of year	<u><u>19,532,000</u></u>

### **Fair value of scheme assets**

Changes in the fair value of scheme assets are as follows:

	2021 £
Fair value at start of year	21,347,000
Expected return	246,000
Actuarial gains and losses	1,717,000
Benefits paid and expenses	<u>(1,716,000)</u>
Fair value at end of year	<u><u>21,594,000</u></u>

### **Analysis of assets**

The major categories of scheme assets are as follows:

	2021 £	2020 £
Cash and cash equivalents	74,000	322,000
Equity instruments	10,549,000	10,174,000
Debt instruments	8,797,000	9,117,000
Property	<u>2,174,000</u>	<u>1,734,000</u>
	<u><u>21,594,000</u></u>	<u><u>21,347,000</u></u>

**Iracroft Limited**  
**Notes to the Financial Statements**  
**Year Ended 31 December 2021**

***Return on scheme assets***

	2021 £	2020 £
Return on scheme assets	<u>1,963,000</u>	<u>1,128,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

***Principal actuarial assumptions***

The principal actuarial assumptions at the statement of financial position date are as follows:

	2021 %	2020 %
Discount rate	1.80	1.20
Inflation	<u>3.50</u>	<u>2.90</u>

***Post retirement mortality assumptions***

	2021 Years	2020 Years
Current UK pensioners at retirement age - male	21.70	21.70
Current UK pensioners at retirement age - female	23.70	23.70
Future UK pensioners at retirement age - male	23.00	22.90
Future UK pensioners at retirement age - female	<u>25.10</u>	<u>25.10</u>

**18 Share capital**

**Allotted, called up and fully paid shares**

	No.	2021 £	No.	2020 £
Ordinary of £1 each	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>

## Iracroft Limited

### Notes to the Financial Statements

Year Ended 31 December 2021

#### 19 Reserves

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	<b>Retained earnings</b> £	<b>Total</b> £
Remeasurement gain/loss on defined benefit pension schemes	<u>2,213,500</u>	<u>2,213,500</u>

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	<b>Retained earnings</b> £	<b>Total</b> £
Remeasurement gain/loss on defined benefit pension schemes	<u>(1,668,260)</u>	<u>(1,668,260)</u>

#### 20 Loans and borrowings

	<b>2021</b> £	<b>2020</b> £
<b>Non-current loans and borrowings</b>		
Bank borrowings	649,999	975,000
HP and finance lease liabilities	<u>156,172</u>	<u>312,862</u>
	<u>806,171</u>	<u>1,287,862</u>
	<b>2021</b> £	<b>2020</b> £
<b>Current loans and borrowings</b>		
Bank borrowings	842,695	344,207
Bank overdrafts	320,477	-
HP and finance lease liabilities	<u>156,690</u>	<u>187,621</u>
	<u>1,319,862</u>	<u>531,828</u>

## Iracroft Limited

### Notes to the Financial Statements

#### Year Ended 31 December 2021

##### Bank borrowings

The bank loans are secured by a legal charge over the company's freehold properties and a standard debenture.

In the current year a £420,000 mortgage was taken out with a 3.51% interest rate for a 5 year term, repayable in 180 monthly installments. This loan contains a covenant which has been breached at 31 December 2021 and therefore the loan is presented as a current liability however, post year end the bank has issued a waiver.

In the prior year the company took advantage of the Coronavirus Business Interruption Loan Scheme (CBILS) taking out a £1,300,000 loan with a 2.95% per annum interest rate. The loan is guaranteed by the UK Government, who covered the first 12 months worth of interest. There was a capital payment holiday for the first 12 months, after that the loan is repayable in 12 quarterly installments over 3 years.

##### 21 Obligations under leases and hire purchase contracts

###### Finance leases

The finance leases are secured on the assets financed.

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	156,690	187,621
Later than one year and not later than five years	<u>156,172</u>	<u>312,862</u>
	<u>312,862</u>	<u>500,483</u>

###### Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	86,635	92,147
Later than one year and not later than five years	<u>166,300</u>	<u>262,281</u>
	<u>252,935</u>	<u>354,428</u>

## **Iracroft Limited**

### Notes to the Financial Statements

Year Ended 31 December 2021

#### **22 Analysis of changes in net debt**

	<b>At 1 January 2021 £</b>	<b>Financing cash flows £</b>	<b>At 31 December 2021 £</b>
<b>Cash and cash equivalents</b>			
Cash	952,621	(893,509)	59,112
Overdrafts	-	(320,477)	(320,477)
	<u>952,621</u>	<u>(1,213,986)</u>	<u>(261,365)</u>
<b>Borrowings</b>			
Long term borrowings	(975,000)	325,001	(649,999)
Short term borrowings	(344,207)	(498,488)	(842,695)
Lease liabilities	(500,483)	187,621	(312,862)
	<u>(1,819,690)</u>	<u>14,134</u>	<u>(1,805,556)</u>
	<u>(867,069)</u>	<u>(1,199,852)</u>	<u>(2,066,921)</u>