Company registration number 01018080 (England and Wales)

C SPARKS & SONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2023

C SPARKS & SONS LIMITED

COMPANY INFORMATION

Directors	Mr J D Sparks Mr T C Sparks Mr A C Sparks
Company number	01018080
Registered office	Sparks Transport Wells Road GLASTONBURY Somerset BA6 9AG
Auditor	Old Mill Audit Limited Bishopbrook House Cathedral Avenue WELLS Somerset BA5 1FD

C SPARKS & SONS LIMITED

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C SPARKS & SONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2023

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

Fair review of the business

The directors are delighted to report that the company has continued to be profitable following the significant loss making periods. 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 company has carried on trading profitably post year-end and is forecast to continue doing so for the foreseeable future.

Despite the difficulties the company has dealt with over the last few years, which 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 by operating a modem fleet. The directors will continue to replace vehicles as they age to benefit from the improved reliability and lower running costs of new vehicles.

As well as providing Road Transport and Logistics, the company offers Food Grade Storage 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 company can continue to provide high quality, cost-effective Transport and Storage services for many years to come.

Principal risks and uncertainties

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

Fluctuations in fuel price directly impact the company's financial performance as it is one of the significant direct costs of the haulage industry. To manage this risk, the company strives to ensure that all journeys made are chargeable and that the fuel price increase is passed on to customers. The company's financial performance is also affected by the economic environment. The company is reducing costs to manage this risk to deliver a competitively priced, quality service.

Key performance indicators

The trading results for the period and the company's financial position at the end of the period are in accordance with all budgets and forecasts for the period. The company's critical financial and other performance indicators during the year were as follows:

	Unit	**2023**	**2022**
Return on Capital Employed	%	81.87	38.09
Gross Profit	%	20.87	18.65

The directors monitor the Return on Capital Employed (ROCE) ratio which measures the company's profitability and the efficiency with which its capital is employed. During the period the ROCE percentage has increased to 81.87% (2022 - 38.09%). The directors also closely monitor the company's gross profit percentage which has increased slightly to 20.87% (2022 - 18.65%) during the period.

On behalf of the board

Mr J D Sparks
Director

25 August 2023

C SPARKS & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2023

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

Principal activities

The principal activity of the company continued to be that of haulage and transport contracting, and warehousing.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid in the current or prior reporting period. The directors do not recommend payment of a further dividend.

Directors

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

Mr J D Sparks
Mr T C Sparks
Mr A C Sparks

Financial instruments

Objectives and policies

The company's financial instruments comprise of cash at bank, an invoice financing facility, 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.

Liquidity risk

The company maintains an invoice financing facility and an overdraft facil ty, when required, in order to maintain sufficient funds available for for ongoing operations and planned future developments. The company also secured a Coronavirus Business Support Loan during the year ending 31 January 2021 which it received final payments for in 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.

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 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.

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.

C SPARKS & SONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2023

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.

Auditor

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

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 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.

Statement of disclosure to auditor

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

On behalf of the board

Mr J D Sparks
Director

25 August 2023

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 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financia statements, including s'gnificant 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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) wil 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 our procedures are capable of detecting irregularities, including fraud, is detailed below.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focussed on laws and regulations which could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We did not identify any key audit matters relating to irregularities, including fraud. As in all our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report anc 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.

Tim Lerwill BSc BFP FCA
Senior Statutory Auditor
For and on behalf of Old Mill Audit Limited
Statutory Auditor

25 August 2023

Bishopbrook House
Cathedral Avenue
WELLS
Somerset
BA5 1FD

C SPARKS & SONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2023

	Notes	2023 £	2022 as restated £
Turnover	**3**	19,159,148	16,258,897
Cost of sales		(15,160,134)	(13,226,693)
Gross profit		3,999,014	3,032,204
Administrative expenses		(2,918,831)	(2,286,900)
Other operating income		5,900	10,659
Operating profit	**4**	1,086,083	755,963
Interest receivable and similar income	**8**	263	-
Interest payable and similar expenses	**9**	(236,478)	(222,125)
Profit before taxation		849,868	533,838
Tax on profit	**10**	299,681	250,000
Profit for the financial year		1,149,549	783,838

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

C SPARKS & SONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2023

	2023	2022 as restated
	£	£
Profit for the year	1,149,549	783,838
Other comprehensive income	-	-
Total comprehensive income for the year	1,149,549	783,838

C SPARKS & SONS LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2023

	Notes	2023 £	2023 £	2022 as restated £	2022 as restated £
Fixed assets					
Tangible assets	**11**		2,455,187		3,230,000
Current assets					
Stocks	**12**	148,555		138,029	
Debtors	**13**	4,226,338		3,783,871	
Cash at bank and in hand		175,050		148,828	
		4,549,943		4,070,728	
Creditors: amounts falling due within one year	**14**	(5,128,621)		(5,168,211)	
Net current liabilities			(578,678)		(1,097,483)
Total assets less current liabilities			1,876,509		2,132,517
Creditors: amounts falling due after more than one year	**15**		(665,957)		(2,272,016)
Provisions for liabilities					
Provisions	**18**	200,502		-	
			(200,502)		-
Net assets/(liabilities)			1,010,050		(139,499)
Capital and reserves					
Called up share capital	**21**		90,000		90,000
Profit and loss reserves			920,050		(229,499)
Total equity			1,010,050		(139,499)

The financial statements were approved by the board of directors and authorised for issue on 25 August 2023 and are signed on its behalf by:

Mr J D Sparks
Director

Company Registration No. 01018080

C SPARKS & SONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2023

	Share capital	Profit and loss reserves	Total
	£	£	£
As restated for the period ended 31 January 2022:			
Balance at 1 February 2021	90,000	(1,079,593)	(989,593)
Effect of change in accounting policy	-	66,256	66,256
As restated	90,000	(1,013,337)	(923,337)
Year ended 31 January 2022:			
Profit and total comprehensive income for the year	-	783,838	783,838
Balance at 31 January 2022	90,000	(229,499)	(139,499)
Year ended 31 January 2023:			
Profit and total comprehensive income for the year	-	1,149,549	1,149,549
Balance at 31 January 2023	90,000	920,050	1,010,050

1 Accounting policies

Company information

C Sparks & Sons Limited is a private company limited by shares incorporated in England and Wales. The registered office is Sparks Transport, Wells Road, GLASTONBURY, Somerset, BA6 9AG.

1.1 Accounting convention

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

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

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.

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 e xemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- 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;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of C Sparks & Sons Holdings Limited. These consolidated financial statements are available from its registered office, Wells Road, Glastonbury, Somerset, BA6 9AG.

1.2 Going concern

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

1.3 Turnover

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

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1 Accounting policies **(Continued)**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

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

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

Freehold land and buildings	25% straight line
Plant and equipment	15% reducing balance
Fixtures and fittings	25% striaght 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

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

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.6 Stocks

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

1 Accounting policies **(Continued)**

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 Taxation

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

Current tax

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

1 Accounting policies **(Continued)**

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.12 Employee benefits

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

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

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

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

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

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

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

1 Accounting policies **(Continued)**

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of 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.

1.17 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 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 unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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.

Key sources of estimation uncertainty

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

Depreciation

The directors use their knowledge of the business and the industry to estimate the useful life and residual value of property, plant and equipment, motor vehicles, and fixtures and fittings in order to arrive at applicable depreciation rates. In accordance with section 17 of FRS 102, the directors review and update these estimates if there are indicators that current estimates should change.

It must be noted that there is inherent uncertainty within these estimates as factors such as unexpected wear and tear, technological advancement and changes in market prices may result in future changes to the appropriate rate of depreciation. The carrying value of these assets at the year end is set out in the notes to these financial statements.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Rendering of services	19,159,148	16,258,897

	2023	2022
	£	£
Turnover analysed by geographical market		
UK	19,159,148	15,813,247
Europe		445,650
	19,159,148	16,258,897

	2023	2022
	£	£
Other revenue		
Interest income	263	-
Grants received	-	10,659

During the prior year the company received a Coronavirus Job Retention Scheme grant from the Government.

The amount of grant recognised in the financial statements was £10,659.

4 Operating profit

	2023	2022
Operating profit for the year is stated after charging/(crediting):	£	£
Government grants	-	(10,659)
Depreciation of owned tangible fixed assets	883,456	1,196,838
Profit on disposal of tangible fixed assets	(14,541)	(3,570)
Operating lease charges	1,088,416	898,926

5 Auditor's remuneration

	2023	2022
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	18,480	10,000

6 Employees

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

	2023 Number	2022 Number
Administration and support	44	45
Other departments	104	100
Total	148	145

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	5,620,247	4,992,416
Social security costs	628,799	519,199
Pension costs	190,414	105,671
	6,439,460	5,617,286

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	207,546	187,358
Company pension contributions to defined contribution schemes	81,083	13,000
	288,629	200,358

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

	2023 £	2022 £
Remuneration for qualifying services	159,443	-
Company pension contributions to defined contribution schemes	13,000	-

The number of directors for whom retirement benefits are accruing under money purchase pension scheme amounted to 1 (2022: 1).

8 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Other interest income	263	-

9 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	132,724	57,485
Interest on finance leases and hire purchase contracts	103,754	164,640
	236,478	222,125

10 Taxation

	2023	2022
	£	£
Deferred tax		
Origination and reversal of timing differences	(299,681)	(250,000)

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

	2023	2022
	£	£
Profit before taxation	849,868	533,838
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	161,475	101,429
Deferred tax adjustments in respect of prior years	54,225	-
Effect of expense not deductible in determining taxable profit (tax loss)	4,556	1,043
(Decrease)/increase from tax losses for which no deferred tax asset was recognised	11,782	(106,134)
Deferred tax credit from unrecognised tax loss or credit	-	(250,000)
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	3,662
Movement in deferred tax not recognised	(525,618)	-
130% super-deduction adjustments	(6,101)	-
Taxation credit for the year	(299,681)	(250,000)

There are £52,000 of unused tax losses (2022: £158,949) for which no deferred tax asset is recognised in the Balance Sheet.

11 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 February 2022	135,478	414,923	302,303	7,696,029	8,548,733
Additions	-	-	24,934	101,375	126,309
Disposals	-	-	-	(84,756)	(84,756)
Transfers	-	5,983	(5,983)	-	-
At 31 January 2023	135,478	420,906	321,254	7,712,648	8,590,286
Depreciation and impairment					
At 1 February 2022	33,043	321,288	246,116	4,718,286	5,318,733
Depreciation charged in the year	7,987	14,937	22,982	837,550	883,456
Eliminated in respect of disposals	-	-	-	(67,090)	(67,090)
At 31 January 2023	41,030	336,225	269,098	5,488,746	6,135,099
Carrying amount					
At 31 January 2023	94,448	84,681	52,156	2,223,902	2,455,187
At 31 January 2022	102,435	93,635	56,187	2,977,743	3,230,000

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

	2023	2022
	£	£
Plant and equipment	19,093	22,463
Fixtures and fittings	3,091	3,862
Motor vehicles	2,117,654	2,860,684
	2,139,838	2,887,009

Tangible fixed assets with a carrying amount of £315,296 (2022 - £302,936) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Restriction on title and pledged as security

Tangible fixed assets with a carrying amount of £2,139,838 (2022 - £2,887,009) have been pledged as security for finance leases and hire purchase contracts.

12 Stocks

	2023	2022
	£	£
Finished goods and goods for resale	148,555	138,029

The carrying amount of stocks pledged as security for loans and borrowings amounted to £148,555 (2022: £138,029).

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 year end.

13 Debtors

	2023	2022
Amounts falling due within one year:	£	£
Trade debtors	3,410,523	3,222,407
Other debtors	1,624	19,659
Prepayments and accrued income	264,510	291,805
	3,676,657	3,533,871
Deferred tax asset (note 19)	549,681	250,000
	4,226,338	3,783,871

The carrying amount of trade debtors pledged as security for the loans and borrowings amounted to £3,410,523 (2022: £3,222,407).

Trade debtors of £3,410,523 (2022: £3,222,407) are included within an invoice financing facility.

14 Creditors: amounts falling due within one year

	Notes	2023	2022
		£	£
Bank loans and overdrafts	**16**	1,592,254	1,640,039
Obligations under finance leases	**17**	1,253,925	1,362,563
Trade creditors		1,299,778	1,173,537
Taxation and social security		438,724	719,274
Other creditors		4,906	1,910
Accruals and deferred income		539,034	270,888
		5,128,621	5,168,211

Included within bank loans and overdrafts is £1,217,254 (2022: £1,265,039) in relation to invoice financing facility which 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.

15 Creditors: amounts falling due after more than one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	16	625,000	1,031,250
Obligations under finance leases	17	40,957	1,240,766
		665,957	2,272,016

The obligation under finance leases are secured against the specific asset financed, as disclosed in note 15.

16 Loans and overdrafts

	2023 £	2022 £
Bank loans	1,000,000	1,406,250
Bank overdrafts	1,217,254	1,265,039
	2,217,254	2,671,289
Payable within one year	1,592,254	1,640,039
Payable after one year	625,000	1,031,250

The non-current loans and borrowings are due for repayment later than 1 year and not later than 5 years.

The bank borrowings are in relation to an invoice financing facility, with an additional Coronavirus Business Support Loan in the prior year. The security provided is the debtors as disclosed in Note 11, all assets and undertakings of the company not already secured against hire purchase contracts and the property owned by 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 £1,217,254 (2022: £1,265,039). 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. Initial cash for the facility was received net of the issue costs.

As at 31 January 2023, 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 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.

17 Finance lease obligations

	2023	2022
Future minimum lease payments due under finance leases:	£	£
Within one year	1,253,925	1,362,563
In two to five years	40,957	1,240,766
	1,294,882	2,603,329

Assets held on finance lease agreements are secured on the asset to which they relate. The agreements generally include fixed payments and a purchase option at the end of the lease. A commercial rate of interest is charged on each finance lease agreement.

18 Provisions for liabilities

	2023	2022
	£	£
Provisions	200,502	-

Movements on provisions:

	Provisions
	£
Additional provisions in the year	200,502

£168,000 has been provided for the costs of putting 128 vehicles into their original state on return at the end of the lease period.

£32,000 has been provided for the estimated costs of putting the property back into it's original state on termination of the lease.

£502 has been provided for pension costs.

19 Deferred taxation

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

	Assets 2023	Assets 2022
Balances:	£	£
Accelerated capital allowances	101,961	-
Tax losses	386,257	250,000
Other timing differences	61,463	-
	549,681	250,000

19 Deferred taxation **(Continued)**

Movements in the year:	2023 £
Asset at 1 February 2022	(250,000)
Charge to profit or loss	161,425
Effect of change in tax rate - profit or loss	54,225
Other	(515,331)
Asset at 31 January 2023	(549,681)

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

20 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to profit or loss in respect of defined contribution schemes	190,414	105,671

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.

Contributions totalling £12,805 (2022: £11,802) were payable to the scheme at the end of the year and are included in taxation and social security creditors.

21 Share capital

Ordinary share capital	2023 Number	2022 Number	2023 £	2022 £
Issued and fully paid				
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.

22 Operating lease commitments

Lessee

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

	2023	2022
	£	£
Within one year	560,026	679,616
Between two and five years	974,959	1,159,802
	1,534,985	1,839,418

23 Directors' transactions

Dividends totalling £0 (2022 - £0) were paid in the year in respect of shares held by the company's directors.

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

Description	% Rate	Opening balance	Amounts advanced	Interest charged	Amounts repaid	Closing balance
		£	£	£	£	£
Loan	2.00	10,957	372	140	(10,957)	512
Loan	2.00	-	29,514	123	(29,142)	495
Loan	-	8,701	8,286	-	(16,371)	616
		19,658	38,172	263	(56,470)	1,623

24 Ultimate controlling party

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

The financial statements of C Sparks & Sons Holdings Limited are available upon request from Wells Road, Glastonbury, Somerset, BA6 9AG.

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

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

25 Post balance sheet events

The company entered into material post balance sheet obligations for the hire purchase of motor vehicles. The value of future agreed obligations totals £1,147,240.

26 Prior period adjustment

The prior adjustment relates to adjustment of fixed assets of £1,493,392.19, hire purchase creditors of £1,555,405.33, interest and leasing costs of £333,146.11 and depreciation adjustment of £328,903.00 to be reclassified to profit and loss account as all assets are held under operating leases.