

Company Registration No. 00282648 (England and Wales)

ICON AEROSPACE TECHNOLOGY LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023

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ICON AEROSPACE TECHNOLOGY LTD

COMPANY INFORMATION

Directors	D J E Beare L Metcalfe D P Bailey
Secretary	D J E Beare
Company number	00282648
Registered office	Victoria Works Thrumpton Lane Retford Nottinghamshire DN22 6HH
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

ICON AEROSPACE TECHNOLOGY LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Fair review of the business

The results for the year are shown on page 8.

The key performance indicators that are used by the directors include turnover, gross profit and EBITDA.

	2023 £000	2022 £000
Turnover	22,861	18,959
Gross profit	8,395	6,639
EBITDA	6,977	5,177

Overall, the performance for the year in 2023 continued to improve and was stronger when compared to 2022 despite continued uncertainty in the market arising from the wars in Ukraine, the Middle East and the Global Economic situation. This was mainly due to recovery within the aerospace industry and a robust military sector. The business performed well through the year and continued to manage its cost base.

The company showed a 21% increase in revenue as a result of the matters described above and related increases in volumes, combined with price increases. Gross profit margin increased from 35% to 37% due to the impact of increased volumes, with some costs remaining fixed, and price increases. EBITDA for the year was up by £1,800k to £6,977k against the year to 31 December 2022 with commercial aerospace and military business growing significantly. In addition, hose and industrial sales remained strong. The significant improvement in commercial aerospace was on the back of restocking and increased build rates and the business will continue to improve with build rate growth and business development. Costs were well controlled throughout the year, with direct labour increasing to reflect the increased volumes & demand.

The Statement of Financial Position remains strong with an increase in net assets of £1,449k driven by a £1,287k increase in stock levels due to investment in working capital as a result of the growth of the business during the year and a £471k increase in debtors principally related to increases in trade debtors as a result of the overall increase in trade. Net cash decreased by £467k with a positive cash balance at the end of 2023 of £356k with strong cash generation and dividends of £3,700k being paid in the year.

Principal risks and uncertainties

The company has a global reach, through both its customer and supplier bases and therefore operates in several currencies. The company minimises any exposure from currency movements where possible and uses foreign exchange forward contracts where appropriate, however the overall impact of foreign exchange differences is deemed insignificant.

The company may also be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

The directors have considered the continuing uncertainty surrounding the wars in Ukraine and the Middle East, and the potential risks and uncertainties these create. The company works closely with customers, suppliers and other stakeholders to assess the potential impact on supply chains and the business in general and mitigate risks as appropriate. The directors will continue to work with our customers, suppliers and other stakeholders to understand the risks and uncertainties and take actions to mitigate as these become known.

ICON AEROSPACE TECHNOLOGY LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Financial risk management

Exposure to credit risk arises in the normal course of business. The company's credit risk is primarily attributed to its trade receivables. The company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In the normal course of business, the company is exposed to liquidity risk. The company's objective is to ensure that sufficient resources are available to fund short-term working capital and longer-term strategic requirements. This is achieved through ensuring that the group has sufficient cash and borrowing facilities in place. Management controls and monitors its cash flow on a regular basis including forecasting future cash flows.

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Research and development

During the year, the company has maintained its strong emphasis on research and development and the creation of new products through the use of technologies, with total R&D costs of £2,876k (2022 - £2,600k). Activities consisted of its own technical personnel working with the technical functions within established and potential customers, academic institutions and external development providers that may lead to the enhancement of existing products and the development of innovative new product solutions.

The company is committed to investment in new plant and equipment to improve and increase its production capacity. Capital expenditure during the year in respect of tangible fixed assets was £1,373k (2022 - £949k).

Future developments

2023 was a year of growth. With changes that have been made within the businesses to flex cost, invest in new equipment, and improve business processes, the business is well placed to benefit from more favourable market conditions. The business will endeavour to grow both organically and through acquisition in future periods.

On behalf of the board

David Beare

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D J E Beare
Director

Date: 26/07/24
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ICON AEROSPACE TECHNOLOGY LTD

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.

Principal activities

The principal activity of the company is that of the design, manufacture and distribution of highly engineered polymer products, predominantly focused on the aerospace and defence industry.

Directors

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

D J E Beare
L Metcalfe
D P Bailey

Results and dividends

The results for the year are set out on page 8.

Interim ordinary dividends were paid amounting to £3,700k (2022 - £2,300k). The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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. It has done so in respect of financial risk management, research and development and future developments.

On behalf of the board

David Beare

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D J E Beare
Director

Date: 26/07/24
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ICON AEROSPACE TECHNOLOGY LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors are responsible for preparing the Strategic Report, 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICON AEROSPACE TECHNOLOGY LTD

Opinion

We have audited the financial statements of Icon Aerospace Technology Ltd (the 'company') for the year ended 31 December 2023 which comprise the income statement, the statement of financial position, the statement of changes in equity 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 FRS 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;
- 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.

Opinions on other matters 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICON AEROSPACE TECHNOLOGY LTD (CONTINUED)

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor'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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ICON AEROSPACE TECHNOLOGY LTD (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, reviewing disclosure checklists to identify areas of non-compliance and inspection and review of tax workings and computations.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance, and inspected relevant documentation, to understand whether the company is in compliance with these law and regulations.

The audit engagement team identified the risk of management override of controls and revenue recognition (cut-off) as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in respect of management override of controls included but were not limited to testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made and assumptions used in making accounting estimates are indicative of potential bias and evaluating the business rationale of any significant transactions that were unusual or outside the normal course of business. Audit procedures performed in respect of revenue recognition (cut-off) included but were not limited to reviewing sales transactions close to and around the year end date to determine whether transactions were accounted for in the correct period based on the date goods were delivered to customers.

A further description of our responsibilities for the audit of the financial statements is located 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.

Finlay Lamont

Finlay Lamont (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL
26/07/24

ICON AEROSPACE TECHNOLOGY LTD

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £000	2022 £000
Turnover	3	22,861	18,959
Cost of sales		(14,466)	(12,320)
Gross profit		8,395	6,639
Distribution costs		(828)	(737)
Administrative expenses		(1,293)	(1,422)
Operating profit	6	6,274	4,480
Interest payable and similar expenses		(16)	(15)
Profit before taxation		6,258	4,465
Tax on profit	7	(1,124)	(830)
Profit for the financial year		5,134	3,635

ICON AEROSPACE TECHNOLOGY LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	£000	2023 £000	£000	2022 £000
Fixed assets					
Intangible assets	9		155		263
Tangible assets	10		3,357		2,563
			<u>3,512</u>		<u>2,826</u>
Current assets					
Stocks	11	4,002		2,715	
Debtors	12	4,400		3,929	
Cash at bank and in hand		356		823	
				<u>8,758</u>	
Creditors: amounts falling due within one year	13	(2,651)		(2,341)	
				<u>6,107</u>	<u>5,126</u>
Net current assets					
			<u>6,107</u>		<u>5,126</u>
Total assets less current liabilities			9,619		7,952
Provisions for liabilities	14		(514)		(296)
			<u>9,105</u>		<u>7,656</u>
Net assets			<u>9,105</u>		<u>7,656</u>
Capital and reserves					
Called up share capital	17		360		360
Other reserves	18		55		40
Profit and loss reserves	18		8,690		7,256
			<u>9,105</u>		<u>7,656</u>
Total equity			<u>9,105</u>		<u>7,656</u>

The financial statements were approved by the board of directors and authorised for issue on 26/07/24 and are signed on its behalf by:

David Beare

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D J E Beare
Director

ICON AEROSPACE TECHNOLOGY LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£000	£000	£000	£000
Balance at 1 January 2022		360	25	5,921	6,306
Year ended 31 December 2022:					
Profit for the year		-	-	3,635	3,635
Dividends	8	-	-	(2,300)	(2,300)
Share based payment expense	22	-	15	-	15
		<u>360</u>	<u>40</u>	<u>7,256</u>	<u>7,656</u>
Balance at 31 December 2022		360	40	7,256	7,656
Year ended 31 December 2023:					
Profit for the year		-	-	5,134	5,134
Dividends	8	-	-	(3,700)	(3,700)
Share based payment expense	22	-	15	-	15
		<u>360</u>	<u>55</u>	<u>8,690</u>	<u>9,105</u>
Balance at 31 December 2023		<u>360</u>	<u>55</u>	<u>8,690</u>	<u>9,105</u>

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

Icon Aerospace Technology Ltd is a private company limited by shares and is registered and incorporated in England and Wales. The registered office and principal place of business is Victoria Works, Thrumpton Lane, Retford, Nottinghamshire, DN22 6HH.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure framework

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Northern Engineering UK Limited. These consolidated financial statements are available from its registered office, Haigh Moor Drive, Brooklands Park, Sheffield, South Yorkshire, S25 2JY.

Going concern

The directors have carried out a review of the company's resources and are confident that it has access to sufficient funds to enable it to continue to meet its liabilities as they fall due for at least one year from the approval of the financial statements. The financial statements have therefore been prepared on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the sale of goods in the ordinary nature of business. Turnover is shown net of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attached to the product have been transferred to the customer.

Research and development expenditure

Research expenditure is written off to the Income Statement in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Software	20-33% straight line basis
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Tangible fixed assets

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

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

Plant and equipment	10-33% straight line basis
Fixtures and fittings	10-20% straight line basis
Computer equipment	20-33% straight line basis
Motor vehicles	10% straight line 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.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

Stocks are stated at the lower of cost, and estimated selling price less costs to complete and sell. Cost comprises direct materials and direct labour, plus attributable production overheads based on a normal level of activity.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

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.

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

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 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 trade debtors, amounts owed by group undertakings, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets 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.

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 trade and other creditors and accruals, 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.

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

Derecognition of financial liabilities

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

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax are charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and provisions for deferred tax are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

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 leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 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.

Critical judgements

The directors do not consider there to be any judgements which have a material impact on the financial statements.

Key sources of estimation uncertainty

The following key sources of estimation uncertainty have had the most significant effect on amounts recognised in the financial statements:

Research and development tax credit

The company incurs expenditure in relation to its research and development activities under which enhanced levels of tax relief are expected to be available. The significant estimates, which are subject to agreement with HMRC, relate to the interpretation of the tax legislation and include determining whether work on certain projects constitutes qualifying costs and the level of relief available. The amounts included in these financial statements are the best estimate of the amounts expected to be received and reflect past experience as well as detailed consideration of the specific costs and circumstances relating to the period under review. See note 6 for the value of research and development costs.

Stock provisioning

The company manufactures polymer products and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 11 for the net carrying amount of the stock and impairment losses recognised in the year.

Share based payments

Inputs and assumptions subject to estimation include the number of awards that will ultimately vest, the risk free rate inherent in the model, the likelihood of future exit and the assumed period to exercise of the options. The expense recognised for share-based payments during the year is shown in note 22.

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

3 Turnover

An analysis of the company's turnover is as follows:

	2023	2022
	£000	£000
Turnover analysed by class of business		
Manufacture of polymer products	22,861	18,959

	2023	2022
	£000	£000
Turnover analysed by geographical market		
United Kingdom	9,208	8,290
Rest of Europe	5,144	3,726
Rest of the world	8,509	6,943
	<u>22,861</u>	<u>18,959</u>

4 Employees

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

	2023	2022
	Number	Number
Production	186	159
Sales and distribution	8	6
Administration	10	10
	<u>204</u>	<u>175</u>

Their aggregate remuneration comprised:

	2023	2022
	£000	£000
Wages and salaries	6,875	5,782
Social security costs	581	475
Pension costs	347	312
	<u>7,803</u>	<u>6,569</u>

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

5 Directors' remuneration

	2023 £000	2022 £000
Remuneration for qualifying services	447	331
Company pension contributions to defined contribution schemes	82	38
	<u>529</u>	<u>369</u>

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

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

	2023 £000	2022 £000
Remuneration for qualifying services	121	123
Company pension contributions to defined contribution schemes	82	38
	<u>203</u>	<u>161</u>

6 Operating profit

	2023 £000	2022 £000
Operating profit for the year is stated after charging/(crediting):	£000	£000
Exchange (gains)/losses	(4)	7
Research and development costs	2,876	2,600
Fees payable to the company's auditor for the audit of the company's financial statements	41	38
Depreciation of owned tangible fixed assets	579	575
Profit on disposal of tangible fixed assets	(2)	(8)
Amortisation of intangible assets	124	122
Impairment of stocks recognised or reversed	21	-
Share-based payments	15	15
Operating lease charges	463	455
	<u>4,522</u>	<u>4,309</u>

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

7 Taxation

	2023	2022
	£000	£000
Current tax		
UK corporation tax on profits for the current period	892	743
Adjustments in respect of prior periods	14	99
	<u>906</u>	<u>842</u>
Deferred tax		
Origination and reversal of timing differences	200	(12)
Adjustment in respect of prior periods	18	-
	<u>218</u>	<u>(12)</u>
Total tax charge	<u>1,124</u>	<u>830</u>

The standard rate of tax applied to reported profit on ordinary activities, as at 1 April 2023, is 25% for taxable profits over £250,000, 19% for taxable profits under £50,000 and a marginal relief rate for taxable profits between £50,000 and £250,000. Deferred tax has been calculated at 25% which was the tax rate substantively enacted as at 31 December 2023.

The total tax charge for the year included in the Income Statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2023	2022
	£000	£000
Profit before taxation	<u>6,258</u>	<u>4,465</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 23.50% (2022: 19.00%)	1,471	848
Tax effect of expenses that are not deductible in determining taxable profit	2	(117)
Adjustments in respect of prior years	14	99
Group relief	(381)	-
Deferred tax adjustments in respect of prior years	18	-
	<u>1,124</u>	<u>830</u>

8 Dividends

	2023	2022
	£000	£000
Interim paid	<u>3,700</u>	<u>2,300</u>

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

9 Intangible fixed assets

	Software £000
Cost	
At 1 January 2023	417
Additions	16
	<hr/>
At 31 December 2023	433
	<hr/>
Amortisation and impairment	
At 1 January 2023	154
Amortisation charged for the year	124
	<hr/>
At 31 December 2023	278
	<hr/>
Carrying amount	
At 31 December 2023	155
	<hr/> <hr/>
At 31 December 2022	263
	<hr/> <hr/>

There are no contractual commitments to acquire intangible assets (2022 - £nil).

The amortisation charge for the year is recognised within cost of sales.

10 Tangible fixed assets

	Plant and equipment £000	Fixtures and fittings £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 January 2023	7,327	1,213	403	37	8,980
Additions	1,083	283	7	-	1,373
Disposals	(123)	-	-	-	(123)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	8,287	1,496	410	37	10,230
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2023	5,383	616	389	29	6,417
Depreciation charged in the year	377	189	12	1	579
Eliminated in respect of disposals	(123)	-	-	-	(123)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	5,637	805	401	30	6,873
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount					
At 31 December 2023	2,650	691	9	7	3,357
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2022	1,944	597	14	8	2,563
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

11 Stocks	2023	2022
	£000	£000
Raw materials and consumables	2,149	2,648
Work in progress	925	67
Finished goods and goods for resale	928	-
	<u>4,002</u>	<u>2,715</u>

During the year, an impairment loss of £21k (2022 - £nil) was recognised within cost of sales.

12 Debtors	2023	2022
Amounts falling due within one year:	£000	£000
Trade debtors	3,859	3,206
Amounts owed by group undertakings	10	25
Prepayments and accrued income	531	698
	<u>4,400</u>	<u>3,929</u>

At the year end, a provision of £32k (2022 - £52k) was recognised against trade debtors in respect of amounts receivable from customers from whom receipt is considered doubtful.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13 Creditors: amounts falling due within one year	2023	2022
	£000	£000
Trade creditors	1,638	1,301
Corporation tax	17	106
Other taxation and social security	273	171
Other creditors	48	48
Accruals and deferred income	675	715
	<u>2,651</u>	<u>2,341</u>

14 Provisions for liabilities	2023	2022
	£000	£000
Deferred tax liabilities	15	296

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

15 Deferred taxation

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

	Liabilities 2023 £000	Liabilities 2022 £000
Balances:		
Accelerated capital allowances	522	299
Other short term timing differences	(8)	(3)
	<u>514</u>	<u>296</u>
		2023 £000
Movements in the year:		
Liability at 1 January 2023		296
Charge to profit or loss		218
		<u>514</u>

16 Retirement benefit schemes

	2023 £000	2022 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	347	312
	<u>347</u>	<u>312</u>

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. Included within creditors at the year end are amounts payable to the pension scheme of £48k (2022 - £43k).

17 Share capital

	2023 £000	2022 £000
Ordinary share capital		
Issued and fully paid		
360,000 Ordinary shares of £1 each	360	360
	<u>360</u>	<u>360</u>

There is a single class of ordinary shares. The Ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

18 Reserves

Other reserves

Other reserves relate to share options issued by a parent undertaking to employees of the company and reflects the value of that contribution by the parent.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

19 Financial commitments, guarantees and contingent liabilities

The company has provided a cross guarantee over a loan agreement between Sanders Industries Holdings Inc., an intermediate parent undertaking, and a third party lender. The loan contains a fixed and floating charge over the assets of the company.

20 Operating lease commitments

Lessee

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

	2023 £000	2022 £000
Within one year	451	430
Between one and five years	1,716	1,671
In over five years	1,594	1,973
	<u>3,761</u>	<u>4,074</u>

21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2023 £000	2022 £000
Acquisition of tangible fixed assets	192	1,495
	<u>192</u>	<u>1,495</u>

22 Share based payment

During the year, the directors of the company continued to hold share options as part of a group share-based payment scheme. The cumulative share based payment expense recognised in equity at 31 December 2023 totalled £55k (2022 - £40k). A share based payment charge of £15k (2022 - £15k) has been recorded in respect of the year ended 31 December 2023 within administrative expenses in the Income Statement.

ICON AEROSPACE TECHNOLOGY LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

23 Ultimate controlling party

The company is a wholly owned subsidiary of Northern Engineering UK Limited, a company incorporated in England and Wales, and the parent of the smallest group for which consolidated accounts including the company are drawn up. The consolidated financial statements of Northern Engineering UK Limited are publicly available and may be obtained from Companies House, Crown Way Cardiff, CF14 3UZ.

SI Holdings Inc., a company incorporated in the United States of America, is the parent of the largest group for which consolidated accounts including the company are drawn up. Consolidated financial statements are not publicly available, and the the registered office of Sanders Industries Holdings Inc. is 3701 East Conant Street, Long Beach, California 90808, United States of America.

Arcline Capital Partners LP, a partnership incorporated in the Cayman Islands, is considered the company's ultimate parent undertaking and controlling party.