

# C Sparks & Sons Limited

Annual Report and Financial Statements  
for the Year Ended 31 January 2022

# **C Sparks & Sons Limited**

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# **C Sparks & Sons Limited**

## **Company Information**

<b>Directors</b>	A C Sparks J D Sparks T Sparks
<b>Registered office</b>	Wells Road Glastonbury Somerset BA6 9AG
<b>Auditors</b>	Milsted Langdon LLP Chartered Accountants and Statutory Auditors Winchester House Deane Gate Avenue Taunton Somerset TA1 2UH

## **C Sparks & Sons Limited**

### **Strategic Report for the Year Ended 31 January 2022**

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

#### **Principal activity**

The principal activity of the company is haulage and transport contracting, and warehousing.

#### **Fair review of the business**

The directors are very pleased to report that the company has returned to profitability after two periods of making significant losses. This has been achieved through the hard work of the company's staff and the implementation of a comprehensive review of efficiency and operating costs. The directors would like to take this opportunity to thank the company's customers, suppliers and employees for their support during these challenging times. The company has carried on trading profitably post year end and is forecast to continue doing so for the foreseeable future.

Despite the difficulties that the company has had to deal with over the last few years, which obviously include times when trading was restricted due to covid-19, the company has continued to put customer service at the forefront of its activities. In addition, the company has continued to maintain a reliable service which is only possible from operating a modern fleet. The directors will continue to replace vehicles as they become older so as to benefit from the improved reliability and lower running costs of new vehicles.

As well as reviewing its costs, the company also refinanced during 2020 and this helped enable the company to make the changes needed to become profitable again. The directors are pleased to report that the company continues to trade comfortably within its bank facilities and has met all the bank's lending covenants for the year.

As well as providing a haulage service, the company provides warehousing facilities for its customers and there has continued to be a high demand for this service.

In summary, whilst there continue to be challenges facing the company, not least the current rate of inflation and high fuel prices, the directors are confident that the restructuring of the company's operations that has taken place over the last few years will mean that the company can continue to provide high quality, cost effective haulage and warehousing services for many years to come.

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

	<b>Unit</b>	<b>2022</b>	<b>2021</b>
Gross profit	£	3,093,668	2,313,955
Loss before taxation	£	-	662,843
Profit before taxation	£	534,606	-

## **C Sparks & Sons Limited**

### **Strategic Report for the Year Ended 31 January 2022**

#### **Principal risks and uncertainties**

The company faces a number of risks.

The company continues to derive its turnover from a small number of customers and is therefore exposed to unexpected costs on contracts.

The company's financial performance is directly impacted by fluctuations in the price of fuel as one of the major direct costs of the haulage industry. In order to manage this risk the company strives to ensure that all journeys made are chargeable and the increase in the price of fuel is passed on to customers. The company's financial performance is also affected by the economic environment. In order to manage this risk the company is concentrating on reducing costs where possible so as to deliver a competitively priced and quality service.

Approved by the board on 16 June 2022 and signed on its behalf by:

J D Sparks  
Director

## **C Sparks & Sons Limited**

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

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

#### **Directors of the company**

The Directors who held office during the year were as follows:

A C Sparks

J D Sparks

T Sparks

#### **Financial instruments**

##### ***Objectives and policies***

The company's financial instruments comprise cash at bank, an invoice financing facility, a Coronavirus business support loan, overdraft and hire purchase. The main purpose of these financial instruments is to raise adequate finance for the company's operations.

The company's operations expose it to a variety of financial risks that include the effects of changes in market price, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company.

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

###### ***Price risk***

The company is exposed to fuel price risk. The company manages its exposure to fuel price risk by ensuring the supplier used is the best value supplier at the time and continuously reviewing suppliers so their prices are always up to date.

In addition, many contracts allow fuel increases to be charged on to the customer.

###### ***Credit risk***

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit customers are subject to limits which are determined by the directors.

###### ***Liquidity risk***

The company maintains an invoice financing facility and an overdraft facility, when required, in order to maintain sufficient funds available for ongoing operations and planned future developments. The company also secured a Coronavirus Business Support Loan during the prior year.

###### ***Interest rate cash flow risk***

The company has interest bearing liabilities and has selected variable rates to best suit the future cash flow. The directors will revisit the appropriateness of this policy should the company's situation change.

## **C Sparks & Sons Limited**

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

#### **Future developments**

The company intends to maintain its good relationships with customers and suppliers and capitalise on its strong reputation in order to secure further increases in turnover. Costs have been significantly reduced to attempt to return to profitability.

#### **Research and development**

There has been no research and development in the year. The company continues to monitor the technological advances in the transport sector and is very keen to invest in technology that will reduce its carbon footprint. Recent advances in the development of electrical trucks and solar power makes this a realistic investment opportunity in the near future.

#### **Going concern**

The financial statements have been prepared on a going concern basis. Further commentary on this is included in the going concern accounting policy note.

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

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

Approved by the Board on 16 June 2022 and signed on its behalf by:

J D Sparks  
Director

## **C Sparks & Sons Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



## **C Sparks & Sons Limited**

### **Independent Auditor's Report to the Members of C Sparks & Sons Limited**

#### **Opinion**

We have audited the financial statements of C Sparks & Sons Limited (the 'company') for the year ended 31 January 2022, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Material uncertainty in relation to going concern**

We draw your attention to the going concern accounting policy note in the financial statements which explains how the company's liabilities exceeded its assets at the balance sheet date and the additional financing costs that are due to be incurred. Whilst the directors' believe that it is appropriate to prepare these financial statements on a going concern basis, there is a material uncertainty in respect of the company's ability to continue as a going concern. Our opinion is not modified in this respect though.

## **C Sparks & Sons Limited**

### **Independent Auditor's Report to the Members of C Sparks & Sons Limited**

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **C Sparks & Sons Limited**

### **Independent Auditor's Report to the Members of C Sparks & Sons Limited**

#### **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.

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 framework that the company operates in and how the company is complying with the legal and regulatory framework;
- enquired of management, and those charged with governance, about their own identification and assessment of the risks or irregularities, including known and 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;
- reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquired with management concerning the going concern position of the company and confirmed this conclusion by reviewing post year end management accounts, budgets and forecasts;
- enquired with management concerning the value of the fixed assets, specifically the motor vehicles and requested advice from industry specialists regarding potential impairments;
- re-performed bank covenant workings to ensure the company is compliant;
- enquired of management concerning actual and potential litigation and claims;
- obtained an understanding of provisions; and
- reviewed the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

## **C Sparks & Sons Limited**

### **Independent Auditor's Report to the Members of C Sparks & Sons Limited**

We also obtained an understanding of the legal and regulatory frameworks that the company operates in, through discussions with the directors, and from our commercial knowledge and experience of the sector in which the company operates, to enable us to identify the key laws and regulations applicable to the company. We focused on specific laws and regulations which we considered may have a direct material effect on the financial statement or the operations of the company, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation.

As a result of performing the above, our procedures to respond to the risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- obtained an understanding of provisions and held discussions with management to understand the basis of recognition or non-recognition of tax provisions; and

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **C Sparks & Sons Limited**

### **Independent Auditor's Report to the Members of C Sparks & Sons Limited**

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Nigel Fry (Senior Statutory Auditor)  
For and on behalf of Milsted Langdon LLP  
Winchester House  
Deane Gate Avenue  
Taunton  
Somerset  
TA1 2UH

24 June 2022

# C Sparks & Sons Limited

## Profit and Loss Account for the Year Ended 31 January 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	16,258,895	15,347,897
Cost of sales		<u>(13,161,458)</u>	<u>(13,033,942)</u>
Gross profit		3,097,437	2,313,955
Administrative expenses		(2,286,898)	(2,419,678)
Other operating income	<u>4</u>	10,659	226,524
Exceptional expense		<u>-</u>	<u>(460,529)</u>
Operating profit/(loss)	<u>5</u>	<u>821,198</u>	<u>(339,728)</u>
Interest payable and similar charges	<u>7</u>	<u>(283,116)</u>	<u>(323,115)</u>
		<u>(283,116)</u>	<u>(323,115)</u>
Profit/(loss) before tax		538,082	(662,843)
Taxation	<u>11</u>	<u>250,000</u>	-
Profit/(loss) for the financial year		<u><u>788,082</u></u>	<u><u>(662,843)</u></u>

The above results were derived from continuing operations.

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

**C Sparks & Sons Limited**  
**(Registration number: 01018080)**  
**Balance Sheet as at 31 January 2022**

	Note	31 January 2022 £	31 January 2021 £
<b>Fixed assets</b>			
Tangible assets	<u>12</u>	4,723,392	6,219,088
<b>Current assets</b>			
Stocks	<u>13</u>	138,029	135,961
Debtors	<u>14</u>	3,802,221	3,193,878
Cash at bank and in hand	<u>15</u>	148,828	413,672
		4,089,078	3,743,511
<b>Creditors: Amounts falling due within one year</b>	<u>16</u>	(5,522,785)	(5,703,822)
<b>Net current liabilities</b>		(1,433,707)	(1,960,311)
<b>Total assets less current liabilities</b>		3,289,685	4,258,777
<b>Creditors: Amounts falling due after more than one year</b>	<u>16</u>	(3,491,196)	(5,248,370)
<b>Net liabilities</b>		(201,511)	(989,593)
<b>Capital and reserves</b>			
Called up share capital	<u>18</u>	90,000	90,000
Profit and loss account		(291,511)	(1,079,593)
<b>Total equity</b>		(201,511)	(989,593)

Approved and authorised by the Board on 16 June 2022 and signed on its behalf by:

J D Sparks  
Director

# C Sparks & Sons Limited

## Statement of Changes in Equity for the Year Ended 31 January 2022

	Share capital £	Profit and loss account £	Total £
At 1 February 2021	90,000	(1,079,593)	(989,593)
Loss for the year and total comprehensive income	-	788,082	788,082
At 31 January 2022	90,000	(291,511)	(201,511)

	Share capital £	Profit and loss account £	Total £
At 1 February 2020	90,000	(416,750)	(326,750)
Loss for the year and total comprehensive income	-	(662,843)	(662,843)
At 31 January 2021	90,000	(1,079,593)	(989,593)



# **C Sparks & Sons Limited**

## **Notes to the Financial Statements for the Year Ended 31 January 2022**

### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Wells Road  
Glastonbury  
Somerset  
BA6 9AG  
United Kingdom

These financial statements were authorised for issue by the Board on 16 June 2022.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### **Summary of disclosure exemptions**

The company is a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view and that member is included in the consolidation. Therefore, the company has adopted the exemption from requirement to present a statement of cashflows and related notes. The company has also taken advantage of the exemption from disclosing transactions with other members of the group.

#### **Name of parent of group**

These financial statements are consolidated in the financial statements of C Sparks & Sons Holdings Limited.

The financial statements of C Sparks & Sons Holdings Limited may be obtained from Wells Road, Glastonbury, Somerset, BA6 9AG.

## **C Sparks & Sons Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2022**

#### **Going concern**

The company has now returned to profitability following two periods of reporting significant losses, although the company's liabilities still exceeded its assets at the balance sheet date. In addition, the company has now started making repayments of its Coronavirus Business Interruption Loan Scheme loan following a one year capital repayment holiday. The directors are continuing to closely monitor the cashflow to ensure that the company remains within its bank facilities and continues to pay its creditors as they fall due. The company has in addition implemented a comprehensive reporting package to enable it to tightly control costs and to quickly identify matters that require attention. This been one of the contributing factors in the company returning to profitability.

The company has prepared projections for the short, medium and long term which show that the company will continue to be profitable and will generate sufficient cash funds to pay its creditors (including the repayment of the loan mentioned above) for the foreseeable future. Recent experience has shown that the projections are robust and actual results generally achieve or exceed those projected. The directors therefore believe that it is appropriate to prepare these financial accounts on a going concern basis.

Whilst the company could still be negatively affected by Covid-19 in the future, the directors do not believe that this will have any significant impact on the company's ability to trade as a going concern.

#### **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.

Sources of uncertainty include going concern. The directors are monitoring this closely to mitigate all risks that would prevent them continuing trading in the future.

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

## **C Sparks & Sons Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2022**

#### **Government grants**

Grants are recognised in the financial statements when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received.

Grants become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in income in the period in which it becomes receivable.

Grants towards capital expenditure are initially recognised as deferred revenue and then released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

#### **Tax**

The tax expense for the period comprises current tax and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

#### **Tangible assets**

Tangible assets are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, less any estimated residual value, over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold property improvements	5% - 10% straight line and 15% reducing balance
Plant and machinery	15% reducing balance
Fixture and fittings	25% straight line and 20% reducing balance
Motor vehicles	20% - 25% reducing balance, straight line over 5.5, 6 or 10 years or over the life of the lease

## **C Sparks & Sons Limited**

### **Notes to the Financial Statements for the Year Ended 31 January 2022**

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account and Statement of Comprehensive Income over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Provisions**

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

## C Sparks & Sons Limited

### Notes to the Financial Statements for the Year Ended 31 January 2022

#### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and Statement of Comprehensive Income and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

#### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

### 3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2022 £	2021 £
Rendering of services	16,258,895	15,347,897

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

	2022 £	2021 £
UK	15,813,245	14,832,721
Europe	445,650	515,176
	16,258,895	15,347,897

## C Sparks & Sons Limited

### Notes to the Financial Statements for the Year Ended 31 January 2022

#### 4 Other operating income

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

	2022 £	2021 £
Government grants	10,659	226,524

#### 5 Operating profit/(loss)

Arrived at after charging/(crediting):

	2022 £	2021 £
Depreciation expense	1,525,741	1,703,020
Operating lease expense - property	160,417	174,684
Operating lease expense - plant and machinery	338,763	395,953
Operating lease expense - other	5,608	6,230
(Profit)/loss on disposal of property, plant and equipment	(3,570)	9,036

#### 6 Government grants

During the year the company received a Coronavirus Job Retention Scheme grant from the Government. The amount of grants recognised in the financial statements was £10,659 (2021 - £226,524).

#### 7 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdraft and borrowings	57,485	39,343
Interest on obligations under finance leases and hire purchase contracts	225,631	283,772
	283,116	323,115

## C Sparks & Sons Limited

### Notes to the Financial Statements for the Year Ended 31 January 2022

#### 8 Staff costs

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

	2022 £	2021 £
Wages and salaries	4,992,416	5,193,550
Social security costs	519,199	508,369
Pension costs, defined contribution scheme	105,671	103,715
	<u>5,617,286</u>	<u>5,805,634</u>

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

	2022 No.	2021 No.
Administration and support	45	53
Other departments	100	120
	<u>145</u>	<u>173</u>

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	187,358	173,591
Contributions paid to money purchase schemes	13,000	8,500
	<u>200,358</u>	<u>182,091</u>

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

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

#### 10 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>10,000</u>	<u>10,000</u>

# C Sparks & Sons Limited

## Notes to the Financial Statements for the Year Ended 31 January 2022

### 11 Taxation

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2021 - the same as the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit/(loss) before tax	538,082	(662,843)
Corporation tax at standard rate	105,353	(125,940)
Effect of expense not deductible in determining taxable profit (tax loss)	1,043	543
(Decrease)/increase from tax losses for which no deferred tax asset was recognised	(106,134)	125,112
Deferred tax credit from unrecognised tax loss or credit	(250,000)	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	(262)	285
Total tax credit	(250,000)	-

### Deferred tax

Deferred tax assets and liabilities

2022	Asset £
Tax losses carry-forwards	250,000

There are £158,949 of unused tax losses (2021 - £424,559) for which no deferred tax asset is recognised in the Balance Sheet.



## C Sparks & Sons Limited

### Notes to the Financial Statements for the Year Ended 31 January 2022

#### 12 Tangible assets

	Freehold land and buildings £	Furniture, fittings and equipment £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 February 2021	135,478	291,230	414,923	12,104,845	12,946,476
Additions	-	11,072	-	59,994	71,066
Disposals	-	-	-	(113,142)	(113,142)
At 31 January 2022	135,478	302,302	414,923	12,051,697	12,904,400
<b>Depreciation</b>					
At 1 February 2021	24,763	212,807	303,718	6,186,100	6,727,388
Charge for the year	8,280	33,308	17,570	1,466,583	1,525,741
Eliminated on disposal	-	-	-	(72,121)	(72,121)
At 31 January 2022	33,043	246,115	321,288	7,580,562	8,181,008
<b>Carrying amount</b>					
At 31 January 2022	102,435	56,187	93,635	4,471,135	4,723,392
At 31 January 2021	110,715	78,423	111,205	5,918,745	6,219,088

Tangible fixed assets with a carrying amount of £302,936 (2021 - £329,945) has been pledged as security against the loans and borrowings of the company.

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2022 £	2021 £
Motor vehicles	4,394,447	5,857,888
Plant and machinery	22,463	26,427
Fixtures and fittings	3,862	4,828
	4,420,772	5,889,143

#### Restriction on title and pledged as security

Tangible fixed assets with a carrying amount of £4,420,772 (2021 - £5,889,143) has been pledged as security for finance leases and hire purchase contracts.

## C Sparks & Sons Limited

### Notes to the Financial Statements for the Year Ended 31 January 2022

#### 13 Stocks

	31 January 2022 £	31 January 2021 £
Finished goods and goods for resale	<u>138,029</u>	<u>135,961</u>

The carrying amount of stocks pledged as security for the loans and borrowings amounted to £138,029 (2021 - £135,961).

The replacement cost of stock is not materially different to the most recent purchase price.  
There are no impairment losses on the stock held at the year end.

#### 14 Debtors

	Note	31 January 2022 £	31 January 2021 £
Trade debtors		3,240,757	2,922,249
Amounts owed by related parties	<u>21</u>	19,659	26,149
Prepayments		215,399	226,074
Accrued income		76,406	19,406
Deferred tax assets	<u>11</u>	<u>250,000</u>	<u>-</u>
		<u>3,802,221</u>	<u>3,193,878</u>

The carrying amount of trade debtors pledged as security for the loans and borrowings amounted to £3,240,757 (2021 - £2,922,249).

Trade debtors of £3,240,757 (2021 - £2,922,249) are included within an invoice financing facility.

#### 15 Cash and cash equivalents

	31 January 2022 £	31 January 2021 £
Cash on hand	288	145
Cash at bank	<u>148,540</u>	<u>413,527</u>
	148,828	413,672
Invoice financing facility	<u>(1,265,039)</u>	<u>(460,801)</u>
Cash and cash equivalents in statement of cash flows	<u>(1,116,211)</u>	<u>(47,129)</u>

# C Sparks & Sons Limited

## Notes to the Financial Statements for the Year Ended 31 January 2022

### 16 Creditors

	Note	31 January 2022 £	31 January 2021 £
<b>Due within one year</b>			
Loans and borrowings	<u>19</u>	3,338,827	2,690,494
Trade creditors		1,070,530	1,530,763
Social security and other taxes		707,471	1,219,568
Outstanding defined contribution pension costs		11,802	15,297
Other creditors		104,917	12,346
Accruals		289,238	194,470
Deferred income		-	40,884
		<u>5,522,785</u>	<u>5,703,822</u>
<b>Due after one year</b>			
Loans and borrowings	<u>19</u>	<u>3,491,196</u>	<u>5,248,370</u>

The finance lease and hire purchase contracts are secured against the specific assets financed, as disclosed in note 13.

The invoice financing facility is secured first of all over debtors to which it relates and then by way of a fixed and floating charge over all property or undertaking of the company.

### 17 Pension and other schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £105,671 (2021 - £103,715).

Contributions totalling £11,802 (2021 - £15,297) were payable to the scheme at the end of the year and are included in creditors.

# C Sparks & Sons Limited

## Notes to the Financial Statements for the Year Ended 31 January 2022

### 18 Share capital

#### Allotted, called up and fully paid shares

	31 January 2022		31 January 2021	
	No.	£	No.	£
Ordinary shares of £1 each	90,000	90,000	90,000	90,000

#### Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

Ordinary shares have full voting rights, rights to dividends and a right to distribution on winding up.

### 19 Loans and borrowings

	2022 £	2021 £
<b>Non-current loans and borrowings</b>		
Bank borrowings	1,031,250	1,000,000
Finance lease and hire purchase liabilities	2,459,946	4,248,370
	<u>3,491,196</u>	<u>5,248,370</u>

The non-current loans and borrowings are due for repayment later than 1 year and not later than 6 years.

	2022 £	2021 £
<b>Current loans and borrowings</b>		
Bank borrowings	1,640,039	960,801
Finance lease and hire purchase liabilities	1,698,788	1,729,693
	<u>3,338,827</u>	<u>2,690,494</u>

## C Sparks & Sons Limited

### Notes to the Financial Statements for the Year Ended 31 January 2022

The bank borrowings are in relation to an invoice financing facility and Coronavirus Business Support Loan. The security provided is the debtors as disclosed in note 15, all assets and undertakings of the company not already secured against hire purchase contracts and the property owned by the parent company, C Sparks & Sons Holdings Limited.

One of the directors, Mr J Sparks has provided a personal guarantee for the invoice financing facility and Coronavirus Business Support Loan.

During the year, the entity borrowed funds from its bankers in relation to the invoice financing facility of £1,265,039 (2021 - £460,801). The recourse period on this facility is 120 days after the month of the invoice. This facility accrues interest at a variable rate equivalent to LIBOR plus 2.45%. Issue costs of 0.50% were incurred, which have been deducted from the initial carrying value and were charged to profit or loss as part of the interest charge. The initial cash for this facility was received net of the issue costs.

As at 31 January 2022, the entity is exposed to risks arising from interest rate benchmark reform as LIBOR is replaced with alternative benchmark interest rates. The quantitative exposure is disclosed above.

The entity has applied the Amendments to FRS 102: Interest rate benchmark reform (Phase 1 and Phase 2). Applying the practical expedient introduced by the amendments, when the benchmark affecting the Entity's loans are replaced, the adjustments to the contractual cash flows will be reflected as an adjustment to the effective interest rate. Therefore, the replacement of the loans' benchmark interest rate will not result in an immediate gain or loss recorded in profit or loss, which may have been required if the practical expedient was not available or adopted. As at 31 January 2022, the entity expects the bank loans to transition to alternative interest rate benchmarks by the end of 2022.

Included in the loans and borrowings are the following amounts due after more than five years:

	31 January 2022 £	31 January 2021 £
After more than five years by instalments	-	200,769

#### Borrowings due after five years

The obligation under finance lease and hire purchase contracts due after more than 5 years are repayable by equal monthly instalments and interest is charged at rates between 3% and 4.3%. The finance lease and hire purchase contracts are secured against the assets to which it relates.

## C Sparks & Sons Limited

### Notes to the Financial Statements for the Year Ended 31 January 2022

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

##### Finance leases

The total of future minimum lease payments is as follows:

	31 January 2022 £	31 January 2021 £
Not later than one year	1,698,788	1,956,327
Later than one year and not later than five years	2,459,946	4,145,878
Later than five years	-	64,751
	<u>4,158,734</u>	<u>6,166,956</u>

##### Operating leases

The total of future minimum lease payments is as follows:

	31 January 2022 £	31 January 2021 £
Not later than one year	294,469	346,704
Later than one year and not later than five years	490,199	666,691
Later than five years	31,667	126,667
	<u>816,335</u>	<u>1,140,062</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £507,581 (2021 - £579,987).

# C Sparks & Sons Limited

## Notes to the Financial Statements for the Year Ended 31 January 2022

### 21 Related party transactions

#### Key management personnel

Key management are considered to be the directors of the company.

#### Summary of transactions with key management

During the year the company continued to provide loans to the directors. The loans are interest free and repayable on demand.

#### Transactions with directors

	At 1 February 2021 £	Advances to directors £	Repayments by director £	At 31 January 2022 £
<b>2022</b>				
<b>J D Sparks</b>				
Director's loan	10,957	-	-	10,957
<b>A C Sparks</b>				
Directors loan	15,192	5,092	(11,583)	8,701

	At 1 February 2020 £	Advances to directors £	Repayments by director £	At 2021 £
<b>2021</b>				
<b>J D Sparks</b>				
Director's loan	4,316	26,189	(19,548)	10,957
<b>A C Sparks</b>				
Directors loan	10,717	11,175	(6,700)	15,192

#### Other transactions with directors

#### Loans to related parties

	Key management £	Total £
<b>2022</b>		
At start of period	26,149	26,149
Advanced	5,092	5,092
Repaid	(11,583)	(11,583)
At end of period	19,658	19,658

**C Sparks & Sons Limited****Notes to the Financial Statements for the Year Ended 31 January 2022**

	Key management £	Total £
<b>2021</b>		
At start of period	8,378	8,378
Advanced	37,364	37,364
Repaid	(19,593)	(19,593)
	<hr/>	<hr/>
At end of period	<u>26,149</u>	<u>26,149</u>

**22 Parent and ultimate parent undertaking**

The company's immediate parent is C Sparks & Sons Holdings Limited, incorporated in England & Wales.

These financial statements are available upon request from Wells Road, Glastonbury, Somerset, England, BA6 9AG.

The ultimate controlling party is the directors who, together with their close families, own 100% of C Sparks & Sons Holdings Limited issued share capital.



This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.