



Registration number 1055419

Iracroft Limited

Directors' Report and Financial Statements

for the Year Ended 31 December 2012



Iracroft Limited
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Iracroft Limited
Company Information

Directors	M L Elliot J R Harrison P Lewis A M Simmonds A Webb
Company secretary	A Webb
Registered office	Blandford Heights Industrial Estate Shaftesbury Lane Blandford Forum Dorset DT11 7TE
Bankers	Barclays Bank Plc
Auditors	Princetown Willis LLP Chartered Accountants & Registered Auditors Towngate House 2-8 Parkstone Road Poole Dorset BH15 2PW

Iracroft Limited
Directors' Report for the Year Ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Directors of the company

The directors who held office during the year were as follows

M L Elliot

J R Harrison

P Lewis

A M Simmonds

A Webb

Principal activity

The principal activity of the company is tube engineering, producing parts for a wide range of applications on specialist vehicles and construction, industrial and other equipment

Directors' responsibilities

The directors are responsible for preparing the Directors' 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, 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.

Business review

Fair review of the business

The company supplies manipulated and fabricated tubular products to market leading manufacturers in the construction and specialist equipment sectors and these products are used worldwide. The year has been characterised by uncertainty in most markets with resultant volatility in the order book which has adversely affected the company's profitability.

The company's employees have continued to meet the challenges presented to the business and their support, knowledge and commitment is a key strength.

Significant investment in the IT infrastructure alongside the ongoing development of the people and equipment within the business puts the company in a strong position for 2013.

Iracroft Limited
Directors' Report for the Year Ended 31 December 2012

..... continued

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

	Unit	2012	2011
Turnover	£	14,136,793	14,444,322
Turnover (decrease)/increase	%	(2)	38
Gross profit margin	%	57	59
Profit before tax	£	237,884	997,739
Net assets at year end	£	3,695,021	4,479,629

Financial risk

Objectives and policies

The financial risk management policies adopted by the company are not deemed to place excessive financial risks on the company and accordingly further information regarding these financial policies is not material for the assessment of the financial position or performance of the company

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

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 which they know the auditors are unaware of

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Princecroft Willis LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Approved by the Board on 26/6/2013 and signed on its behalf by



A Webb
Director

Independent Auditor's Report to the Members of Iracroft Limited

We have audited the financial statements of Iracroft Limited for the year ended 31 December 2012, set out on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 2), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

..... continued

Matters on which we are required to report by exception

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

Mark Johns

Mark Johns FCCA ACA (Senior Statutory Auditor)
For and on behalf of Princecroft Willis LLP, Statutory Auditor

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

1 July 2013

Iracroft Limited
Profit and Loss Account for the Year Ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	14,136,793	14,444,322
Cost of sales		<u>(6,050,305)</u>	<u>(5,910,810)</u>
Gross profit		8,086,488	8,533,512
Administrative expenses		<u>(7,937,117)</u>	<u>(7,655,169)</u>
Operating profit	3	149,371	878,343
Other interest receivable and similar income	6	113,102	145,206
Interest payable and similar charges	7	<u>(24,589)</u>	<u>(25,810)</u>
Profit on ordinary activities before taxation		237,884	997,739
Tax on profit on ordinary activities	8	<u>(37,992)</u>	<u>(218,479)</u>
Profit for the financial year	16	<u>199,892</u>	<u>779,260</u>

Turnover and operating profit derive wholly from continuing operations

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

Iracroft Limited

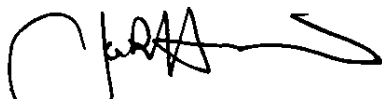
Statement of Total Recognised Gains and Losses for the Year Ended 31 December 2012

	Note	2012 £	2011 £
Profit for the financial year		199,892	779,260
Actuarial loss recognised on defined benefit pension scheme		<u>(984,500)</u>	<u>(691,500)</u>
Total recognised gains and losses relating to the year		<u><u>(784,608)</u></u>	<u><u>87,760</u></u>

Iracroft Limited
(Registration number: 1055419)
Balance Sheet at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible fixed assets	9	<u>3,945,408</u>	<u>3,916,052</u>
Current assets			
Stocks	10	939,403	1,004,877
Debtors	11	1,890,579	1,935,578
Cash at bank and in hand		<u>427,017</u>	<u>1,211,277</u>
		3,256,999	4,151,732
Creditors Amounts falling due within one year	12	<u>(1,969,429)</u>	<u>(2,769,803)</u>
Net current assets		<u>1,287,570</u>	<u>1,381,929</u>
Total assets less current liabilities		5,232,978	5,297,981
Creditors Amounts falling due after more than one year	13	(835,767)	(964,807)
Provisions for liabilities	14	<u>(56,440)</u>	<u>(85,295)</u>
Net assets excluding pension liability/(asset)		4,340,771	4,247,879
Net pension (liability)/asset		<u>(645,750)</u>	<u>231,750</u>
Net assets		<u><u>3,695,021</u></u>	<u><u>4,479,629</u></u>
Capital and reserves			
Called up share capital	15	90	90
Other reserves	16	243,761	243,761
Profit and loss account	16	<u>3,451,170</u>	<u>4,235,778</u>
Shareholders' funds	17	<u><u>3,695,021</u></u>	<u><u>4,479,629</u></u>

Approved by the Board on 26/6/2013 and signed on its behalf by


J.R. Harrison
Director

Iracroft Limited
Cash Flow Statement for the Year Ended 31 December 2012

Reconciliation of operating profit to net cash flow from operating activities

	2012	2011
	£	£
Operating profit	149,371	878,343
Depreciation, amortisation and impairment charges	446,509	450,474
Decrease/(increase) in stocks	65,474	(301,104)
Decrease/(increase) in debtors	44,999	(348,614)
(Decrease)/increase in creditors	(746,785)	456,308
Net cash (outflow)/inflow from operating activities	<u>(40,432)</u>	<u>1,135,407</u>

Cash flow statement

	2012	2011
	£	£
Net cash (outflow)/inflow from operating activities	<u>(40,432)</u>	<u>1,135,407</u>
Returns on investments and servicing of finance		
Interest received	6,102	1,206
Interest paid	(24,589)	(25,810)
	<u>(18,487)</u>	<u>(24,604)</u>
Taxation paid	<u>(204,915)</u>	<u>(78)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(475,866)	(604,629)
Sale of tangible fixed assets	-	1,334
	<u>(475,866)</u>	<u>(603,295)</u>
Net cash (outflow)/inflow before management of liquid resources and financing	(739,700)	507,430
Financing		
Repayment of loans and borrowings	(129,040)	(129,040)
(Decrease)/increase in cash	<u>(868,740)</u>	<u>378,390</u>

Iracroft Limited

Cash Flow Statement for the Year Ended 31 December 2012

..... continued

Reconciliation of net cash flow to movement in net debt

	Note	2012 £	2011 £
(Decrease)/increase in cash		(868,740)	378,390
Cash outflow from repayment of loans		<u>129,040</u>	<u>129,040</u>
Change in net debt resulting from cash flows	21	<u>(739,700)</u>	<u>507,430</u>
 Movement in net debt	21	(739,700)	507,430
Net funds/(debt) at 1 January	21	<u>117,430</u>	<u>(390,000)</u>
Net (debt)/funds at 31 December	21	<u>(622,270)</u>	<u>117,430</u>

The notes on pages 11 to 25 form an integral part of these financial statements

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows

Asset class	Depreciation method and rate
Plant and machinery	3-10 years straight line
Fixtures and fittings	5 years/15% straight line basis
Motor vehicles	30% reducing balance basis
Freehold property	50 years straight line basis

Research and development

Research and development expenditure is written off as incurred

Stock

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

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date

Foreign currency

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

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

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Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

Pensions

The company operated a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company. The scheme closed to further accrual on 31 July 2009.

The company has applied the Amendments to FRS17 Retirement Benefits which is effective for accounting periods commencing on or after 6 April 2007. The amendment to FRS17 primarily affects disclosures in relation to defined benefit schemes.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on the scheme assets are included in other finance income. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

2 Turnover

During the year 9.21% of the company's turnover related to exports (2011 - 9.51%).

An analysis of turnover by geographical location is given below.

	2012	2011
	£	£
Sales - UK	12,834,929	13,070,966
Sales - Europe	1,205,936	1,220,651
Sales - Rest of world	95,928	152,705
	<u>14,136,793</u>	<u>14,444,322</u>

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

3 Operating profit

Operating profit is stated after charging

	2012 £	2011 £
Operating leases - other assets	72,281	62,711
Auditor's remuneration - The audit of the company's annual accounts	12,120	12,120
Foreign currency losses	27,037	17,832
Depreciation of owned assets	446,509	450,474
	<u> </u>	<u> </u>

4 Particulars of employees

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

	2012 No.	2011 No.
Administration and support	42	40
Production	155	149
	<u> </u>	<u> </u>
	197	189
	<u> </u>	<u> </u>

The aggregate payroll costs were as follows

	2012 £	2011 £
Wages and salaries	4,920,527	4,901,599
Social security costs	460,358	492,593
Staff pensions	448,400	539,959
	<u> </u>	<u> </u>
	5,829,285	5,934,151
	<u> </u>	<u> </u>

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

5 Directors' remuneration

The directors' remuneration for the year was as follows

	2012 £	2011 £
Remuneration (including benefits in kind)	623,382	714,094

In respect of the highest paid director

	2012 £	2011 £
Remuneration	149,712	172,254
Company contributions to money purchase pension schemes	5,545	4,737
Defined benefit accrued pension entitlement at the end of the period	26,152	24,759

6 Other interest receivable and similar income

	2012 £	2011 £
Bank interest receivable	6,094	1,206
Other interest receivable	8	-
Pension scheme finance income	107,000	144,000
	<u>113,102</u>	<u>145,206</u>

7 Interest payable and similar charges

	2012 £	2011 £
Interest on bank borrowings	24,589	25,810
	<u>24,589</u>	<u>25,810</u>

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

8 Taxation

Tax on profit on ordinary activities

	2012	2011
	£	£
Current tax		
Corporation tax charge	66,847	204,914
Deferred tax		
Origination and reversal of timing differences	<u>(28,855)</u>	<u>13,565</u>
Total tax on profit on ordinary activities	<u><u>37,992</u></u>	<u><u>218,479</u></u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)

The differences are reconciled below

	2012	2011
	£	£
Profit on ordinary activities before taxation	<u>237,884</u>	<u>997,739</u>
Corporation tax at standard rate	58,282	264,401
Accelerated capital allowances	46,962	32,627
Other timing differences	(26,215)	(38,160)
Expenses not deductible for tax purposes	1,009	1,442
Utilisation of tax losses	-	(44,682)
Marginal relief	<u>(13,191)</u>	<u>(10,714)</u>
Total current tax	<u><u>66,847</u></u>	<u><u>204,914</u></u>

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... *continued*

9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2012	3,262,681	4,116,921	543,678	92,495	8,015,775
Additions	140,239	264,670	70,956	-	475,865
Disposals	-	(69,121)	(60,635)	-	(129,756)
At 31 December 2012	<u>3,402,920</u>	<u>4,312,470</u>	<u>553,999</u>	<u>92,495</u>	<u>8,361,884</u>
Depreciation					
At 1 January 2012	589,567	2,979,614	489,723	40,819	4,099,723
Charge for the year	49,035	320,949	55,693	20,832	446,509
Eliminated on disposals	-	(69,121)	(60,635)	-	(129,756)
At 31 December 2012	<u>638,602</u>	<u>3,231,442</u>	<u>484,781</u>	<u>61,651</u>	<u>4,416,476</u>
Net book value					
At 31 December 2012	<u>2,764,318</u>	<u>1,081,028</u>	<u>69,218</u>	<u>30,844</u>	<u>3,945,408</u>
At 31 December 2011	<u>2,673,114</u>	<u>1,137,307</u>	<u>53,955</u>	<u>51,676</u>	<u>3,916,052</u>

10 Stocks

	2012 £	2011 £
Raw materials	480,395	455,968
Finished goods	<u>459,008</u>	<u>548,909</u>
	<u>939,403</u>	<u>1,004,877</u>

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

11 Debtors

	2012 £	2011 £
Trade debtors	1,753,960	1,806,527
Other debtors	26,162	24,022
Prepayments and accrued income	110,457	105,029
	<u>1,890,579</u>	<u>1,935,578</u>

12 Creditors: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	910,099	1,516,353
Bank loans and overdrafts	213,520	129,040
Corporation tax	66,847	204,915
Other taxes and social security	401,439	430,815
Other creditors	-	1,748
Accruals and deferred income	377,524	486,932
	<u>1,969,429</u>	<u>2,769,803</u>

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company

	2012 £	2011 £
Bank loans and overdraft	<u>213,520</u>	<u>129,040</u>

13 Creditors: Amounts falling due after more than one year

	2012 £	2011 £
Bank loans and overdrafts	<u>835,767</u>	<u>964,807</u>

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... *continued*

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company

	2012 £	2011 £
Bank loans	<u>835,767</u>	<u>964,807</u>

The bank loans are secured by a legal charge over the company's freehold properties and a standard debenture. The loans are repayable in quarterly instalments of £32,260. One loan incurs interest at a rate of 1.5% above LIBOR whilst the other incurs interest at a rate of 1.3% above LIBOR.

Included in the creditors are the following amounts due after more than five years

	2012 £	2011 £
After more than five years by instalments	<u>319,607</u>	<u>448,647</u>

14 Provisions

	Deferred tax £	Total £
At 1 January 2012	85,295	85,295
Credited to the profit and loss account	<u>(28,855)</u>	<u>(28,855)</u>
At 31 December 2012	<u>56,440</u>	<u>56,440</u>

Analysis of deferred tax

	2012 £	2011 £
Difference between accumulated depreciation and amortisation and capital allowances	<u>56,440</u>	<u>85,295</u>

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... *continued*

15 Share capital

Allotted, called up and fully paid shares

	2012		2011	
	No.	£	No.	£
Ordinary of £1 each	<u>90</u>	<u>90</u>	<u>90</u>	<u>90</u>

16 Reserves

	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total £
At 1 January 2012	225,061	18,700	4,235,778	4,479,539
Profit for the year	-	-	199,892	199,892
Actuarial loss on pension schemes	-	-	(984,500)	(984,500)
At 31 December 2012	<u>225,061</u>	<u>18,700</u>	<u>3,451,170</u>	<u>3,694,931</u>

17 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Profit attributable to the members of the company	199,892	779,260
Other recognised gains and losses relating to the year	<u>(984,500)</u>	<u>(691,500)</u>
Net (reduction)/addition to shareholders' funds	(784,608)	87,760
Shareholders' funds at 1 January	<u>4,479,629</u>	<u>4,391,869</u>
Shareholders' funds at 31 December	<u>3,695,021</u>	<u>4,479,629</u>

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

18 Pension schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £200,564 (2011 - £162,893)

Contributions totalling £nil (2011 - £nil) were payable to the schemes at the end of the year and are included in creditors

Defined benefit pension schemes

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 company is continuing to make an additional contribution of £17,600 per month.

Contributions payable to the pension scheme at the end of the year are £nil (2011 - £nil).

The total contributions in the next year are expected to be £211,200.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

	2012 £	2011 £
Fair value of scheme assets	14,868,000	13,915,000
Present value of scheme liabilities	<u>(15,729,000)</u>	<u>(13,606,000)</u>
Defined benefit pension scheme (deficit)/surplus	(861,000)	309,000
Related deferred tax asset/(liability)	<u>215,250</u>	<u>(77,250)</u>
Net (liability)/asset in the balance sheet	<u><u>(645,750)</u></u>	<u><u>231,750</u></u>

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

..... continued

Scheme assets

Changes in the fair value of scheme assets are as follows

	2012	2011
	£	£
Fair value at start of year	13,915,000	13,421,000
Expected return on assets	736,000	799,000
Actuarial gains and losses	535,000	(129,000)
Employer contributions	213,000	342,000
Benefits paid	(531,000)	(518,000)
Fair value at end of year	<u>14,868,000</u>	<u>13,915,000</u>

Analysis of assets

The major categories of scheme assets are as follows

	2012	2011
	£	£
Equity instruments	7,564,000	6,643,000
Debt instruments	5,851,000	6,562,000
Property	1,307,000	656,000
Cash	<u>146,000</u>	<u>54,000</u>
	<u>14,868,000</u>	<u>13,915,000</u>

Actual return on scheme's assets

	2012	2011
	£	£
Actual return on scheme assets	<u>(201,000)</u>	<u>(928,000)</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

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

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Scheme liabilities

Changes in the present value of scheme liabilities are as follows

	2012	2011
	£	£
Present value at start of year	13,606,000	12,382,000
Actuarial gains and losses	1,988,000	1,070,000
Interest cost	629,000	655,000
Benefits paid	(494,000)	(501,000)
Present value at end of year	<u>15,729,000</u>	<u>13,606,000</u>
Analysed as:		
Present value arising from wholly or partly funded schemes	<u>(15,729,000)</u>	<u>(13,606,000)</u>

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

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Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows

	2012 %	2011 %
Discount rate	4.10	4.70
Inflation	2.90	3.00
Expected return on scheme assets - equity	6.70	7.80
Expected return on scheme assets - gilts	2.70	2.80
Expected return on scheme assets - corporate bonds	4.10	4.70
Expected return on scheme assets - property	4.70	5.30
Expected return on scheme assets - cash	0.50	0.50

Post retirement mortality assumptions

	2012 Years	2011 Years
Current pensioners at retirement age - male	22.50	22.30
Current pensioners at retirement age - female	24.70	24.60
Future pensioners at retirement age - male	24.20	24.10
Future pensioners at retirement age - female	26.60	26.50

The mortality assumptions used to value benefit obligation at 31 December 2012 are based on the S1PMA year of birth table for males and SIPFA year of birth table for females projected using the Continuous Mortality Investigation 2011 model, subject to a long term rate of improvement of 1.25% p a , (improvements in mortality are assumed to continue in the future)

Amounts recognised in the profit and loss account

	2012 £	2011 £
Amounts recognised in operating profit		
Recognised in arriving at operating profit	-	-
Amounts recognised in other finance cost		
Interest income	(107,000)	(144,000)
Recognised in other finance cost	(107,000)	(144,000)
Total recognised in the profit and loss account	(107,000)	(144,000)

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

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Amounts recognised in the statement of total recognised gains and losses

	2012 £	2011 £
Other actuarial gains (losses)	<u>(984,500)</u>	<u>(691,500)</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and (losses) since 1 January 2002 is £604,250 (2011 - £1,588,750)

History of experience adjustments on scheme assets and liabilities

Amounts for the current and previous 4 periods are as follows

	2012 £	2011 £	2010 £	2009 £	2008 £
Fair value of scheme assets	14,868,000	13,915,000	13,421,000	12,031,000	10,282,000
Present value of scheme liabilities	<u>(15,729,000)</u>	<u>(13,606,000)</u>	<u>(12,382,000)</u>	<u>(11,680,000)</u>	<u>(8,946,000)</u>
(Deficit)/surplus in scheme	<u>(861,000)</u>	<u>309,000</u>	<u>1,039,000</u>	<u>351,000</u>	<u>1,336,000</u>

Experience adjustments

	2012 £	2011 £	2010 £	2009 £	2008 £
Experience adjustments arising on scheme assets	<u>535,000</u>	<u>(129,000)</u>	<u>735,000</u>	<u>1,171,000</u>	<u>(2,149,000)</u>
Experience adjustments arising on scheme liabilities	<u>(447,000)</u>	<u>45,000</u>	<u>388,000</u>	<u>(311,000)</u>	<u>(97,000)</u>

19 Contingent liabilities

During the year ended 31 December 2004, following the retirement of a former director from the Board of Directors, the company set up an Unfunded Unapproved Retirement Benefit Scheme for the benefit of the former director. The former director is entitled to receive a pension of £187,000 per annum from the company. This will be accounted for as it is paid as the directors consider that it is not practicable to estimate the cumulative actuarial cost of this commitment. By agreement, a proportion of this pension has been waived for 2011 and 2012.

Iracroft Limited

Notes to the Financial Statements for the Year Ended 31 December 2012

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20 Commitments

Operating lease commitments

As at 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	2012 £	2011 £
Land and buildings		
Within one year	12,000	-
Within two and five years	27,000	39,000
Over five years	28,750	28,750
	<u>67,750</u>	<u>67,750</u>
Other		
Within one year	18,564	-
Within two and five years	29,309	29,853
Over five years	-	18,020
	<u>47,873</u>	<u>47,873</u>

21 Analysis of net debt

	At 1 January 2012 £	Cash flow £	At 31 December 2012 £
Cash at bank and in hand	1,211,277	(784,260)	427,017
Bank overdraft	-	(84,480)	(84,480)
	<u>1,211,277</u>	<u>(868,740)</u>	<u>342,537</u>
Debt due within one year	(129,040)	-	(129,040)
Debt due after more than one year	(964,807)	129,040	(835,767)
Net debt	<u>117,430</u>	<u>(739,700)</u>	<u>(622,270)</u>

22 Control

The company is controlled by DCB Will Trust which includes M L Elliot and A M Simmonds as trustees and beneficiaries