

Registration number: 00580331

A.Clarke & Co. (Smethwick) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2023

Ballards LLP
Chartered Accountants
Oakmoore Court
11C Kingswood Road
Hampton Lovett
Droitwich
Worcestershire
WR9 0QH



A.Clarke & Co. (Smethwick) Limited
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A.Clarke & Co. (Smethwick) Limited
Company Information

Directors B W Clarke
 R Clarke
 M L Wilson
 B W Clarke Jnr
 J H Westwood
 S D Clarke
 J A Armstrong
 N J Clarke
 A B Jones

Company secretary B W Clarke

Registered office PO BOX 9837
 Station Road
 Oldbury
 West Midlands
 B69 4WD

Auditors Ballards LLP
 Chartered Accountants
 Oakmoore Court
 11C Kingswood Road
 Hampton Lovett
 Droitwich
 Worcestershire
 WR9 0QH

A.Clarke & Co. (Smethwick) Limited
Strategic Report for the Year Ended 31 March 2023

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

Principal activity

The principal activity of the company is transport and haulage contractors operating out of locations strategically placed throughout the country supported by our key partners.

Fair review of the business

The directors are pleased to present the review of the business year ended 31st March 2023 and of the position at the end of the year. The intention is to present a balanced and comprehensive summary of the performance and development of the company. In doing so the directors have considered only such facts and circumstances of which they are aware at the date of this report.

The war in Ukraine created further and new challenges to the transport industry and to this business. Fuel supply chain issues drove higher pricing, significant supply impacts to new vehicles and vehicle parts including electrical componentry, tyres and consumables, energy pricing and the general cost of living crisis all impacted across the year.

Despite these challenges the business continued to achieve consistently high levels of customer service. We continue to invest in our people and our people strategy, in order to be an employer of choice with pleasing low staff turnover numbers.

The focus for the future continues to become the largest family owned, family operated, pallet network in the UK logistics market delivering exceptional levels of service.

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

Financial KPIs	Unit	2023	2022
Turnover	£	60,410,931	54,922,839
Operating profit	£	2,863,008	1,651,092
Percentage of turnover	%	5	3

Approved and authorised by the Board on 7/9/23 and signed on its behalf by:



B W Clarke
Company secretary and director

A. Clarke & Co. (Smethwick) Limited
Directors' Report for the Year Ended 31 March 2023

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

Directors of the company

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

B W Clarke - Company secretary and director

R Clarke

M L Wilson

B W Clarke Jnr

J H Westwood

S D Clarke

J A Armstrong

N J Clarke

A B Jones (appointed 28 March 2023)

Environmental matters

The Company is pleased to report its UK based annual energy usage and associated annual greenhouse gas ("CHG") emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019.

Energy and emissions report

	2023	2022
UK Energy Consumption (kWh)	74,274,913	75,927,485
Associated Emissions (Tonnes CO2 Equivalent)	18,937	19,027
Intensity Ratio (Tonnes CO2 per £m revenue)	313	347
	<u>74,294,163</u>	<u>75,946,859</u>

Energy efficiency action during current financial year

In the past financial year there has continued to be an ongoing process of replacing inefficient lighting when it fails with LED replacements at both the Luton and Southampton depots and a new lighting system was installed at Ossett. Roof works at Wishaw will also have reduced the electrical consumption, as old lighting has been taken out of use and staff have worked within portacabins and temporary external lighting provided to the yard area, both of which will have been more energy efficient than the previous warehouse lighting.

The reporting of electricity usage is now also more accurate as more smart and Half-Hourly Meters have been installed within the different depots. Legal changes preventing the use of red diesel in forklifts from the 1st April 2022 also encouraged the transfer to more environmentally friendly propane powered forklifts at Bridgend, Ossett and Wishaw. Manchester and Southampton continue to use diesel propelled trucks.

Older vehicles have continued to be replaced with new and more fuel-efficient replacements and gradually electric company cars are being introduced within the business replacing diesel engine vehicles.

A.Clarke & Co. (Smethwick) Limited
Directors' Report for the Year Ended 31 March 2023

Financial instruments

Objectives and policies

We continue to review and implement effective ways of working through clear consistent communication and reporting throughout the business to ensure the efficiency and optimisation of assets is achieved, and to deliver our service promise supporting the needs and goals of our customers.

We will continue to review and invest prudently to take the right decisions that support the longerterm strategy ensuring financial stability and success.

People are at the centre of our business, and we recognise that an effective strategy is required for long term sustainable improvements and to remain an employer of choice.

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

The risks to the company are detailed in note 22 of the financial statements.

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 7/9/23 and signed on its behalf by:


.....

B W Clarke
Company secretary and director

A.Clarke & Co. (Smethwick) Limited
Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 have 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.

A.Clarke & Co. (Smethwick) Limited

Independent Auditor's Report to the Members of A.Clarke & Co. (Smethwick) Limited

Opinion

We have audited the financial statements of A.Clarke & Co. (Smethwick) Limited (the 'company') for the year ended 31 March 2023, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, 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 March 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 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 director's 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 original financial statements were 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 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.

A.Clarke & Co. (Smethwick) Limited

Independent Auditor's Report to the Members of A.Clarke & Co. (Smethwick) Limited

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 5], 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 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.

A.Clarke & Co. (Smethwick) Limited

Independent Auditor's Report to the Members of A.Clarke & Co. (Smethwick) Limited

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory frameworks applicable to the company and the sector in which they operate. We determined that the following laws and regulations were most significant, the Companies Act 2006 and the Health and Safety at Work etc. Act 1974.

We obtained an understanding of how the company are complying with those legal and regulatory frameworks by making inquiries to management. We corroborated our inquiries through our review of board minutes and the reports provided by the companies Business Risk and Claims manager.

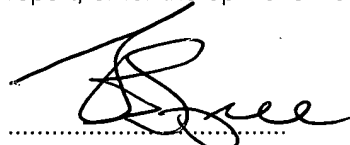
We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- assessing the extent of compliance with the relevant laws and regulations.

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

Use of our report

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



James Syree BSc FCA (Senior Statutory Auditor)
For and on behalf of Ballards LLP, Statutory Auditor
Chartered Accountants

Oakmoore Court
11C Kingswood Road
Hampton Lovett
Droitwich
Worcestershire
WR9 0QH

Date: 11/9/23

A.Clarke & Co. (Smethwick) Limited
Profit and Loss Account for the Year Ended 31 March 2023

	Note	2023	2022 £
Turnover		60,410,931	54,922,839
Cost of sales		<u>(41,998,406)</u>	<u>(39,877,529)</u>
Gross profit		18,412,525	15,045,310
Distribution costs		(404,018)	(355,229)
Administrative expenses		(15,145,499)	(13,125,042)
Other operating income	3	<u>-</u>	<u>86,053</u>
Operating profit	5	2,863,008	1,651,092
Interest payable and similar charges	6	<u>(554,851)</u>	<u>(389,785)</u>
Profit before tax		2,308,157	1,261,307
Taxation	10	<u>(296,245)</u>	<u>(45,761)</u>
Profit for the financial year		<u><u>2,011,912</u></u>	<u><u>1,215,546</u></u>

The above results were derived from continuing operations.


A.Clarke & Co. (Smethwick) Limited
Statement of Comprehensive Income for the Year Ended 31 March 2023

	2023 £	2022 £
Profit for the year	2,011,912	1,215,546
Surplus on property, plant and equipment revaluation	<u>-</u>	<u>330,500</u>
Total comprehensive income for the year	<u><u>2,011,912</u></u>	<u><u>1,546,046</u></u>

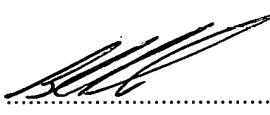
A. Clarke & Co. (Smethwick) Limited
(Registration number: 00580331)
Balance Sheet as at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	11,220,896	9,168,082
Current assets			
Stocks	12	159,689	246,034
Debtors	13	14,212,870	14,006,324
Cash at bank and in hand		1,952,726	854,230
		<u>16,325,285</u>	<u>15,106,588</u>
Creditors: Amounts falling due within one year	15	<u>(15,742,860)</u>	<u>(16,641,175)</u>
Net current assets/(liabilities)		<u>582,425</u>	<u>(1,534,587)</u>
Total assets less current liabilities		11,803,321	7,633,495
Creditors: Amounts falling due after more than one year	15	(6,227,745)	(3,471,076)
Provisions for liabilities		<u>(481,213)</u>	<u>(184,968)</u>
Net assets		<u>5,094,363</u>	<u>3,977,451</u>
Capital and reserves			
Called up share capital		18,900	18,900
Revaluation reserve		917,910	932,935
Other reserves		7,975	7,975
Retained earnings		<u>4,149,578</u>	<u>3,017,641</u>
Shareholders' funds		<u>5,094,363</u>	<u>3,977,451</u>

Approved and authorised by the Board on 7/9/23 and signed on its behalf by:


 B W Clarke
 Company secretary and director


 R Clarke
 Director


 B W Clarke Jnr
 Director

A.Clarke & Co. (Smethwick) Limited
Statement of Changes in Equity for the Year Ended 31 March 2023

	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total £
At 1 April 2022	18,900	932,935	7,975	3,017,641	3,977,451
Profit for the year	-	-	-	2,011,912	2,011,912
Total comprehensive income	-	-	-	2,011,912	2,011,912
Dividends	-	-	-	(895,000)	(895,000)
Transfers	-	(15,025)	-	15,025	-
At 31 March 2023	<u>18,900</u>	<u>917,910</u>	<u>7,975</u>	<u>4,149,578</u>	<u>5,094,363</u>

	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total £
At 1 April 2021	18,900	611,390	7,975	2,431,140	3,069,405
Profit for the year	-	-	-	1,215,546	1,215,546
Other comprehensive income	-	330,500	-	-	330,500
Total comprehensive income	-	330,500	-	1,215,546	1,546,046
Dividends	-	-	-	(638,000)	(638,000)
Transfers	-	(8,955)	-	8,955	-
At 31 March 2022	<u>18,900</u>	<u>932,935</u>	<u>7,975</u>	<u>3,017,641</u>	<u>3,977,451</u>

A.Clarke & Co. (Smethwick) Limited
Statement of Cash Flows for the Year Ended 31 March 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the year		2,011,912	1,215,546
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	2,730,466	2,375,005
Profit on disposal of tangible assets	4	(171,568)	(95,829)
Finance costs	6	554,851	389,785
Income tax expense	10	296,245	45,761
		<u>5,421,906</u>	<u>3,930,268</u>
Working capital adjustments			
Decrease/(increase) in stocks	12	86,345	(106,449)
Increase in trade debtors	13	(349,486)	(2,799,782)
(Decrease)/increase in trade creditors	15	(468,714)	1,855,591
Cash generated from operations		4,690,051	2,879,628
Income taxes received	10	142,940	90,484
Net cash flow from operating activities		<u>4,832,991</u>	<u>2,970,112</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(658,619)	(460,045)
Proceeds from sale of tangible assets		295,807	171,150
Net cash flows from investing activities		<u>(362,812)</u>	<u>(288,895)</u>
Cash flows from financing activities			
Interest paid	6	(554,851)	(389,785)
Proceeds from refinancing		600,000	-
Payments to finance lease creditors		(2,998,836)	(2,215,897)
Dividends paid		(740,878)	(638,000)
Net cash flows from financing activities		<u>(3,694,565)</u>	<u>(3,243,682)</u>
Net increase/(decrease) in cash and cash equivalents		775,614	(562,465)
Cash and cash equivalents at 1 April		<u>(5,007,989)</u>	<u>(4,445,524)</u>
Cash and cash equivalents at 31 March		<u><u>(4,232,375)</u></u>	<u><u>(5,007,989)</u></u>

The notes on pages 14 to 24 form an integral part of these financial statements.

A.Clarke & Co. (Smethwick) Limited
Notes to the Financial Statements for the Year Ended 31 March 2023

1 General information

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

The address of its registered office is:

PO BOX 9837
Station Road
Oldbury
West Midlands
B69 4WD

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 United Kingdom and Republic of Ireland and the Companies Act 2006'.

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.

Going concern

The accounts have been prepared on a going concern basis. The Company's forecast and projections show that the Company should be able to operate within the level of its current financial means, for at least twelve months from the signing of these financial statements. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable 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.

Foreign currency transactions and balances

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Tax

The tax expense for the period comprises 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.

A.Clarke & Co. (Smethwick) Limited

Notes to the Financial Statements for the Year Ended 31 March 2023

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable 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, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

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 over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% on revaluation/nil on freehold land
Fixtures and fittings	33% on cost and 15% on cost
Motor vehicles	33% on cost, 25% on cost, 20% on cost and 15% on cost
Short leasehold	10% on cost

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.

Trade 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.

A.Clarke & Co. (Smethwick) Limited
Notes to the Financial Statements for the Year Ended 31 March 2023

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable 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 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.

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 reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

A.Clarke & Co. (Smethwick) Limited
Notes to the Financial Statements for the Year Ended 31 March 2023

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. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

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 Other operating income

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

	2023 £	2022 £
Government grants	-	86,053

4 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2023 £	2022 £
Gain on disposal of Tangible assets	171,568	95,829

5 Operating profit

Arrived at after charging/(crediting)

	2023 £	2022 £
Depreciation expense	2,730,466	2,375,005
Operating lease expense - plant and machinery	151,199	114,561
Profit on disposal of property, plant and equipment	(171,568)	(95,829)
Audit of the financial statements	16,900	16,900

A.Clarke & Co. (Smethwick) Limited
Notes to the Financial Statements for the Year Ended 31 March 2023

6 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and borrowings	242,906	147,093
Interest on obligations under finance leases and hire purchase contracts	<u>311,945</u>	<u>242,692</u>
	<u><u>554,851</u></u>	<u><u>389,785</u></u>

7 Staff costs

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

	2023	2022
	£	£
Wages and salaries	23,468,991	20,800,361
Social security costs	1,876,869	1,573,336
Pension costs, defined contribution scheme	<u>425,719</u>	<u>353,173</u>
	<u><u>25,771,579</u></u>	<u><u>22,726,870</u></u>

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

	2023	2022
	No.	No.
Production	498	477
Administration and support	<u>52</u>	<u>50</u>
	<u><u>550</u></u>	<u><u>527</u></u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023	2022
	£	£
Remuneration	774,802	569,915
Contributions paid to money purchase schemes	<u>98,191</u>	<u>43,030</u>
	<u><u>872,993</u></u>	<u><u>612,945</u></u>

In respect of the highest paid director:

	2023	2022
	£	£
Remuneration	269,847	203,281
Company contributions to money purchase pension schemes	<u>36,316</u>	<u>14,159</u>

A.Clarke & Co. (Smethwick) Limited
Notes to the Financial Statements for the Year Ended 31 March 2023

9 Auditors' remuneration

	2023 £	2022 £
Audit of the financial statements	<u>16,900</u>	<u>16,900</u>

10 Taxation

Tax charged/(credited) in the income statement

	2023 £	2022 £
Current taxation		
UK corporation tax	-	(24,000)
UK corporation tax adjustment to prior periods	<u>-</u>	<u>(118,940)</u>
	-	(142,940)
Deferred taxation		
Arising from origination and reversal of timing differences	<u>296,245</u>	<u>188,701</u>
Tax expense in the income statement	<u>296,245</u>	<u>45,761</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2022 - lower than the standard rate of corporation tax in the UK) of 19% (2022 - 19%).

The differences are reconciled below:

	2023 £	2022 £
Profit before tax	<u>2,308,157</u>	<u>1,261,307</u>
Corporation tax at standard rate	438,549	239,648
Deferred tax credit relating to changes in tax rates or laws	-	(29,804)
Tax increase/(decrease) from other short-term timing differences	296,245	(160,395)
Effect of disallowable expenses and capital allowances	(649,290)	20,312
Effect of tax losses utilised	210,741	-
Effect of R&D expenditure	<u>-</u>	<u>(24,000)</u>
Total tax charge	<u>296,245</u>	<u>45,761</u>

A.Clarke & Co. (Smethwick) Limited
Notes to the Financial Statements for the Year Ended 31 March 2023

Deferred tax

Deferred tax assets and liabilities

	Liability £
2023	
Deferred tax	481,213
	<u>481,213</u>
2022	
Deferred tax	184,968
	<u>184,968</u>

11 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Commercial vehicles and equipment £	Total £
Cost or valuation				
At 1 April 2022	1,682,147	2,602,031	13,916,954	18,201,132
Additions	445,277	583,518	3,878,723	4,907,518
Disposals	<u>-</u>	<u>(40,580)</u>	<u>(1,707,050)</u>	<u>(1,747,630)</u>
At 31 March 2023	<u>2,127,424</u>	<u>3,144,969</u>	<u>16,088,627</u>	<u>21,361,020</u>
Depreciation				
At 1 April 2022	26,626	1,878,385	7,128,039	9,033,050
Charge for the year	24,829	246,377	2,459,259	2,730,465
Eliminated on disposal	<u>-</u>	<u>(38,879)</u>	<u>(1,584,512)</u>	<u>(1,623,391)</u>
At 31 March 2023	<u>51,455</u>	<u>2,085,883</u>	<u>8,002,786</u>	<u>10,140,124</u>
Carrying amount				
At 31 March 2023	<u>2,075,969</u>	<u>1,059,086</u>	<u>8,085,841</u>	<u>11,220,896</u>
At 31 March 2022	<u>1,655,521</u>	<u>723,646</u>	<u>6,788,915</u>	<u>9,168,082</u>

Included within the net book value of land and buildings above is £2,054,078 (2022 - £1,623,900) in respect of freehold land and buildings and £21,891 (2022 - £31,621) in respect of short leasehold land and buildings.

Revaluation

The fair value of the company's land and buildings was revalued on 7 June 2022 by an independent valuer. The director's believe that this valuation adjusted for buidling additons incurred in the year is materially correct as at 31 March 2023.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £1,066,788 (2022 - £636,536).

A.Clarke & Co. (Smethwick) Limited
Notes to the Financial Statements for the Year Ended 31 March 2023

12 Stocks

	2023 £	2022 £
Consumable stock	<u>159,689</u>	<u>246,034</u>

13 Debtors

	2023 £	2022 £
Current		
Trade debtors	12,279,879	12,691,580
Other debtors	-	683
Prepayments	1,932,991	1,171,121
Income tax asset	10 -	142,940
	<u>14,212,870</u>	<u>14,006,324</u>

14 Cash and cash equivalents

	2023 £	2022 £
Cash on hand	999	1,290
Cash at bank	<u>1,951,727</u>	<u>852,940</u>
	1,952,726	854,230
Bank overdrafts	<u>(6,185,101)</u>	<u>(5,862,219)</u>
Cash and cash equivalents in statement of cash flows	<u>(4,232,375)</u>	<u>(5,007,989)</u>

15 Creditors

	2023 £	2022 £
Due within one year		
Loans and borrowings	18 8,855,509	8,117,178
Trade creditors	2,776,933	2,651,271
Amounts due to related parties	21 17,829	138,536
Social security and other taxes	1,304,990	1,341,902
Accruals	<u>2,787,599</u>	<u>4,392,288</u>
	<u>15,742,860</u>	<u>16,641,175</u>
Due after one year		
Loans and borrowings	18 5,059,813	3,471,076
Other non-current financial liabilities	<u>1,167,932</u>	-
	<u>6,227,745</u>	<u>3,471,076</u>

A.Clarke & Co. (Smethwick) Limited
Notes to the Financial Statements for the Year Ended 31 March 2023

16 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 £425,719 (2022 - £353,173).

17 Share capital

Allotted, called up and fully paid shares

	2023		2022	
	No.	£	No.	£
Ordinary of £1 each	<u>18,900</u>	<u>18,900</u>	<u>18,900</u>	<u>18,900</u>

18 Loans and borrowings

	2023	2022
	£	£
Non-current loans and borrowings		
HP and finance lease liability	<u>5,059,813</u>	<u>3,471,076</u>

	2023	2022
	£	£
Current loans and borrowings		
Bank overdrafts	6,185,101	5,862,219
HP and finance lease liability	<u>2,670,408</u>	<u>2,254,959</u>
	<u>8,855,509</u>	<u>8,117,178</u>

Bank borrowings and bank overdrafts are secured by debentures with various fixed and floating charges over the assets of the company.

The hire purchase contracts are secured on the assets concerned.

A.Clarke & Co. (Smethwick) Limited
Notes to the Financial Statements for the Year Ended 31 March 2023

19 Obligations under leases and hire purchase contracts

Finance leases

The total of future minimum lease payments is as follows:

	2023 £	2022 £
Not later than one year	4,362,622	4,010,856
Later than one year and not later than five years	8,585,614	7,536,911
Later than five years	2,538,024	2,846,250
	<u>15,486,260</u>	<u>14,394,017</u>

20 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £155,991 (2022 - £Nil).

21 Related party transactions

Key management compensation

	2023 £	2022 £
Salaries and other short term employee benefits	<u>1,044,669</u>	<u>681,832</u>

22 Financial instruments

Financial risk factors

The company is exposed to a variety of financial risks and undertakes regular reviews to identify such risks and wherever possible put processes in place to mitigate such risks.

Interest rate factors

The company's liabilities include invoice financing at 1.75% above the Bank of England base rate. The company considers that the current interest rate risk is adequately covered through operating profit without resorting to any financial instruments.

Price risk

A major risk to the business is the usual volatility of fuel prices and it has been the director's decision to again hedge this part of the business thus ensuring delivery and price stability.

Credit risk

Active credit approval and information ensures that risks from defaulting customers is minimised wherever possible. Credit insurance is also in place to mitigate potential unexpected bad debts.

A.Clarke & Co. (Smethwick) Limited
Notes to the Financial Statements for the Year Ended 31 March 2023

Liquidity risks

Liquidity risk arises from the company's management of working capital and its ability to meet future cash requirements as they fall due.

The company prepares rolling monthly cash flow forecasts. Actual cash, debt positions, available facilities and headroom are reported on a daily basis. The financial statements have been prepared using the going concern basis as the financial forecasts support the assumption that the company will be able to meet its obligations as they fall due.

Other risks

The company maintains appropriate insurance cover for its critical business resource, for business interruption and associated events and has a robust business continuity plan to deal with the consequences of such contingencies.

23 Ultimate controlling party

Mr B W Clarke (Snr), a director, together with members of his close family, control the company by virtue of a controlling interest (directly or indirectly) of 100% of the issued share capital.