
BANCROFT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The principal activity of the Company continued to be that of the design, build and installation of mechanical, electrical and public health services for industrial and commercial buildings.

Business review

The directors consider the results for the year and the financial position of the Company at the end of the year satisfactory and demonstrate resilience despite adverse trading conditions.

The results were achieved despite a challenging market that continued to be affected by the impact of the Covid-19 virus on decision making in the office fit out market and as a result of the uncertainty caused by the war in Ukraine and the material price inflation that followed together with interest rate rises throughout 2022.

The company continues to explore diversification of its client base, geographical spread, and work sectors and protects its liquidity and profitability by careful contract selection, credit insurance and by vetting suppliers and subcontractors financial risk.

The effect of adverse trading conditions and in particular interest rate rises lead to uncertainty in the office fit out market resulting in delayed decision making as clients reassessed the viability of projects, in some instances redesigning the project and sought cost certainty in inflationary times which affected the company's turnover for the year.

The Vat Deferral Scheme Loan was finally repaid in 2022 and there was a significant reduction of the CLBILS Term loan which was repaid in full August 2023 leaving the company debt free.

The financial position of the Company is presented in the Balance Sheet. The total shareholders funds on 31 December 2022 was £30,294,947 (2021 £29,603,728). The company continues to maintain a strong Balance Sheet for investment in the future.

Cash balances at the end of the year totalled £3,149,801 (2021 £6,009,363).

Principal risks and uncertainties

The key business risks and uncertainties affecting the company include;

- The continuing impact of the Covid-19 Virus
- Increased competition in securing contracts
- Contractual risk including mispricing of contracts, managing changes to contracts, contract disputes and poor project delivery
- Credit risk associated with upstream insolvency
- Increased potential for failures in our supply chain
- Lack of availability of sufficiently skilled people in the marketplace
- Threat to health and safety of our people
- Inflation risk association with fixed price contracts
- Inflationary material costs and delays in delivery caused by production problems, increased delivery costs and transport delays
- The continuing effect of the Ukrainian war affecting decision making and costs in 2022 and beyond.

The Directors are confident that these risks and uncertainties are and will continue to be appropriately managed and mitigated by the company's strategies, procedures, and commercial diligence, with constant monitoring and stringent risk management.

BANCROFT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial key performance indicators

The directors consider the key financial performance indicators to be gross profit margin percentage and profit before tax. Gross profit margin percentage for the year under review was 15.5% (2021: 14.1%) and profit before tax was £428,913 (2021: £1,037,380).

Other key performance indicators

The directors consider the company's health and safety record and days lost through injury to be non financial key performance indicators. The company aims to achieve a year on year improvement with regards to safety.

The company, through its commitment to high standards of health & safety has this year won the RoSPA 'Order of Distinction' for 18 consecutive Gold Awards as well as maintaining the accreditation ISO45001:2018 for health and safety.

Our delivery performance continues to lead the market and has identified our company as such. Our ability to complete fast track installations, meeting client budgets has been recognised within our sector continuously over the past 28 years. Our ability to offer design solutions that provide commercial benefit, is key to our success.

Directors' statement of compliance with duty to promote the success of the Company

The Board of Directors considers that it has complied in all material respects with their s172(1) duties.

- **Engagement with suppliers, customers and others**

The Board of Directors acknowledges that the long-term success of the company is dependent on the way it works with several important stakeholders. Key stakeholders are considered in the Board's decision making, which ensures that the directors' duty is discharged under section 172 of the Companies Act 2006.

- **Customers**

We always aim to build long standing relationships with our customers through our commitment to our core ethic of 'Complete Project Delivery'. This has enabled us to achieve continued high quality service. Repeat business forms over 80% which is indicative of our reputation.

Our specialist in-house design ability allows us to offer a Design and Build solution for our customer.

We maintain our exceptional reputation and credibility with our customers by exceeding the requirements for the key industry standard certifications, including ISO9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 27001:2017 standard certifications. We also hold Cyber Essentials + certification in order to protect client data.

- **Supplier and Subcontractors**

We consider our supplier relationships critical to our overall success, allowing us to deliver an exceptional level of service to our customers in an efficient manner. We continue to build strong relationships with both existing and new suppliers allowing us to react quickly to the constantly changing market.

We work extremely closely with our subcontractors and suppliers to maintain performance and product quality during the course of contracts, including frequent progress and design meetings involving the client and professional team.

We require compliance with BS/CE standards from our suppliers and we review additional trade specific accreditations to ensure quality of work of our subcontractors and any other requirements of our customers.

Suppliers and subcontractors are also required to adhere to ethical standards, in line with those expected from us by our customers. Our suppliers and subcontractors are therefore contractually obliged to follow Anti-

BANCROFT LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Corruption, Modern Slavery, Data-Protection, Criminal Finance and Confidentiality standards as part of our standard terms and conditions.

We ensure the financial stability of our suppliers and subcontractors by undertaking credit checks on new companies and regular reviews prior to the award of large orders. We also enforce set requirements on insurance and product warranties.

- **Employees**

The Company recognises the importance of retention and development of talented employees to the ongoing success of the company. We regularly update employees on internal procedures, new regulations, products and health and safety matters via toolbox talks, newsletters, notices, formal courses and workshops.

We encourage and support training of apprenticeships and participation in degree programmes across all departments within the Company, supporting external courses with additional in-house training programmes.

We also value input from our employees on potential operational enhancements. A feedback process was carried out during the previous financial year. This resulted in several improvements to ways of working being implemented.

- **Environment**

The risk of environmental damage is controlled through the implementation and enforcement of rigorous health and safety policies and environmental procedures.

The company has developed a Sustainable Procurement Strategy with our Supply Chain. The main objectives of which are to:

- 1) Use fewer resources and consume less energy through the use of innovative solutions
- 2) Procure materials with a preference for recognised responsible sourcing schemes
- 3) Specify and procure on a basis that strikes a balance between socio-economic and environmental factors and generate benefits to the economy and society
- 4) Use resource efficient products and give due consideration to end of life uses, future deconstruction and recovery of resources
- 5) Procure locally where possible and agree fair contract prices and terms are applied.

- **Shareholders**

We are a privately owned business with a small group of shareholders, who are involved in the day to day management of the company's operations. The Directors' have acted to maximise profit and free cash flow, as shown by the results in the current financial year in order to create value for shareholders.

- **Principal decisions taken in the year**

The Directors welcome the new reporting requirements as a means of explaining how dialogue with stakeholders has helped form and shape its decisions to promote the success of the Company.

BANCROFT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

This report was approved by the board on 18 September 2023 and signed on its behalf.

.....
B Cockrell
Director