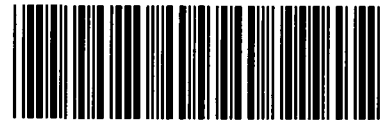


Company Registration No. 01055419 (England and Wales)

Iracroft Limited

**Annual report and financial statements
for the year ended 31 December 2023**

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Iracroft Limited

Company information

Directors	Alan Webb Angela Simmonds Kieran Mullen Wayne Moore Paul Luvaglia Marie-Louise Elliott
Secretary	Alan Webb
Company number	01055419
Registered office	Blandford Heights Industrial Estate Shaftesbury Lane Blandford Forum Dorset DT11 7TE
Independent auditor	Saffery LLP Midland House 2 Poole Road Bournemouth Dorset BH2 5QY

Iracroft Limited

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Iracroft Limited

Strategic report

For the year ended 31 December 2023

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

Principal activities

The principal activity of the company continued to be 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 base including global blue-chip OEMs and smaller niche players.

Review of the business

Stability was the key word in 2023. The high level of volatility seen in years previous was not repeated to the same extent in 2023. The labour market was far more receptive to recruitment and as such lead times and candidate quality have both improved. Steel markets stabilised over the last 12 months and pricing is now being held for longer periods. Energy costs, whilst still high, have started to reduce over the short term and new fixed energy contracts provide confidence going forward.

Customer demand remained high throughout 2023 when compared to pre-covid years and future demand continues to maintain this trend.

The company completed a refinancing exercise during 2023. The company changed its banking provider whilst consolidating existing funding arrangements, raising additional funds for new asset investment, and aligning funding types with the future needs of the business over the long term. The refinancing exercise was successfully completed in December 2023.

Further fixed asset investment has been approved during the year which will bring additional capability and capacity to the business.

	2023	2022
	£	£
Turnover	21,907,756	21,274,276
Profit before tax	252,546	291,042
Net assets at year end (excluding net pension assets)	3,688,846	3,837,652

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.

The ongoing developments in the Red Sea will not have a direct impact on the business. However, should disruption of this important trade route escalate there is potential for material demand to shift out of Asia and into Europe. This transfer may impact material pricing on European sourced materials.

Iracroft Limited

**Strategic report (continued)
For the year ended 31 December 2023**

Going concern

The company continued to trade profitably in 2023 and the orderbook remains strong for the coming period. The investment into the powder coating line has begun to yield benefits and scheduled orders are now being received.

Pricing on raw materials has been far more stable in 2023 with the benefit of some small reductions gained. The medium-term view on materials is one of further stability. Energy pricing has now been fixed for 2 years and our margins are able to support the increase in cost from this.

The company has sufficient liquidity to handle short term disruption from customer demand or changes in raw material costs.

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

On behalf of the board



Paul Luvgaglia
Director

13 May 2024

Iracroft Limited

Directors' report

For the year ended 31 December 2023

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

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £325,940 (2022: £233,298). The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Alan Webb
Angela Simmonds
Kieran Mullen
Wayne Moore
Paul Luvaglia
Marie-Louise Elliott
Darren Colley

(Resigned 31 August 2023)

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.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned.

In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. If this is not possible then suitable alternative work within the business will be offered along with the appropriate training if required.

It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

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.

Iracroft Limited

**Directors' report (continued)
For the year ended 31 December 2023**

Future developments

The company is implementing targeted investment plans focusing 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.

Auditor

Saffery LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Paul Lavaglia
Director

13 May 2024

Iracroft Limited

**Directors' responsibilities statement
For the year ended 31 December 2023**

The directors are responsible 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor'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 directors' 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 financial statements are 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 (continued) To the members of Iracroft Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 the 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement, 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Iracroft Limited

**Independent auditor's report (continued)
To the members of Iracroft Limited**

Laws and regulations of direct significance in the context of the company include health and safety regulations, The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

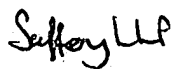
During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, 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 by, for example, forgery or intentional misrepresentations, or through collusion.

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

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.



Hannah Mazrae
Senior Statutory Auditor
For and on behalf of Saffery LLP

13 May 2024

Chartered Accountants
Statutory Auditors

Midland House
2 Poole Road
Bournemouth
Dorset
BH2 5QY

Iracroft Limited

**Profit and loss account
For the year ended 31 December 2023**

		2023	2022
	Notes	£	£
Turnover	3	21,907,756	21,274,276
Cost of sales		(16,676,154)	(16,083,880)
Gross profit		5,231,602	5,190,396
Administrative expenses		(4,846,397)	(4,809,346)
Other operating income		222	-
Operating profit	4	385,427	381,050
Interest payable and similar expenses	8	(132,881)	(90,008)
Profit before taxation		252,546	291,042
Tax on profit	9	(75,412)	(43,923)
Profit for the financial year		177,134	247,119

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Iracroft Limited

**Statement of comprehensive income
For the year ended 31 December 2023**

	Notes	2023 £	2022 £
Profit for the year		177,134	247,119
Other comprehensive income			
Actuarial gain on defined benefit pension schemes	19	<u>382,500</u>	<u>1,704,750</u>
Total comprehensive income for the year		<u><u>559,634</u></u>	<u><u>1,951,869</u></u>

Iracroft Limited**Balance sheet
As at 31 December 2023**

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		5,100,165		5,357,878
Current assets					
Stocks	12	1,261,152		1,302,605	
Debtors	13	2,842,127		3,742,381	
Cash at bank and in hand		275,313		3,296	
		<u>4,378,592</u>		<u>5,048,282</u>	
Creditors: amounts falling due within one year	14	<u>(3,918,467)</u>		<u>(5,450,882)</u>	
Net current assets/(liabilities)			<u>460,125</u>		<u>(402,600)</u>
Total assets less current liabilities			<u>5,560,290</u>		<u>4,955,278</u>
Creditors: amounts falling due after more than one year	15		<u>(1,478,191)</u>		<u>(799,785)</u>
Provisions for liabilities					
Deferred tax liability	18	<u>393,253</u>	<u>(393,253)</u>	<u>317,841</u>	<u>(317,841)</u>
Net assets excluding pension surplus			<u>3,688,846</u>		<u>3,837,652</u>
Defined benefit pension surplus	19		<u>3,633,750</u>		<u>3,251,250</u>
Net assets			<u><u>7,322,596</u></u>		<u><u>7,088,902</u></u>
Capital and reserves					
Called up share capital	20		90		90
Capital redemption reserve	21		225,061		225,061
Other reserves	21		18,700		18,700
Profit and loss reserves	21		<u>7,078,745</u>		<u>6,845,051</u>
Total equity			<u><u>7,322,596</u></u>		<u><u>7,088,902</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13 May 2024 and are signed on its behalf by:



Paul Livaglia
Director

Company Registration No. 01055419

Iracroft Limited

Statement of changes in equity
For the year ended 31 December 2023

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2022		90	225,061	18,700	5,126,480	5,370,331
Year ended 31 December 2022:						
Profit for the year		-	-	-	247,119	247,119
Other comprehensive income:						
Actuarial gains on defined benefit plans	19	-	-	-	1,704,750	1,704,750
Total comprehensive income for the year		-	-	-	1,951,869	1,951,869
Dividends	10	-	-	-	(233,298)	(233,298)
Balance at 31 December 2022		90	225,061	18,700	6,845,051	7,088,902
Year ended 31 December 2023:						
Profit for the year		-	-	-	177,134	177,134
Other comprehensive income:						
Actuarial gains on defined benefit plans	19	-	-	-	382,500	382,500
Total comprehensive income for the year		-	-	-	559,634	559,634
Dividends	10	-	-	-	(325,940)	(325,940)
Balance at 31 December 2023		90	225,061	18,700	7,078,745	7,322,596

Iracroft Limited**Statement of cash flows****For the year ended 31 December 2023**

	Notes	£	2023 £	£	2022 £
Cash flows from operating activities					
Cash generated from operations	24		1,396,365		699,292
Investing activities					
Purchase of tangible fixed assets		(191,548)		(364,249)	
Proceeds from disposal of tangible fixed assets		2,000		-	
Net cash used in investing activities			(189,548)		(364,249)
Financing activities					
Proceeds from new bank loans		1,250,000		-	
Repayment of bank loans		(1,043,695)		(457,312)	
Payment of finance leases obligations		(185,929)		(200,420)	
Interest paid		(132,881)		(90,008)	
Dividends paid		(325,940)		(233,298)	
Net cash used in financing activities			(438,445)		(981,038)
Net increase/(decrease) in cash and cash equivalents			768,372		(645,995)
Cash and cash equivalents at beginning of year			(907,360)		(261,365)
Cash and cash equivalents at end of year			(138,988)		(907,360)
Relating to:					
Cash at bank and in hand			275,313		3,296
Bank overdrafts included in creditors payable within one year			(414,301)		(910,656)

Iracroft Limited

Notes to the financial statements For the year ended 31 December 2023

1 Accounting policies

Company information

Iracroft Limited is a private company limited by shares incorporated in England and Wales. The registered office is Blandford Heights Industrial Estate, Shaftesbury Lane, Blandford Forum, Dorset, DT11 7TE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention except that as disclosed in the accounting policies certain items as shown at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and specific criteria have been met for each of the company's activities.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

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

Freehold land and buildings	50 years straight line basis
Plant and machinery	3-10 years straight line basis
Furniture, fittings and equipment	3-5 years straight line basis
Motor vehicles	30% reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies (continued)

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

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.

Notes to the financial statements (continued)
For the year ended 31 December 2023

1 Accounting policies (continued)

1.12 Leases

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

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

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

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Defined benefit pension scheme

The company operates a defined benefit pension scheme. The future liabilities that will arise and the expected return on the scheme are based upon various assumptions such as mortality rates, investment returns and future inflation. The calculation of the scheme 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 19. The principal actuarial assumptions used at the balance sheet date are included in note 19. The carrying amount is £3,633,750 (2022: £3,251,250).

3 Turnover

	2023	2022
	£	£
Turnover analysed by class of business		
Sale of goods	21,907,756	21,274,276

Iracroft Limited**Notes to the financial statements (continued)
For the year ended 31 December 2023****3 Turnover (continued)**

	2023	2022
	£	£
Turnover analysed by geographical market		
UK	20,690,045	19,707,686
Europe	448,226	1,209,814
Rest of World	769,485	356,776
	<u>21,907,756</u>	<u>21,274,276</u>

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	8,384	34,979
Depreciation of owned tangible fixed assets	432,811	467,442
Depreciation of tangible fixed assets held under finance leases	81,468	76,044
Profit on disposal of tangible fixed assets	(1,218)	-
Operating lease charges	79,385	86,635
	<u>79,385</u>	<u>86,635</u>

5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	<u>27,050</u>	<u>18,000</u>

6 Employees

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

	2023	2022
	Number	Number
Production	203	198
Administration and support	55	55
Total	<u>258</u>	<u>253</u>

Iracroft Limited

**Notes to the financial statements (continued)
For the year ended 31 December 2023**

6 Employees (continued)

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	7,930,866	7,763,719
Social security costs	781,222	726,897
Pension costs	340,381	302,052
	<u>9,052,469</u>	<u>8,792,668</u>

7 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	403,452	421,662
Company pension contributions to defined contribution schemes	37,270	36,095
	<u>440,722</u>	<u>457,757</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2022 - 6).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 0 (2022 - 1).

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

	2023	2022
	£	£
Remuneration for qualifying services	110,581	119,159
Company pension contributions to defined contribution schemes	5,444	5,875
	<u>116,025</u>	<u>125,034</u>

8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	109,461	70,031
Other finance costs:		
Interest on finance leases and hire purchase contracts	23,420	19,977
	<u>132,881</u>	<u>90,008</u>

Iracroft Limited**Notes to the financial statements (continued)
For the year ended 31 December 2023****9 Taxation**

	2023	2022
	£	£
Deferred tax		
Origination and reversal of timing differences	75,412	43,923

On 24 May 2021, the Finance Bill 2021 was substantively enacted, confirming the corporation tax rate increase to 25% from 1 April 2023. For the purpose of disclosing the corporation tax reconciliation in these financial statements, the average rate of corporation tax over the year of 23.52% has been used.

Any differences as a result of the change in tax rate have been included within disclosure.

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Profit before taxation	252,546	291,042
Expected tax charge based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	59,399	55,298
Tax effect of expenses that are not deductible in determining taxable profit	(187)	(37)
Decrease from effect of tax incentives	-	(35,223)
Tax effect of utilisation of tax losses not previously recognised	(112,265)	-
Deferred tax credit from unrecognised tax loss or credit	-	(323)
UK deferred tax expense relating to change in tax rates or laws	-	10,542
Permanent capital allowances in excess of depreciation	53,053	(30,359)
Tax increase from other short-term differences	-	102
Deferred tax movements	75,412	43,923
Taxation charge for the year	75,412	43,923

The company has approximately £110,577 (2022: £567,510) of tax losses available for offset against future trading profits, subject to the agreement of HM Revenue and Customs.

10 Dividends

	2023	2022
	£	£
Final paid	325,940	233,298

Iracroft Limited

Notes to the financial statements (continued)
For the year ended 31 December 2023

11 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2023	4,522,808	6,370,098	673,584	128,750	11,695,240
Additions	-	145,984	38,497	72,867	257,348
Disposals	-	-	-	(42,780)	(42,780)
At 31 December 2023	4,522,808	6,516,082	712,081	158,837	11,909,808
Depreciation and impairment					
At 1 January 2023	1,239,184	4,443,687	551,047	103,444	6,337,362
Depreciation charged in the year	73,556	372,878	58,431	9,414	514,279
Eliminated in respect of disposals	-	-	-	(41,998)	(41,998)
At 31 December 2023	1,312,740	4,816,565	609,478	70,860	6,809,643
Carrying amount					
At 31 December 2023	3,210,068	1,699,517	102,603	87,977	5,100,165
At 31 December 2022	3,283,624	1,926,411	122,537	25,306	5,357,878

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

	2023	2022
	£	£
Plant and machinery	536,548	836,663
Motor vehicles	71,224	-
	607,772	836,663

12 Stocks

	2023	2022
	£	£
Raw materials and consumables	634,896	870,115
Work in progress	300,111	245,312
Finished goods and goods for resale	326,145	187,178
	1,261,152	1,302,605

Iracroft Limited**Notes to the financial statements (continued)
For the year ended 31 December 2023****13 Debtors**

	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	2,310,288	3,540,335
Other debtors	5,648	40,713
Prepayments and accrued income	526,191	161,333
	<u>2,842,127</u>	<u>3,742,381</u>

14 Creditors: amounts falling due within one year

	Notes	2023	2022
		£	£
Bank loans and overdrafts	16	441,562	1,496,038
Obligations under finance leases	17	150,915	185,024
Trade creditors		2,401,926	2,843,160
Taxation and social security		626,389	613,238
Other creditors		18,773	48,243
Accruals and deferred income		278,902	265,179
		<u>3,918,467</u>	<u>5,450,882</u>

15 Creditors: amounts falling due after more than one year

	Notes	2023	2022
		£	£
Bank loans and overdrafts	16	1,214,426	450,000
Obligations under finance leases	17	263,765	349,785
		<u>1,478,191</u>	<u>799,785</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>1,081,830</u>	<u>-</u>
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Iracroft Limited**Notes to the financial statements (continued)
For the year ended 31 December 2023****16 Loans and overdrafts**

	2023	2022
	£	£
Bank loans	1,241,687	1,035,382
Bank overdrafts	414,301	910,656
	<u>1,655,988</u>	<u>1,946,038</u>
Payable within one year	441,562	1,496,038
Payable after one year	<u>1,214,426</u>	<u>450,000</u>

The company completed a refinancing exercise during the year. The company changed its banking provider whilst consolidating existing funding arrangements, raising additional funds for new asset investment, and aligning funding types with the future needs of the business over the long term. The refinancing exercise was successfully completed in December 2023.

The mortgage of £385,382 included within bank borrowings at 31 December 2022 was fully repaid during the year. Interest was payable at a fixed rate of 3.51% per annum over the entire term and the mortgage was secured by a legal charge over the company's freehold properties and a standard debenture. All charges have been satisfied following repayment of this loan balance.

Also within bank loans at 31 December 2022 was £200,000 due within one year and £450,000 due after one year relating to a CBILS (Coronavirus Business Interruption Loan Scheme). Interest was payable at a floating rate of 2.95% over the Bank of England base rate. It was guaranteed by the UK government. The loan was fully repaid during the year.

Included within bank overdrafts at 31 December 2022 was an overdraft of £910,656. The bank overdraft was fully repaid during the year.

During the year, a bank loan relating to a mortgage of £1,250,000 was advanced. Interest is payable at a floating rate of 2.45% over the Bank of England base rate per annum over the term of the loan which is 20 years. The loan is secured by way of fixed and floating charges, including a negative pledge, over the freehold property in which the mortgage relates to. The new loan is disclosed within bank loans as £27,261 (2022: £nil) due within one year and £1,214,426 (2022: £nil) due after one year.

During the year, the company entered into an invoice discounting agreement with the bank. The balance at the year end included within loans and overdrafts due within one year is £414,301 (2022: £nil).

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

17 Finance lease obligations

	2023	2022
	£	£
Future minimum lease payments due under finance leases:		
Within one year	150,915	185,024
In two to five years	263,765	349,785
	<u>414,680</u>	<u>534,809</u>

Iracroft Limited

**Notes to the financial statements (continued)
For the year ended 31 December 2023**

17 Finance lease obligations (continued)

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

Hire purchase and finance lease liabilities carry interest rates between 3.90% and 7.55% and are secured over the assets to which they relate.

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2023	Liabilities 2022
	£	£
Balances:		
Accelerated capital allowances	420,897	459,719
Tax losses	(27,644)	(141,878)
	<u>393,253</u>	<u>317,841</u>
		2023
Movements in the year:		£
Liability at 1 January 2023		317,841
Charge to profit or loss		75,412
		<u>393,253</u>
Liability at 31 December 2023		<u>393,253</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

19 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>340,381</u>	<u>302,052</u>

Contributions totalling £18,773 (2022: £47,131) were payable to the scheme at the end of the year and are included in creditors.

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Iracroft Limited**Notes to the financial statements (continued)
For the year ended 31 December 2023****19 Retirement benefit schemes (continued)****Defined benefit schemes**

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

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 5 April 2021 by Alan Finch, Fellow of the Institute of Actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

<i>Key assumptions</i>	2023	2022
	%	%
Discount rate	4.50	4.70
Inflation	3.10	3.30
	<u> </u>	<u> </u>
<i>Mortality assumptions</i>	2023	2022
Assumed life expectations on retirement at age 65:	Years	Years
Current UK pensioners at retirement age		
- Males	21.10	21.70
- Females	23.20	23.70
	<u> </u>	<u> </u>
Future UK pensioners at retirement age		
- Males	22.30	23.10
- Females	24.70	25.20
	<u> </u>	<u> </u>
	2023	2022
<i>Amounts taken to other comprehensive income</i>	£	£
Actual return on scheme assets	(1,097,000)	3,920,000
Less: calculated interest element	558,000	343,000
	<u> </u>	<u> </u>
Return on scheme assets excluding interest income	(539,000)	4,263,000
Actuarial changes related to obligations	29,000	(6,536,000)
Deferred taxation movement on net scheme asset	127,500	568,250
	<u> </u>	<u> </u>
Total costs (income)	(382,500)	(1,704,750)

Iracroft Limited**Notes to the financial statements (continued)
For the year ended 31 December 2023****19 Retirement benefit schemes (continued)**

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2023	2022
	£	£
Present value of defined benefit obligations	12,034,000	12,290,000
Fair value of plan assets	(16,879,000)	(16,625,000)
Surplus in scheme	(4,845,000)	(4,335,000)
Deferred taxation liability on net scheme asset	1,211,250	1,083,750
Total asset recognised	<u>(3,633,750)</u>	<u>(3,251,250)</u>

	2023
	£
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2023	12,290,000
Benefits paid	(843,000)
Actuarial gains and losses	29,000
Interest cost	558,000
At 31 December 2023	<u>12,034,000</u>

The defined benefit obligations arise from plans which are wholly unfunded.

	2023
	£
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2023	16,625,000
Interest income	558,000
Return on plan assets (excluding amounts included in net interest)	539,000
Benefits paid	(843,000)
At 31 December 2023	<u>16,879,000</u>

The actual return on plan assets was £1,097,000 (2022 - (£3,920,000)).

Iracroft Limited**Notes to the financial statements (continued)
For the year ended 31 December 2023****19 Retirement benefit schemes (continued)**

	2023	2022
	£	£
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	5,602,000	5,903,000
Debt instruments	8,235,000	7,827,000
Property	2,499,000	2,504,000
Cash and cash equivalents	543,000	391,000
	<u>16,879,000</u>	<u>16,625,000</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.

20 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>

21 Reserves**Capital redemption reserve**

Included within the capital redemption reserve are non-distributable amounts transferred following the redemption or purchase of the company's own shares out of distributable profits.

Other reserves

Included within other reserves are non-distributable amounts transferred following the redemption or purchase of the company's own shares out of distributable profits.

Profit and loss reserves

Included within profit and loss reserves are distributable profits made up of profits remaining after paying all its direct and indirect costs, income taxes and dividends to shareholders.

22 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£	£
Within one year	77,786	82,892
Between two and five years	45,293	83,645
	<u>123,079</u>	<u>166,537</u>

Iracroft Limited**Notes to the financial statements (continued)
For the year ended 31 December 2023****23 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	2023	2022
	£	£
Acquisition of tangible fixed assets	235,569	-

24 Cash generated from operations

	2023	2022
	£	£
Profit for the year after tax	177,134	247,119
Adjustments for:		
Taxation charged	75,412	43,923
Finance costs	132,881	90,008
Gain on disposal of tangible fixed assets	(1,218)	-
Depreciation and impairment of tangible fixed assets	514,279	543,486
Movements in working capital:		
Decrease/(increase) in stocks	41,453	(22,540)
Decrease/(increase) in debtors	900,254	(1,068,121)
(Decrease)/increase in creditors	(443,830)	865,417
Cash generated from operations	<u>1,396,365</u>	<u>699,292</u>

25 Analysis of changes in net debt

	1 January 2023	Cash flows	New finance leases	31 December 2023
	£	£	£	£
Cash at bank and in hand	3,296	272,017	-	275,313
Bank overdrafts	(910,656)	496,355	-	(414,301)
	(907,360)	768,372	-	(138,988)
Borrowings excluding overdrafts	(1,035,382)	(206,305)	-	(1,241,687)
Obligations under finance leases	(534,809)	185,929	(65,800)	(414,680)
	<u>(2,477,551)</u>	<u>747,996</u>	<u>(65,800)</u>	<u>(1,795,355)</u>