

**Iracroft Limited**

**Annual Report and Financial Statements  
Year Ended 31 December 2022**

**Registration number: 01055419**



# **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 2022**

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

### **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**

Throughout 2022 the demand from customers remained strong. The company saw growth of 22% in the number of units sold and turnover grew by 26% to £21.3m. Raw material pricing saw greater stability in 2022 compared to the year previous, however cost changes were still present and customer pricing was revised accordingly to maintain margin levels.

Labour availability proved a larger challenge in 2022, which has been echoed across UK manufacturing. UK unemployment has remained at an all-time low and this has been compounded by an increase in economic inactivity from certain demographics. Signs are indicating an easing of this pressure in early 2023.

Market conditions remain favourable into 2023 and demand is expected to increase further, material pricing is becoming more stable and there is less competition in the labour market.

	<b>Unit</b>	<b>2022</b>	<b>2021</b>
Turnover	£	21,274,276	16,799,426
Profit/(Loss) before tax	£	291,042	128,440
Net assets at year end (excluding pension assets/liability)	£	3,837,652	3,823,831

# Iracroft Limited

## Strategic Report for the Year Ended 31 December 2022

### Development and performance of the business

#### 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.

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 pricing and availability have been volatile over the last 2 years and although relatively stable currently, there is always the risk that further escalation in Ukraine will result in renewed market fluctuations.

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 15/05/23 and signed on its behalf by:



.....  
P Luvaglia  
Director

## **Iracroft Limited**

### **Directors' Report for the Year Ended 31 December 2022**

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

#### **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

#### **Employment of disabled persons**

Applications for employment from disabled persons are always given full consideration, bearing in the mind the candidates aptitude for the position.

If a member of staff becomes disabled during their employment reasonable adjustments will be made to retain that individual in their current role. If this is not possible then suitable alternative work within the business will be offered along with appropriate training if required.

It is the policy of the company that the recruitment, retention, development, and promotion of individuals within the organisation does not vary, as far as possible, based on disability.

#### **Employee involvement**

The company is committed to keeping its employees informed about aspects of the business that concern them. Employees are regularly updated of the company's performance using briefings, weekly KPI reports, newsletters, and individual appraisals.

The company also holds quarterly council meetings between the company directors and elected employee representatives from across the business.

We engage regularly with employees to ensure their views are captured before enacting decisions that would significantly affect them.

#### **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 sqm 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.

# **Iracroft Limited**

## **Directors' Report for the Year Ended 31 December 2022**

### **Going concern**

2022 has been another profitable year for the company, the orderbook remains strong and the customer base continues to show further signs of growth. Like many businesses in the manufacturing sector the company has faced challenges in growing its headcount, however these have eased in early 2023.

The supply of raw materials into the business is robust and not a barrier to current demand nor future growth. Although pricing was volatile in 2022 the markets have started to show a level of stability which provides confidence in future profitable trading.

The company has also grown its capability with the addition of a powder coating facility which it will leverage to gain further orders from new and existing customers.

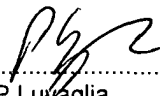
Energy pricing has been extremely volatile throughout 2022, fortunately the company is on a fixed tariff ending Q3 2023 which provides some security. A further fixed rate has been agreed for 2 years commencing Q4 2023 at rates, that although significantly higher, are absorbable if necessary.

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

### **Disclosure of information to the auditors**

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

Approved and authorised by the Board on 15/06/23 and signed on its behalf by:

  
.....  
P Luyaglia  
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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

## **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 2022, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

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

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

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

#### **Other information**

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

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

We have nothing to report in this regard.

# **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 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.

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: 20.6.23

## Iracroft Limited

### Profit and Loss Account

Year Ended 31 December 2022

The above results were derived from continuing operations.

	Note	2022 £	2021 £
Turnover	3	21,274,276	16,799,426
Cost of sales		<u>(16,083,880)</u>	<u>(12,331,378)</u>
Gross profit		5,190,396	4,468,048
Administrative expenses		(4,809,346)	(4,289,338)
Other operating income	4	<u>-</u>	<u>14,506</u>
Operating profit	5	381,050	193,216
Interest payable and similar charges	9	<u>(90,008)</u>	<u>(64,776)</u>
Profit before tax		291,042	128,440
Taxation	10	<u>(43,923)</u>	<u>(76,030)</u>
Profit for the financial year		<u>247,119</u>	<u>52,410</u>

## Iracroft Limited

### Statement of Comprehensive Income

Year Ended 31 December 2022

	2022 £	2021 £
Profit for the year	247,119	52,410
Remeasurement gain on defined benefit pension schemes	<u>1,704,750</u>	<u>2,213,500</u>
Total comprehensive income for the year	<u>1,951,869</u>	<u>2,265,910</u>

# Iracroft Limited

## Balance Sheet

31 December 2022

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	11	5,357,878	5,114,748
<b>Current assets</b>			
Stocks	12	1,302,605	1,280,065
Debtors	13	3,742,381	2,674,260
Cash at bank and in hand	14	3,296	59,112
		<u>5,048,282</u>	<u>4,013,437</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(5,450,882)</u>	<u>(4,224,265)</u>
<b>Net current liabilities</b>		<u>(402,600)</u>	<u>(210,828)</u>
<b>Total assets less current liabilities</b>		4,955,278	4,903,920
<b>Creditors: Amounts falling due after more than one year</b>	15	(799,785)	(806,171)
<b>Provisions for liabilities</b>	17	<u>(317,841)</u>	<u>(273,918)</u>
<b>Net assets excluding pension asset/(liability)</b>		3,837,652	3,823,831
Net pension asset	18	<u>3,251,250</u>	<u>1,546,500</u>
<b>Net assets</b>		<u><u>7,088,902</u></u>	<u><u>5,370,331</u></u>
<b>Capital and reserves</b>			
Called up share capital		90	90
Other reserves	20	243,761	243,761
Profit and loss account	20	<u>6,845,051</u>	<u>5,126,480</u>
Shareholders' funds		<u><u>7,088,902</u></u>	<u><u>5,370,331</u></u>

Approved and authorised by the Board on 15/06/2023 and signed on its behalf by:

  
D Colley  
Director

Company Registration Number: 01055419

## Iracroft Limited

### Statement of Changes in Equity

Year Ended 31 December 2022

	Share capital £	Other reserves £	Profit and loss account £	Total £
At 1 January 2022	90	243,761	5,126,480	5,370,331
Profit for the year	-	-	247,119	247,119
Other comprehensive income	-	-	1,704,750	1,704,750
Total comprehensive income	-	-	1,951,869	1,951,869
Dividends	-	-	(233,298)	(233,298)
At 31 December 2022	90	243,761	6,845,051	7,088,902

	Share capital £	Other reserves £	Profit and loss account £	Total £
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

# Iracroft Limited

## Statement of Cash Flows

Year Ended 31 December 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit for the year		247,119	52,410
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	543,486	459,167
Profit on disposal of tangible assets		-	(5,000)
Finance costs	9	90,008	64,776
Income tax expense	10	43,923	76,030
Defined benefit plans net finance (income)/costs		-	8,000
		<u>924,536</u>	<u>655,383</u>
Working capital adjustments			
Increase in stocks	12	(22,540)	(359,210)
Increase in trade debtors	13	(1,068,121)	(613,152)
Increase in trade creditors	15	865,417	752,146
Cash generated from operations		<u>699,292</u>	<u>435,167</u>
Income taxes received	10	-	81,251
Net cash flow from operating activities		<u>699,292</u>	<u>516,418</u>
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(364,249)	(1,438,874)
Proceeds from sale of tangible assets		-	5,000
Net cash flows from investing activities		<u>(364,249)</u>	<u>(1,433,874)</u>
<b>Cash flows from financing activities</b>			
Interest paid	9	(90,008)	(64,776)
Repayment of bank borrowing		(457,312)	(246,513)
Proceeds from other borrowing draw downs		-	420,000
Payments to finance lease creditors		(200,420)	(187,621)
Dividends paid		(233,298)	(217,620)
Net cash flows from financing activities		<u>(981,038)</u>	<u>(296,530)</u>
Net decrease in cash and cash equivalents		<u>(645,995)</u>	<u>(1,213,986)</u>
Cash and cash equivalents at 1 January		<u>(261,365)</u>	<u>952,621</u>
Cash and cash equivalents at 31 December		<u>(907,360)</u>	<u>(261,365)</u>

The notes on pages 16 to 30 form an integral part of these financial statements.  
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# **Iracroft Limited**

## **Notes to the Financial Statements**

**Year Ended 31 December 2022**

### **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

These financial statements were authorised for issue by the Board on 15/06/23

### **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.

#### **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.

# **Iracroft Limited**

## **Notes to the Financial Statements**

### **Year Ended 31 December 2022**

#### **Key sources of estimation uncertainty**

The company operates a defined benefit pension scheme. The future pension liabilities that will arise and the expected return on the scheme assets are based upon various assumptions such as mortality rates, investment returns and future inflation. The calculation of the scheme deficit/surplus is based on these assumptions which are discussed and agreed with the scheme's actuary who assists the directors with the calculation of the figures included in Note 17. The principal actuarial assumptions used at the Statement of Financial Position are included in Note 17. The carrying amount is £3,251,250 (2021 -£1,546,500).

#### **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 2022**

<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 2022**

#### **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 2022

### 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 Turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	<u>21,274,276</u>	<u>16,799,426</u>

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

	2022	2021
	£	£
UK	19,707,686	14,939,877
Europe	1,209,814	1,534,862
Rest of world	<u>356,776</u>	<u>324,687</u>
	<u>21,274,276</u>	<u>16,799,426</u>

### 4 Other operating income

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

	2022	2021
	£	£
Government grants	<u>-</u>	<u>14,506</u>

## Iracroft Limited

### Notes to the Financial Statements

Year Ended 31 December 2022

#### 5 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	543,486	459,167
Foreign exchange losses	34,979	23,035
Profit on disposal of property, plant and equipment	-	(5,000)
Operating lease rentals	<u>86,635</u>	<u>88,707</u>

#### 6 Staff costs

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

	2022	2021
	£	£
Wages and salaries	7,763,719	6,537,684
Social security costs	726,897	564,164
Pension costs, defined contribution scheme	<u>302,052</u>	<u>235,639</u>
	<u>8,792,668</u>	<u>7,337,487</u>

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

	2022	2021
	No.	No.
Production	198	155
Administration and support	<u>55</u>	<u>55</u>
	<u>253</u>	<u>210</u>

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£	£
Remuneration	421,662	379,661
Contributions paid to money purchase schemes	<u>36,095</u>	<u>34,988</u>
	<u>457,757</u>	<u>414,649</u>

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

	2022	2021
	No.	No.
Accruing benefits under defined benefit pension scheme	1	1
Accruing benefits under money purchase pension scheme	<u>6</u>	<u>6</u>

## Iracroft Limited

### Notes to the Financial Statements

#### Year Ended 31 December 2022

In respect of the highest paid director:

	2022	2021
	£	£
Remuneration	119,159	110,000
Company contributions to money purchase pension schemes	<u>5,875</u>	<u>5,500</u>

#### 8 Auditor's remuneration

	2022	2021
	£	£
Audit of the financial statements	<u>18,000</u>	<u>17,175</u>

#### 9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	70,031	41,481
Interest on obligations under finance leases and hire purchase contracts	19,977	15,295
Other finance costs	-	8,000
	<u>90,008</u>	<u>64,776</u>

#### 10 Taxation

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

	2022	2021
	£	£
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	-	2,163
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>43,923</u>	<u>73,867</u>
Tax expense in the income statement	<u>43,923</u>	<u>76,030</u>

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:

# Iracroft Limited

## Notes to the Financial Statements

Year Ended 31 December 2022

	2022 £	2021 £
Profit before tax	<u>291,042</u>	<u>128,440</u>
Corporation tax at standard rate	55,298	24,404
Effect of expense not deductible in determining taxable profit (tax loss)	(37)	2,766
UK deferred tax expense relating to changes in tax rates or laws	10,542	65,741
Decrease from effect of tax incentives	(35,223)	(35,510)
Deferred tax (credit)/expense from unrecognised tax loss or credit	(323)	3,261
Increase in UK and foreign current tax from adjustment for prior periods	-	2,163
Tax increase from effect of capital allowances and depreciation	13,564	12,918
Tax increase from other short-term timing differences	<u>102</u>	<u>287</u>
Total tax charge	<u>43,923</u>	<u>76,030</u>
<b>Deferred tax</b>		
Deferred tax assets and liabilities		
	<b>Asset</b>	<b>Liability</b>
	£	£
<b>2022</b>		
Difference between accumulated depreciation and capital allowances	<u>-</u>	<u>317,841</u>
	<u>-</u>	<u>317,841</u>
	<b>Asset</b>	<b>Liability</b>
	£	£
<b>2021</b>		
Difference between accumulated depreciation and capital allowances	<u>-</u>	<u>273,918</u>
	<u>-</u>	<u>273,918</u>

# Iracroft Limited

## Notes to the Financial Statements

Year Ended 31 December 2022

### 11 Tangible assets

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
<b>Cost or valuation</b>					
At 1 January 2022	4,492,969	591,923	128,750	5,694,982	10,908,624
Additions	<u>29,839</u>	<u>81,661</u>	<u>-</u>	<u>675,116</u>	<u>786,616</u>
At 31 December 2022	<u>4,522,808</u>	<u>673,584</u>	<u>128,750</u>	<u>6,370,098</u>	<u>11,695,240</u>
<b>Depreciation</b>					
At 1 January 2022	1,165,687	475,277	92,435	4,060,477	5,793,876
Charge for the year	<u>73,497</u>	<u>75,770</u>	<u>11,009</u>	<u>383,210</u>	<u>543,486</u>
At 31 December 2022	<u>1,239,184</u>	<u>551,047</u>	<u>103,444</u>	<u>4,443,687</u>	<u>6,337,362</u>
<b>Carrying amount</b>					
At 31 December 2022	<u>3,283,624</u>	<u>122,537</u>	<u>25,306</u>	<u>1,926,411</u>	<u>5,357,878</u>
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>

Included within the net book value of land and buildings above is £3,283,624 (2021 - £3,327,282) 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:

	<b>2022</b>	<b>2021</b>
	£	£
Plant and machinery	<u>836,663</u>	<u>483,542</u>

# Iracroft Limited

## Notes to the Financial Statements

Year Ended 31 December 2022

### 12 Stocks

	2022	2021
	£	£
Raw materials and consumables	870,115	828,860
Work in progress	245,312	226,015
Finished goods and goods for resale	187,178	225,190
	<u>1,302,605</u>	<u>1,280,065</u>

### 13 Debtors

	2022	2021
	£	£
Trade debtors	3,540,335	2,531,860
Other debtors	35,561	23,350
Prepayments	161,333	113,898
Income tax asset	5,152	5,152
	<u>3,742,381</u>	<u>2,674,260</u>

### 14 Cash and cash equivalents

	2022	2021
	£	£
Cash on hand	16	73
Cash at bank	3,280	59,039
	3,296	59,112
Bank overdrafts	<u>(910,656)</u>	<u>(320,477)</u>
Cash and cash equivalents in statement of cash flows	<u>(907,360)</u>	<u>(261,365)</u>

### 15 Creditors

	2022	2021
	£	£
<b>Due within one year</b>		
Loans and borrowings	16 1,681,062	1,319,862
Trade creditors	2,843,160	1,792,103
Social security and other taxes	613,238	566,576
Other creditors	48,243	207,767
Accrued expenses	265,179	337,957
	<u>5,450,882</u>	<u>4,224,265</u>
<b>Due after one year</b>		
Loans and borrowings	16 <u>799,785</u>	<u>806,171</u>

# Iracroft Limited

## Notes to the Financial Statements

Year Ended 31 December 2022

### 16 Loans and borrowings

	2022 £	2021 £
<b>Non-current loans and borrowings</b>		
Bank borrowings	450,000	649,999
HP and finance lease liabilities	349,785	156,172
	<u>799,785</u>	<u>806,171</u>
	2022 £	2021 £
<b>Current loans and borrowings</b>		
Bank borrowings	585,382	842,695
Bank overdrafts	910,656	320,477
HP and finance lease liabilities	185,024	156,690
	<u>1,681,062</u>	<u>1,319,862</u>

Within bank borrowings is £385,382 (2021 - £409,362) due under one year relating to a mortgage. Interest is payable at a fixed rate of 3.51% per annum over the entire term and it matures in 2036. It is secured by a legal charge over the company's freehold properties and a standard debenture. The loan contains a covenant which was breached at both year-ends and therefore the entire amount is presented as a current liability. For 31 December 2022 a waiver was received after the year-end.

Also within bank borrowings is £200,000 (2021 - £433,333) due under one year and £450,000 (2021 - £649,999) due after one year relating to a CBILS (Coronavirus Business Interruption Loan Scheme). Interest is payable at a floating rate of 2.95% over the Bank of England base rate. It is guaranteed by the UK government. During the year the repayment terms were amended to extend the life of the loan for an additional two years.

Bank overdrafts carry an interest rate of 2.25% over the Bank of England Rate and are secured by a legal charge over the company's freehold properties and a standard debenture.

HP and finance lease liabilities carry interest rates between 3.00% and 7.36% and are secured over the assets to which they relate.

### 17 Deferred tax and other provisions

	Deferred tax £
At 1 January 2022	273,918
Increase (decrease) in existing provisions	46,621
Deferred tax utilised during the year	<u>(2,698)</u>
At 31 December 2022	<u>317,841</u>

# Iracroft Limited

## Notes to the Financial Statements

### Year Ended 31 December 2022

#### 18 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 £302,052 (2021 - £235,639).

Contributions totalling £47,131 (2021 - £36,911) were payable to the scheme at the end of the year and are included in creditors.

##### 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 full actuarial valuation was 5 April 2021, 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 £Nil (2021 - £8,000).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2021 - £-).

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

The amounts recognised in the balance sheet are as follows:

	2022	2021
	£	£
Fair value of scheme assets	16,625,000	21,594,000
Present value of defined benefit obligation	<u>(12,290,000)</u>	<u>(19,532,000)</u>
Defined benefit pension scheme surplus	<u>4,335,000</u>	<u>2,062,000</u>

## **Iracroft Limited**

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

**Year Ended 31 December 2022**

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

Changes in the defined benefit obligation are as follows:

	<b>2022</b>
	<b>£</b>
<b>Benefits paid and expenses</b>	
Present value at start of year	19,532,000
Interest cost	343,000
Actuarial gains and losses	(6,536,000)
Benefits paid and expenses	<u>(1,049,000)</u>
Present value at end of year	<u>12,290,000</u>

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

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

	<b>2022</b>
	<b>£</b>
Fair value at start of year	21,594,000
Expected return	343,000
Actuarial gains and losses	(4,263,000)
Benefits paid and expenses	<u>(1,049,000)</u>
Fair value at end of year	<u>16,625,000</u>

#### ***Analysis of assets***

The major categories of scheme assets are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	391,000	74,000
Equity instruments	5,903,000	10,549,000
Debt instruments	7,827,000	8,797,000
Property	<u>2,504,000</u>	<u>2,174,000</u>
	<u>16,625,000</u>	<u>21,594,000</u>

# Iracroft Limited

## Notes to the Financial Statements

Year Ended 31 December 2022

### *Return on scheme assets*

	2022 £	2021 £
Return on scheme assets	<u>(3,920,000)</u>	<u>1,963,000</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 balance sheet date are as follows:

	2022 %	2021 %
Discount rate	4.70	1.80
Inflation	<u>3.30</u>	<u>3.50</u>

### *Post retirement mortality assumptions*

	2022 Years	2021 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	23.10	23.00
Future UK pensioners at retirement age - female	<u>25.20</u>	<u>25.10</u>

## 19 Share capital

### Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
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 2022

#### 20 Reserves

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

	Retained earnings £	Total £
Remeasurement gain/loss on defined benefit pension schemes	<u>1,704,750</u>	<u>1,704,750</u>

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

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

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

##### Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	82,892	86,635
Later than one year and not later than five years	<u>83,645</u>	<u>166,300</u>
	<u>166,537</u>	<u>252,935</u>

#### 22 Analysis of changes in net debt

	At 1 January 2022 £	Financing cash flows £	New finance leases £	At 31 December 2022 £
<b>Cash and cash equivalents</b>				
Cash	59,112	(55,816)	-	3,296
Overdrafts	<u>(320,477)</u>	<u>(590,179)</u>	-	<u>(910,656)</u>
	<u>(261,365)</u>	<u>(645,995)</u>	-	<u>(907,360)</u>
<b>Borrowings</b>				
Long term borrowings	(649,999)	199,999	-	(450,000)
Short term borrowings	(842,695)	257,313	-	(585,382)
Lease liabilities	<u>(312,862)</u>	<u>200,420</u>	<u>(422,367)</u>	<u>(534,809)</u>
	<u>(1,805,556)</u>	<u>657,732</u>	<u>(422,367)</u>	<u>(1,570,191)</u>
	<u>(2,066,921)</u>	<u>11,737</u>	<u>(422,367)</u>	<u>(2,477,551)</u>