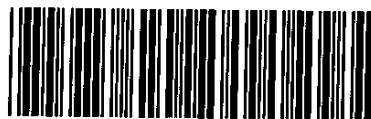


Thomas Cradley Limited

Company Number 14132893

Annual Report and Consolidated Financial Statements - 30 April 2023

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Thomas Cradley Limited
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30 April 2023

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Thomas Cradley Limited
Corporate directory
30 April 2023

Directors	J M Sutton R Sutton T Broadhurst A Denton C Kerry G McFaul
Company secretary	K Broom
Registered number	14132893
Registered office	Gorsey Lane Widnes Cheshire WA8 0GG
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Hardman Square Manchester M3 3EB
Bankers	HSBC Bank plc 99-101 Lord Street Liverpool Merseyside L2 6PG

The directors present the Strategic Report of Thomas Cradley Limited and its subsidiaries (the "Group").

Review of the business

On the 22nd of September 2022 Thomas Cradley Limited (TCL) acquired all of the share capital in Thomas Cradley Group Holdings Limited (TCGHL) by way of a share for share exchange. The shareholders in TCL hold the same numbers and classes of shares as they formerly held in TCGHL which means that there was no change in control of the group as a result of the transaction. The directors of TCL have confirmed that the transaction is a business combination and a group reconstruction according to the criteria set out in FRS 102 and merger accounting treatment is being applied. This means that current year figures are stated as if the transaction had occurred at the start of the financial year and relate to the 12 months to 30th April 2023. Comparative figures have been presented as if the companies have been combined throughout the previous period and at the previous balance sheet date.

The group delivered a very strong financial performance over the 2023 financial year with all of its business performing well. Sultons International Limited and its subsidiaries delivered an exceptionally strong result as the international tank container market peaked with the demand surge post Covid-19.

Revenue grew driven by underlying volume growth across the group, with the international business seeing the full year benefit of the acquisition of VTG's deep sea activities, the pass through of cost inflation to customers and the weakness of Pound sterling relative to currencies that some sales are transacted in, in particular USD.

Overall, the group coped well with these volatile market conditions. Across the globe our dedicated team continued to deliver high levels of customer service to meet the needs of our customers. Our procurement teams have worked hard to source shipping capacity, transport, equipment and other essential inputs in disrupted markets and constantly renegotiated prices in a period of high inflation. Our operations teams have worked hard to plan our fleets efficiently and our commercial teams have had to work with customers to pass on the impact of increased costs, renegotiating rates constantly throughout the year as inflationary pressures arose as well as continuing to win business from new and existing customers. The front-line operations have been well supported by our I.T., H.R. and finance teams.

The UK Tankers division saw volumes continue to grow with new business wins across all of our target markets. Driver churn, which had been an issue during 2022, returned to more normal levels as the impact of increased pay levels stabilised availability. Wage, fuel price and general inflation remained high which led to a significant increase in input costs, and ultimately turnover, as this was passed through to customers.

The Tankers division saw constraints on the availability of new vehicles ease, which meant that capital expenditure increased as the fleet renewal programme caught up.

The International division continued to experience volatile market conditions resulting from global supply chain disruption as demand increased post Covid-19. In the early part of the year, high demand and a shortage of tanks led to high margins and in the second half of the year the number of tanks laden on hold increased as customers increased stock to avoid disruption to supply, which in turn led to high levels of tank hire. In the first quarter of the 2024 financial year demand and margins have fallen as the market has begun to normalise and the number of tanks laden on hold has started to fall.

In January 2022 the group completed the acquisition of VTG Tanktainer GmbH's ('VTG') deep sea activities through a trade and assets deal. During the last year these activities were fully integrated into the existing business of the international division expanding its geographical spread and scale.

We continue to experience competitive labour markets across all of our activities which has led us to continually adapt our H.R. policies, employment conditions and engagement with team members to ensure that we continue to retain and recruit high quality staff.

The group's turnover increased from £259m in 2022 to £332m in 2023. The increase in turnover arose due to a number of factors including pass through of increased input cost inflation, new business and the full year impact of the acquisition of VTG Tanktainer's deep sea activities.

The group achieved an operating profit of £18.6m for the year ended 30 April 2023 compared to £6.9m in 2022. Both divisions contributed to the increased profitability, with the bulk arising from improved market conditions in the international business. The post-tax profit of £9.9m for 2023 was an increase of £6.7m over the profit of £3.2m in 2022.

	2023 £000s	2022 £000s
Earnings before interest, taxation, depreciation and amortisation ('EBITDA')		
Operating profit	18,589	6,918
Depreciation	14,335	14,108
Amortisation	1,194	2,140
EBITDA	34,118	23,166

The group generated EBITDA of £34.1m in 2023 up from £23.2m in 2022 as a result of the increased operating profit.

The group invested a total of £24.8m in new equipment for the Tankers and International divisions, I.T. hardware and systems and freehold land during the year to maintain and expand its asset base and improve efficiency and service delivery.

Net debt, borrowings less cash, fell from £69.6m in April 2022 to £58.8m in April 2023.

Principal risks and uncertainties

The following principal risks and uncertainties are those identified by the directors.

Global supply chain risk

The group has been impacted by the direct and indirect results of the Covid-19 pandemic over the last three years. Our initial contingency plans worked well, allowing us to operate effectively with staff working from home. Over the last year we have continued to invest in new computer hardware and systems which have further enhanced this capability.

The indirect impact of Covid-19 has been disruption to the global supply chain with ongoing disruption to wage costs, shipping, ports, road haulage and depot activities. Over the last three years our staff, in particular our operational teams, have demonstrated their ability to adapt to this disruption and to continue to meet our customers' needs and generate operating profits. The directors are confident that cash flow and working capital is under control and that the Company and its subsidiaries have sufficient headroom to deal with any unforeseen worsening of the situation.

Although the effects of Covid-19 have receded over the last year we are aware of the risk of a reoccurrence, or similar global pandemic, and continue to develop our ability to mitigate such an event through investment in technology and people.

Energy (Oil) and Cost Inflation

The group has exposure to oil and cost inflation due to the nature of its core business (haulage and shipping) however mechanisms are in place to pass these costs to its customers via surcharges which limits the risk to the group.

Brexit

The initial impact of Brexit on the group has been limited to a fall in profitability in its short sea business. In the longer-term, increased transit times and costs for our customers could drive future decisions around the location of chemical manufacturing plants and where materials are sourced and sold. Over the long-term, this could lead to changes to the flow of products between the UK and Europe. Given the diverse nature of the group's logistic activities, both within the UK and internationally, the directors are confident that it would adapt to the outcome, whatever that may be.

Foreign exchange risk

The group continues to trade in foreign currencies, utilising a mix of forward contracts and other instruments in order to protect its margin from any significant, short term, foreign exchange fluctuations.

Financial risks

Financial risks are managed through internal management controls, along with accurate and timely management information and KPI reporting.

The group's operations expose it to a variety of financial risks which derive from market volatility, pricing, credit and foreign exchange exposure. The Board closely monitor these risks so as to limit any adverse impact of financial performance. It also ensures that the group's liquidity and cash flow is maintained through the use of long and short-term financial instruments, as necessary, to support its operational and funding requirements.

Thomas Cradley Limited
Strategic report
30 April 2023

Financial key performance indicators

The group and its subsidiary companies use a number of financial and non-financial KPI's when reviewing performance which include, but are not limited to;

- Revenue per job
- Revenue per shift
- Revenue per vehicle
- Margin per job and per tank day
- Gross margin
- Tank utilisation
- Loads per tank
- Staff turnover
- Lost time accident frequency
- Road traffic accident frequency

These are regularly reviewed by the Board and management team. The directors are encouraged by an improving performance in these metrics during the year. Actual performance is not reported as these measures are considered commercially sensitive.

Climate change

The world's response to climate change is driving a transformation of the global business landscape. Delivering the UK's binding commitment to net zero emissions by 2050 requires far-reaching changes in every aspect of the economy including the sectors in which we operate.

The group and its subsidiary companies are committed to positively responding to the impact of climate change. We have introduced a number of initiatives including carbon footprint measurement, installing EV charge points at our offices, offering our staff the option of electric company cars, promoting the cycle to work scheme, and increasing time spent working from home. We have also reduced our paper use by reducing printing, the phasing out of paper-based files and recycling of wastepaper. We are also monitoring the development of alternatively fuelled transport technology including ships, trains, and trucks so that we are well placed to adopt them once commercially viable solutions are available.

We are currently in the process of reviewing and adopting our environmental, social and governance (ESG) strategies to ensure that they are relevant to the challenges that we anticipate will impact the industries in which we operate, particularly in the environmental arena. We intend to position ourselves to meet, and where possible, exceed targets for net zero compliance deadlines.

Section 172(1) statement

The directors satisfy their duty to promote the long-term success of the group whilst having regard to the matters and stakeholders as described in Section 172, points (a) to (f) of the Companies Act 2006 through the adherence to its corporate governance framework. The success of the business is dependent on the support of all of its stakeholders. Building positive relationships with stakeholders that share our values is important to us and working together towards shared goals assists us in delivering long-term sustainable success. The leadership team make decisions with a long-term view in mind and with the highest standards of conduct in line with company policy. The directors take care to have regard to the likely consequences on all stakeholders of the decisions and actions which they take. Where possible, decisions are carefully discussed with affected groups and are therefore fully understood and supported when taken.

Employee interests

The group recognises that the engagement of all colleagues is key to the future development of a successful and profitable business and as a result the board has implemented a process to measure and improve engagement. Regular communication with colleagues throughout the business is key to developing an effective business culture. All possible means, from face-to-face briefings by directors to regular newsletters are employed to ensure that colleagues understand group performance, the challenges and opportunities we face and clearly communicate direction, strategy and objectives. Further information relating to the ways in which the Board engages with employees can be found in the Employee engagement section. In addition both divisions have carried out customers surveys in recent months to measure the level of engagement and communication.

Customer and supplier relationships

The group builds strong relationships with its customers and spends considerable time with them to understand their needs and how we can improve our service for them.

The group also builds strong relationships with its suppliers with the aim of building long-lasting partnerships. The Board recognises that relationships with suppliers are important to the group's long-term success and is briefed on feedback on a regular basis.

Environmental and community impact

The group is committed to positively responding to the impact of climate change. We have introduced a number of initiatives including: carbon footprint measurement, installing EV charge points at our offices, offering our staff the option of electric company cars, promoting the cycle to work scheme and increasing time spent working from home. We have also reduced our paper use by reducing printing, the phasing out of paper-based files and recycling of waste paper. We are actively reviewing our ESG strategies and carbon reduction plans to ensure that we meet targets set for carbon reduction.

Future developments

The group has a strategic plan which is focused on using technology, investing in new assets and developing its team to deliver the highest levels of customer service and outstanding value of money. The focus remains on delivering training to all staff to embed the "Suttons Way" of operating consistently across its global operations, delivering ever improving service levels and improving internal and external management information to drive improved performance and efficiency.

Employee engagement

The Board and senior management of the group and its individual businesses, recognise that the engagement of all colleagues is key to the future development of a successful and profitable business. The group has implemented measures detailed below, to inform employees of the progress, performance and prospects of the group.

Regular communication with colleagues throughout the business is key to developing an effective business culture. We continue to communicate via face to face briefings where possible, CEO and other senior manager video briefings, the group's staff magazine Teamtalk, our employee Facebook page and our group intranet site.

Where colleagues have union representation we engage in regular consultation with their elected and national representatives to allow them the opportunity to make their views known on matters that affect them. The majority of colleagues who do not have union representation continue to have semi-annual performance review meetings to discuss performance and give them the opportunity to discuss any topics of concern. There are plans to roll out annual appraisal meetings for all colleagues whether or not they have union representation. We have also introduced "communication champions" at all locations to work on improving engagement across the group.

The group operates a "Star Award" scheme which recognises colleagues who deliver exceptional levels of customer service, good safety practice or performance.

All of the above methods of engagement aim to ensure that every colleague understands the financial performance of the business and how financial, economic and social factors affect it.

Thomas Cradley Limited
Strategic report
30 April 2023

The Board of directors use all channels of communication described above to actively engage with colleagues over the last year. This engagement and communication has allowed the directors to listen to colleagues views and take them into account in making key decisions over the year. This has been evident around measures to protect colleagues and the business from the impact of Covid-19.

The Board acknowledges and thanks colleagues for the efforts they have made to keep the business operating effectively and delivering excellent customer service through a period of challenging period during and after Covid-19. All of our teams have had to work hard to maintain the high levels of service our customers expect in disrupted and difficult market conditions.

Other Stakeholder engagement

The Board and senior management of the group and its individual businesses also recognises that the engagement with customers, suppliers, financial institutions, regulatory bodies and shareholders are key to the future development of a successful and profitable business.

Operational colleagues have daily face to face, telephone, e-mail and video conference contact with customers and suppliers. This is supplemented by a customer relationship management process which ensures that a range of regular review meetings and events are undertaken to keep them informed about the performance and development of the business and to get their views on our service. We are in the process of implementing technology to monitor, record and enhance this process.

Key suppliers also receive daily operational communication and have regular review meetings and audits.

Regular communication on the group's development and financial performance is shared with financial institutions who provide funding to the business. This takes place through regular financial reports and meetings to brief them on strategy and factors affecting the business.

The group's shareholders are represented by direct representation on the group holding company Board supplemented by other independent non-executive directors ensuring that their views and interests are considered in all key decisions and that the executive directors are accountable for their management of the business.

The group has enhanced engagement with stakeholders including the general public, by the introduction of Facebook and LinkedIn pages and its, recently re-designed, internet site.

This report is made in accordance with a resolution of directors.

On behalf of the Directors



J M Sutton
Director

13th October 2023

Thomas Cradley Limited
Directors' report
30 April 2023

The directors present their report, together with the audited financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Thomas Cradley Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 April 2023.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

T Broadhurst
K Broom (resigned 7 February 2023)
A Denton
C Kerry
G McFaul
J M Sutton
R Sutton

Basis of consolidation

The group financial statements have been prepared in accordance with the principles of merger accounting. The profits of subsidiaries have been included in the financial statements for the whole of the year ended 30th April 2023. Comparative figures have been presented as if the companies have been combined throughout the previous period and at the previous balance sheet date.

Principal activities

The principal activity of the Company is that of a holding company. The principal activities of its subsidiaries are the provision of bulk logistics services, within the UK and internationally, to the chemical, petroleum, gas and food markets, including transport, warehousing, shipping and drumming.

Foreign branches

The group has four foreign branches, which operate in Malaysia, Germany, USA and the Netherlands, whose results are included within a subsidiary of the group, Suttons International Limited.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company, and its subsidiaries, 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 these financial statements.

This is on the basis that the group showed a total comprehensive profit in the year of £11.0m (2022: £2.5m) and the group's net asset position remains strong at £61.9m (2022: £51.0m). Group companies have access to the following banking facilities which were renewed in October 2023 and expire in October 2026. Suttons International Limited has access to a £8m receivables finance facility, of which £4.5m was drawn at the end of April 2023. Suttons Tankers Limited has access to a £22m receivables finance facility of which £11.0m was drawn at the end of April 2023. Suttons Tankers also has access to a £7m revolving credit facility which is committed for 3 years and was undrawn at the end of April 2023. The Group had net cash and invoice finance facility liabilities at 30 April 2023 of £5.6m (2022: net liability of £17.3m).

In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the directors have prepared cashflow forecasts and projections up to the period ending 31st December 2024. Their base assumptions assume that the performance of the business in the 5 months to September 2023 continues for the remainder of the forecast period and that the US\$ to GB£ exchange rate averages \$1.2048 to £1. A downside sensitivity has been modelled which assumes a 20% fall in revenue of Suttons International Limited and its subsidiaries driven by either a slow down in demand, or, an increase in the exchange rate to \$1.4458 to £1. The downside sensitivity also assumes that Suttons Tankers Limited simultaneously suffers a 5% fall in revenue driven by a slow down in demand similar to that seen in Covid-19 lockdowns. Following careful consideration of both the base case and the downside sensitivity forecasts, the directors have reasonable expectations that the Company has adequate resources to continue to operate for the period of at least twelve months from the date of the Report.

Thomas Cradley Limited
Directors' report
30 April 2023

Dividends

Dividends paid during the financial year were as follows:

	2023 £'000	2022 £'000
Interim dividend	-	250

During the year ended 30 April 2023, dividends of £nil (2022: £8.33) per Ordinary A share and £nil (2022: £16.66) per Ordinary B share were paid totalling £nil (2022: £250k).

The directors have considered their fiduciary duties in advance of proposing dividends. The directors are considering a more formal process to ensure that the company remains in a positive reserves position going forward.

The directors propose that no final dividend (2022: £nil) is paid.

Review of operations

The profit for the consolidated entity attributable to the owners of the group, after providing for income tax and non-controlling interest amounted to £9.9m (2022: £3.1m).

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 April 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Research and development

No research and development costs were incurred during the year.

Charitable and political donations

No charitable or political donations were made during the year.

Equal opportunities

The group has clear policies to promote equal employment opportunities to every employee and candidate regardless of their disability, background and gender. Appointments will be made based upon the candidate's ability to meet the requirements of the job, not their disability, background or gender. Opportunities for training and development are available, in equal measure, to all employees regardless of disability.

Employee engagement

The group recognises that the engagement of all colleagues is key to the future development of a successful and profitable business and as a result the board has implemented a process to measure and improve engagement. Regular communication with colleagues throughout the business is key to developing an effective business culture. All possible means, from face to face briefings by directors, CEO video briefings, to regular newsletters are employed to ensure that colleagues understand Company performance, the financial and economic factors impacting its performance, the challenges and opportunities we face and clearly communicate direction, strategy and objectives.

The Company has invested significantly in upgrading the IT equipment and providing hot desk solutions for employees to facilitate a blend of home and office working that increased flexibility and engagement for our colleagues. The group quarterly magazine, Teamtalk, is available for all employees to view online.

The directors have regard for the interests of colleagues when making decisions about the direction and performance of the business. During the year investments have continued to be made to facilitate more flexible working arrangements and improve recruitment and retention of colleagues.

The Board acknowledges and thanks employees for the efforts they have made to keep the business operating effectively and delivering excellent customer service throughout the financial year.

Engagement with other stakeholders

The directors have regard for the interests of customers, suppliers and other stakeholders when making decisions about the direction and performance of the business. Dialogue is maintained with customers and suppliers through regular reviews and the Company is a member of trade bodies that represent the interests of the industry.

Streamlined energy and carbon report

The world's response to climate change is driving a transformation of the global business landscape. Delivering the UK's binding commitment to net zero emissions by 2050 requires far-reaching changes in every aspect of the economy including the sectors including energy, land, infrastructure (transport and buildings), agriculture, manufacturing, resource management and industrial systems.

Thomas Cradley Limited and its subsidiaries are committed to positively responding to the impact of climate change. We have introduced a number of initiatives including; carbon footprint measurement, installing EV charge points at our offices, offering our staff the option of electric company cars, promoting the cycle to work scheme, increasing time spent working from home and proactive management of fuel consumption across our commercial vehicle fleet. We have also reduced our paper use by reducing printing, the phasing out of paper-based files and recycling of waste paper.

We are actively monitoring the development of alternatively fuelled heavy commercial vehicles to ensure that we are well placed to be an early adopter of new technologies as they become commercially and operationally viable.

The directors report the following emissions and energy use for the year ended 30 April 2023 and 30 April 2022. The emissions and energy use information are for those within the UK only that come under the operational control boundary of Thomas Cradley Limited:

Year ended 30 April 2023	Indirect - Electricity	Indirect - Gas	Direct - natural gas	Total
Purchased for own use (kWh)	1,417,826	4,022,437		5,440,263
Co2e emissions (kg)	330.552	744.151	46,356,630	47,431,333
Intensity ratio - tonnes of Co2e per £1m of revenue				143
Year ended 30 April 2022	Indirect - Electricity	Indirect - Gas	Direct - natural gas	Total
Purchased for own use (kWh)	1,358,612	3,765,443		5,124,055
Co2e emissions (kg)	316.747	696,607	47,001,220	48,014,574
Intensity ratio - tonnes of Co2e per £1m of revenue				185

We have chosen the intensity ratio (tonnes of Co2e per £1m of revenue) as this is a common metric for our industry sector.

Sections presented in the Strategic Report

The future developments and financial risk management of the Group and the employee and other stakeholder engagement statements are discussed in the Strategic Report.

Indemnity of Directors

The Company has indemnified the directors of the Company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the consolidated entity's auditors, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Thomas Cradley Limited
Directors' report
30 April 2023

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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 consolidated entity and the profit or loss of the consolidated entity for that year.

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;
- state whether FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the consolidated entity will continue in business.

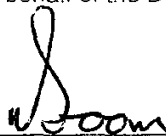
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the consolidated entity's transactions and disclose with reasonable accuracy at any time the financial position of the consolidated entity and enable them to ensure that the financial statements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

Independent Auditors

A tender process has been held and as such, the auditors for the financial year ended 30 April 2023, PricewaterhouseCoopers LLP, will no longer continue in office. Mazars LLP and Deloitte LLP have been appointed as auditors of the relevant group companies for the financial year ending 30 April 2024.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors



K Broom
Company Secretary

13th October 2023

Thomas Cradley Limited

Independent auditors' report to the members of Thomas Cradley Limited

Report on the audit of the financial statements

Opinion

In our opinion, Thomas Cradley Limited's group financial statements and company financial statements (the "financial statements")

- give a true and fair view of the state of the group's and of the company's affairs as at 30 April 2023 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and company balance sheets as at 30 April 2023; the Consolidated statement of profit or loss, the Consolidated statement of comprehensive income and the Consolidated and company statement of changes in equity and the Consolidated statement of cash flows for the year then ended, and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Thomas Cradley Limited

Independent auditors' report to the members of Thomas Cradley Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

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 year ended 30 April 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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.

Independent auditor's report to the members of Thomas Cradley Limited

Auditor's responsibilities for the audit of the financial statements (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the European Agreement Concerning the International Carriage of Dangerous Goods by Road ('ADR') regulations and the IMDG Code 2020 Edition ('IMDG'), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to manipulation of the financial statements journals through fictitious journals postings. Audit procedures performed by the engagement team included:

- Obtained an understanding of the legal and regulatory framework applicable to the company and how the company is complying with that framework
- Discussed with management including the consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Review of relevant meeting minutes
- Identified and tested journals entries, in particular any journal entries posted with unusual account combinations, and
- Challenged assumptions and judgements made by management in the significant accounting estimates

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Helen Smuts

Helen Smuts (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

16 October 2023

Thomas Cradley Limited
Consolidated statement of profit or loss
For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Revenue			
Turnover	4	332,100	259,474
Cost of sales		(274,451)	(221,676)
Gross profit		57,649	37,798
Gain on the revaluation of investment properties, net of tax		992	-
Expenses			
Administrative expenses		(40,347)	(31,101)
Other operating income		295	221
Operating profit		18,589	6,918
Interest receivable and similar income	8	218	330
Interest payable and similar expenses	9	(2,458)	(2,195)
Profit before tax on profit		16,349	5,053
Tax on profit	10	(6,411)	(1,892)
Profit for the financial year		<u>9,938</u>	<u>3,161</u>
Profit for the year is attributable to:			
Non-controlling interest		43	57
Owners of Thomas Cradley Limited		9,895	3,104
		<u>9,938</u>	<u>3,161</u>

The above results relate to continuing operations.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The Company's result for the year was £nil, and no dividends were paid during the year.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes

Thomas Cradley Limited
Consolidated statement of comprehensive income
For the year ended 30 April 2023

	2023 £'000	2022 £'000
Profit for the financial year	9,938	3,161
Other comprehensive income/(expense)		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in the fair value of cash flow hedges taken to equity, net of tax	1,420	(1,277)
Elimination of investment in subsidiary	-	(91)
Foreign currency translation	(361)	743
Other comprehensive income/(expense) for the year, net of tax	1,059	(625)
Total comprehensive income for the year	<u>10,997</u>	<u>2,536</u>
Total comprehensive income for the year is attributable to:		
Non-controlling interest	12	66
Owners of Thomas Cradley Limited	<u>10,985</u>	<u>2,470</u>
	<u>10,997</u>	<u>2,536</u>

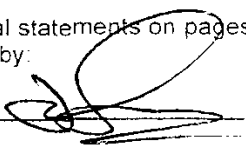
The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Thomas Cradley Limited
Consolidated and company balance sheets
As at 30 April 2023

	Note	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000
Fixed assets				
Goodwill		3,871	6,300	-
Negative goodwill		(4,983)	(6,343)	-
Development costs		-	125	-
Intangible assets	11	(1,112)	82	-
Tangible assets	12	114,772	104,482	-
Investments	13	-	-	30
Investment properties	14	3,550	3,292	-
Total fixed assets		117,210	107,856	30
Current assets				
Stocks	15	597	950	-
Debtors	16	61,326	81,815	90
Cash at bank and in hand	17	11,150	18,121	-
Total current assets		73,073	100,886	90
Current liabilities				
Creditors: amounts falling due within one year	18	74,686	105,973	90
Total current liabilities		74,686	105,973	90
Net current liabilities		(1,613)	(5,087)	-
Total assets less current liabilities		115,597	102,769	30
Non-current liabilities				
Creditors: amounts falling due after more than one year	19	37,558	37,195	-
Total non-current liabilities		37,558	37,195	-
Net assets before deferred tax liability		78,039	65,574	30
Provisions for liabilities	21	16,187	14,547	-
Net assets		61,852	51,027	30
Equity				
Called up share capital	22	30	30	30
Revaluation reserve	23	2,846	1,854	-
Retained earnings	24	59,310	49,317	-
Equity attributable to the owners of Thomas Cradley Limited		62,186	51,201	30
Non-controlling interests	25	(334)	(174)	-
Total equity		61,852	51,027	30

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The Company's result for the year was £nil, and no dividends were paid during the year.

The financial statements on pages 15 to 46 were approved by the Board of Directors on 13/10/2023 and signed on their behalf by:


J M Sutton
Director

13th October 2023

The above consolidated and company balance sheets should be read in conjunction with the accompanying notes

Thomas Cradley Limited
Consolidated and company statement of changes in equity
For the year ended 30 April 2023

Group	Issued capital £'000	Revaluation Reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 May 2021	30	1,939	47,012	(240)	48,741
Profit after taxation for the year	-	(85)	3,189	57	3,161
Other comprehensive (expense)/income for the year, net of tax	-	-	(634)	9	(625)
Total comprehensive (expense)/income for the year	-	(85)	2,555	66	2,536
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 26)	-	-	(250)	-	(250)
Balance at 30 April 2022	30	1,854	49,317	(174)	51,027

Group	Issued capital £'000	Revaluation reserves £'000	Retained earnings £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 May 2022	30	1,854	49,317	(174)	51,027
Profit after taxation for the year	-	992	8,903	43	9,938
Other comprehensive income/(expense) for the year, net of tax	-	-	1,090	(31)	1,059
Total comprehensive income for the year	-	992	9,993	12	10,997
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 26)	-	-	-	(172)	(172)
Balance at 30 April 2023	30	2,846	59,310	(334)	61,852

The above consolidated and company statement of changes in equity should be read in conjunction with the accompanying notes

Thomas Cradley Limited
Consolidated and company statement of changes in equity
For the year ended 30 April 2023

Company	Issued capital £'000	Retained earnings £'000	Total equity £'000
Issue of share capital	30	-	30
Result after taxation for the year	-	-	-
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	-	-
<i>Transactions with owners in their capacity as owners:</i>			
Dividends paid (note 26)	-	-	-
Balance at 30 April 2023	30	-	30

The parent company, Thomas Cradley Limited, was incorporated on 26 May 2022 and so the company only statement of changes in equity cover the period from incorporation to the period ended 30 April 2023 with no prior year comparatives.

The above consolidated and company statement of changes in equity should be read in conjunction with the accompanying notes

Thomas Cradley Limited
Consolidated statement of cash flows
For the year ended 30 April 2023

	Note	2023 £'000	2022 £'000
Net cash flows from operating activities			
Profit for the financial year		9,938	3,161
Interest payable	9	2,458	2,195
Interest receivable and similar income	8	(218)	(330)
Tax on profit	10	6,411	1,892
Amortisation and impairment of intangible assets	5	1,195	2,140
Depreciation and impairment of tangible assets	5	14,712	14,108
Loss on disposal of tangible assets		114	95
		34,610	23,261
Decrease/(Increase) in stocks	15	352	(261)
Decrease/(Increase) in debtors	16	18,019	(29,798)
(Decrease)/Increase in creditors	18	(13,368)	14,168
Tax paid		(1,682)	(2,137)
Net effect of foreign exchange on working capital		1,416	96
Gain on revaluation of investment properties	14	(992)	-
Net effect of foreign exchange from derivatives		1,420	(1,277)
(Decrease)/Increase in provisions	21	(383)	3,613
Net cash generated from operating activities		39,392	7,665
Net Cash flows from investing activities			
Purchase of intangible assets	11	-	125
Purchase of tangible fixed assets	12	(24,826)	(11,074)
Proceeds from disposal of tangible fixed assets		448	1,781
Purchase of investment properties	14	(2)	(737)
Interest received	8	218	330
Acquisition cost on purchase of intangible assets		-	(484)
Net cash used in investing activities		(24,162)	(10,059)
Cash flows from financing activities			
Repayment of obligations under finance leases	20	(17,961)	(16,826)
Dividends paid to equity shareholders	26	-	(250)
Dividends paid to non-controlling interest		(172)	-
Proceeds from new finance leases to fund purchase of tangible fixed assets	20	17,004	13,026
Interest paid		(652)	(767)
Net cash used in financing activities		(1,781)	(4,817)
Net increase/(decrease) in cash and cash equivalents		13,449	(7,211)
Cash and cash equivalents at the beginning of the financial year		(17,308)	(10,747)
Effects of exchange rate changes on cash and cash equivalents		(1,778)	650
Cash and cash equivalents at the end of the financial year	17	<u>(5,637)</u>	<u>(17,308)</u>

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12(b) of FRS 102 not to present the company statement of cash flows.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Thomas Cradley Limited
Notes to the financial statements
30 April 2023

1. General information

The financial statements cover both Thomas Cradley Limited as an individual entity and the consolidated entity consisting of Thomas Cradley Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Pound sterling, which is Thomas Cradley Limited's functional and presentation currency.

Thomas Cradley Limited is a company limited by shares, incorporated and domiciled in the United Kingdom. Its registered office and principal place of business is:

Gorsey Lane, Widnes, Cheshire WA8 0GG

These financial statements were prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

2. Accounting policies

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

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Group 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.

This is on the basis that the group showed a total comprehensive profit in the year of £11.0m (2022: £2.5m) and the group's net asset position remains strong at £61.9m (2022: £51.0m). Group companies have access to the following banking facilities which were renewed in October 2023 and expire in October 2026. Suttons International Limited has access to a £8m receivables finance facility, of which £4.5m was drawn at the end of April 2023. Suttons Tankers Limited has access to a £22m receivables finance facility of which £11.0m was drawn at the end of April 2023. Suttons Tankers also has access to a £7m revolving credit facility which is committed for 3 years and was undrawn at the end of April 2023. The Group had net cash and invoice finance facility liabilities at 30 April 2023 of £5.6m (2022: net liability of £17.3m).

In assessing the appropriateness of adopting the going concern basis in the preparation of these financial statements, the directors have prepared cashflow forecasts and projections up to the period ending 31st December 2024. Their base assumptions assume that the performance of the business in the 5 months to September 2023 continues for the remainder of the forecast period and that the US\$ to GB£ exchange rate averages \$1.2048 to £1. A downside sensitivity has been modelled which assumes a 20% fall in revenue of Suttons International Limited and its subsidiaries driven by either a slow down in demand, or, an increase in the exchange rate to \$1.4458 to £1. The downside sensitivity also assumes that Suttons Tankers Limited simultaneously suffers a 5% fall in revenue driven by a slow down in demand similar to that seen in Covid-19 lockdowns. Following careful consideration of both the base case and the downside sensitivity forecasts, the directors have reasonable expectations that the Company has adequate resources to continue to operate for the period of at least twelve months from the date of the Report.

Exemptions from qualifying entities under FRS 102

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12(b) of FRS 102 not to present the company statement of cash flows

Basis of preparation

Historical cost convention

The financial statements have been prepared on a going concern basis under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of tangible assets and derivative financial instruments.

2. Accounting policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's and Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent company

The parent company, Thomas Cradley Limited, was incorporated on 26 May 2022 and so the company only financial statements cover the period from incorporation to the period ended 30 April 2023 with no prior year comparatives.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Thomas Cradley Limited ('Company' or 'parent entity') as at 30 April 2023 and the results of all subsidiaries for the year then ended. Thomas Cradley Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

The consolidated financial statements have been prepared in accordance with the principles of merger accounting. The profits of subsidiaries have been included in the financial statements for the whole of the year ended 30th April 2023. Comparative figures have been presented as if the companies had been combined throughout the previous period and at the previous balance sheet date.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss, balance sheet and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Turnover

Turnover is recognised when it is probable that the economic benefit will flow to the consolidated entity and it can be reliably measured. Turnover is measured at the fair value of the consideration received or receivable for the provision of haulage, warehousing and forwarding and freight services provided before the balance sheet date, net of VAT.

Revenue from the provision of services is recognised when the service has been provided, the amount of revenue can be reliably measured and it is probable that the economic benefits associated with the transaction will flow to the entity.

In the case that a sales invoice is raised prematurely, a deferred income balance will arise, until it is deemed appropriate to recognise the sale. In the case that a sale has occurred but no sales invoice has been raised, an accrued income balance will arise, until the sales invoice has been raised.

The directors do not consider rental income to be part of the core business and therefore do not include this within turnover.

Interest income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2. Accounting policies (continued)

Other operating income

Other operating income is largely comprised of third party rental income charged out for use of premises owned by the group. Rental arrangements are operating leases covering fixed periods and the income is spread straight line over the lease period. Any rent free periods are spread over the period of the lease and any upfront payments are treated as deferred income until the income can be recognised. The directors do not consider rental income to be part of the core business and therefore do not include this within turnover.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the consolidated and company balance sheets based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax liabilities are always classified as non-current.

Cash at bank and in hand

Cash at bank and in hand includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, loans and revolving finance facility, which are shown within current and non current liabilities on the balance sheet.

2. Accounting policies (continued)

Debtors

Trade debtors are measured at transaction price, less any impairment. Loans receivable are initially recognised at fair value, net of transaction costs, and are subsequently measured at amortised costs using the effective interest method, less any impairment.

Other receivables are recognised at amortised cost, less any impairment.

Stocks

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated group. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss. Unrealised gains in fair value are recorded in profit and loss but are separately tracked in a revaluation reserve. The investment properties fair value is based on a periodic, at least every 3 years, valuations by external independent valuers. In years where valuations by external independent valuers is not done, the directors perform their own review of the investment properties to ensure their value reflects fair value.

Tangible assets

Tangible assets are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2. Accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of tangible assets (excluding land) over their expected useful lives as follows:

Buildings	2% - 10% per annum straight line basis
Plant and equipment (including IT hardware and systems)	10% - 50% per annum straight line basis
Fixtures and Fittings	2.5% - 20% per annum straight line basis
Cars, tanks, trailers and tractor units	5% - 33% per annum straight line basis

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of tangible assets is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term. The groups leased assets are financed by a separate company to that which provides the assets to the group.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

2. Accounting policies (continued)

Business Combinations and Goodwill

The cost of a business combination is the fair value of the consideration given, or received, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. When control is achieved in stages the cost is the consideration recognised at the date of each transaction.

Contingent consideration is initially recognised at the estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable or measurable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from the contractual or other legal rights. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill, or negative goodwill, recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination.

Goodwill, or negative goodwill, is amortised over its expected useful life. Negative goodwill is estimated to have a useful life of 5 years. Goodwill, is assessed for impairment when there are indicators of impairments, and any impairment is charged to the income statement within 'Administrative expenses'. No reversals of impairment are recognised.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

Impairment of non-financial assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Cash-generating units are determined as the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

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 the Consolidated Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. Accounting policies (continued)

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 the consolidated Statement of Comprehensive Income, 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.

Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Financial Instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtor and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at fair value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate that is not a market rate, or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

The Group applies hedge accounting for transactions entered into to manage the cashflow exposure of trading. Changes in the fair values of derivatives which are effective are recognised directly in the equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in the fair value of the hedging instrument since the inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, or the hedged debt instrument is derecognised or the hedging instrument is terminated.

Interest expenses

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

2. Accounting policies (continued)

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the 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 date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Termination benefits

Termination benefits are recognised when a detailed plan of termination has been communicated to affected employees. They are measured as short-term employee benefits when expected to be settled wholly within 12 months of the reporting date or as long-term benefits when not expected to be settled within 12 months of the reporting date.

Defined contribution pension expense

Subsidiaries of the group operate a defined contribution scheme for the benefit of its employees. Contributions are expensed in the period in which they are incurred.

2. Accounting policies (continued)

Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except where deferred in Other Comprehensive Income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Called up share capital

Ordinary shares are classified as equity.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2. Accounting policies (continued)

Business combinations

Under the merger accounting method, the results and cash flows of all the combining entities are brought into the financial statements from the beginning of the financial year in which the combination occurred. Assets and liabilities are merged at book value. The comparative information has been restated by including the total comprehensive income for all the combining entities for the previous reporting period and their balance sheets for the previous reporting period.

No difference was present between the nominal value of the shares issued and the nominal value of the shares received in the exchange, therefore no merger reserve was created.

Acquisitions which are not Group reconstructions are accounted for using the acquisition method of accounting. Under this method, results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

Value-Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the and company balance sheets.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

3. Accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy (judgement)

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

3. Accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets (estimate)

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its tangible assets and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets (estimate)

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets (judgement)

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets (judgement)

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease tank off-hire provision (estimate)

A provision has been made for the present value of anticipated costs for future restoration of leased tanks. This requires management's best estimate of the expenditure that will be incurred based on contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement. For further details see note 21.

4. Turnover

An analysis of turnover by type of business is as follows:

	2023 £'000	2022 £'000
Haulage and warehousing	121,934	112,979
Forwarding and freight	210,166	146,495
	<u>332,100</u>	<u>259,474</u>

Turnover analysed by geographical market:

	2023 £'000	2022 £'000
United Kingdom	151,867	138,715
United States of America	26,080	22,519
Continental Europe	87,231	58,829
Rest of World	66,922	39,411
	<u>332,100</u>	<u>259,474</u>

5. Operating Profit

Operating profit is stated after charging/(crediting):

	2023 £'000	2022 £'000
Exchange losses/(gains)	1,933	(1,311)
Depreciation of owned tangible assets	6,677	8,463
Depreciation of tangible assets held under finance lease	7,658	5,645
Loss on disposal of tangible fixed assets	114	95
Amortisation of intangible assets	1,194	2,140
Impairment of tangible fixed assets (included within 'Administrative expenses')	375	-
Operating lease charges	289	369
Hire charges	9,608	6,567
Bad debts and other provisions	486	65
Gain on the revaluation of investment property, net of tax	(992)	-

6. Employees

The average monthly number of employees in the Group, including the directors, during the year was as follows:

	2023 No.	2022 No.
UK Haulage	972	913
Forwarding and Freight	127	114
Other	253	191
Average number of employees	<u>1,352</u>	<u>1,218</u>

Staff costs, including Directors' remuneration, were as follows:

	2023 £'000	2022 £'000
Wages and salaries	64,225	55,662
Social security costs	7,505	6,375
Other pension costs	2,328	2,103
Total employee benefits expense	<u>74,058</u>	<u>64,140</u>

Company

The average monthly number of employees, including the directors, during the year was 7 (2022: nil).

7. Directors' remuneration

	2023 £'000	2022 £'000
Aggregate directors' remuneration	1,333	1,241
Company contributions to defined contribution pension scheme	27	10
	<u>1,360</u>	<u>1,251</u>

During the year retirement benefits were accruing to 7 Directors (2022: 3) in respect of defined contribution pension schemes.

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

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7. Directors' remuneration (continued)

	2023 £'000	2022 £'000
Remuneration for qualifying services	583	547
Company pension contributions	8	6
	<u>591</u>	<u>553</u>

8. Interest receivable and similar income

	2023 £'000	2022 £'000
Interest on bank deposits	<u>218</u>	<u>330</u>

9. Interest payable and similar expenses

Interest on financial liabilities measured at amortised cost.

	2023 £'000	2022 £'000
Interest on bank overdrafts and loans	652	336
Finance leases and hire purchase contracts	1,806	1,859
	<u>2,458</u>	<u>2,195</u>

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10. Tax on profit

	2023 £'000	2022 £'000
Corporation tax		
Current corporation tax	411	-
Adjustment in respect of prior years corporation tax	958	(67)
Foreign current tax	871	1,881
Total current tax	2,240	1,814
Deferred tax		
Origination and reversal of timing differences	2,335	(672)
Adjustments in respect of prior years deferred tax	1,202	(151)
Effect of changes in tax rates	634	901
Total deferred tax	4,171	78
Aggregate tax on profit	6,411	1,892
<i>Factors affecting tax charge/(credit) for the year</i>		
The tax assessed for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 19.5% (2022: 19%). The differences are explained below:		
Profit before tax on profit	16,349	5,053
Tax at the statutory tax rate of 19.5% (2022: 19%)	3,188	960
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not deductible for tax purposes	5,694	815
Income not taxable	(5,247)	(154)
Adjustments in respect of prior years	2,196	(218)
Tax rate changes	656	784
Effect of overseas tax rates	(186)	1,866
Double taxation relief	274	(2,278)
Effects of group relief/other reliefs	(156)	22
Adjustments in respect of revaluations	(15)	95
Short term timing differences	7	-
Tax on profit	6,411	1,892

In the Budget 2020, the government announced that the corporation tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023 will go ahead.

11. Intangible assets

	Development costs £'000	Goodwill £'000	Negative Goodwill £'000	Total £'000
Cost	416	25,861	(6,787)	19,490
Accumulated amortisation	(416)	(21,990)	1,804	(20,602)
Net book value	-	3,871	(4,983)	(1,112)

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11. Intangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Development costs £'000	Goodwill £'000	Negative goodwill £'000	Total £'000
Balance at 1 May 2021	125	8,884	-	9,009
Additions	-	-	(6,787)	(6,787)
Amortisation expense	-	(2,584)	444	(2,140)
Balance at 30 April 2022	125	6,300	(6,343)	82
Amortisation expense	(125)	(2,429)	1,360	(1,194)
Balance at 30 April 2023	-	3,871	(4,983)	(1,112)

Amortisation of intangible assets is included within 'Administrative expenses' in the consolidated statement of profit and loss.

During the prior year a subsidiary of the Group, Suttons International Limited, completed the acquisition of VTG's deep sea activities through a trade and assets deal. The acquisition resulted in the subsidiary acquiring a number of iso-tanks from VTG and assuming responsibility for certain customer, supplier and employee contracts. After valuing the assets and liabilities acquired, £6,787k of negative goodwill arose on the transaction. The negative goodwill is amortised on a straight line basis over its estimated useful life of 5 years. The amortisation credit is included within 'Administrative expenses' in the consolidated statement of profit and loss.

The Company had no intangible assets at 30 April 2023.

12. Tangible assets

	2023 £'000	2022 £'000
Freehold Land and Buildings - cost	6,731	5,746
Less: Accumulated depreciation	(3,338)	(3,208)
	3,393	2,538
Plant and equipment - cost	9,323	8,874
Less: Accumulated depreciation	(6,445)	(5,659)
	2,878	3,215
Fixtures and fittings - cost	2,184	1,674
Less: Accumulated depreciation	(1,318)	(1,167)
	866	507
Cars, tanks, trailers and tractor units - cost	201,688	179,007
Less: Accumulated depreciation	(94,053)	(80,785)
	107,635	98,222
	114,772	104,482

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Notes to the financial statements
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12. Tangible assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below.

	Freehold land and buildings £'000	Plant and Equipment £'000	Fixtures and fittings £'000	Cars, tanks, trailers and tractor units £'000	Total £'000
Balance at 1 May 2021	2,853	1,986	546	93,015	98,400
Additions	201	2,545	60	19,260	22,066
Disposals	(331)	(398)	(1)	(1,146)	(1,876)
Depreciation expense	(185)	(918)	(98)	(12,907)	(14,108)
Balance at 30 April 2022	2,538	3,215	507	98,222	104,482
Additions	250	448	510	23,618	24,826
Disposals	(2)	(1)	-	(560)	(563)
Impairment	-	-	-	(375)	(375)
Transfer from investment properties	737	-	-	-	737
Depreciation expense	(130)	(784)	(151)	(13,270)	(14,335)
Balance at 30 April 2023	3,393	2,878	866	107,635	114,772

During the year the Group impaired 54 iso-tanks down to their recoverable amount, generating a total impairment charge of £375k (2022: £nil).

Included in additions of cars, tanks, trailers and tractor units for the year ended 30 April 2022, are assets valued at £10,992k, acquired from VTG Tanktainer as part of the acquisition of its international deep sea trade and assets. The purchase of these assets is shown in intangible assets as part of the business combination, rather than purchase of fixed assets, in the statement of cash flows.

During the year ended 30 April 2023, a subsidiary of the Group started to lease an owned property which was previously recognised within Investment properties and therefore, the Group transferred this property into tangible fixed assets within the consolidated financial statements.

Tangible assets secured under finance leases

The net book value of assets (vehicles, tanks and containers) held under finance lease or hire purchase contracts, included above, are as follows:

	2023 £'000	2022 £'000
Net book value	70,925	63,842
Depreciation charge for the year ended 30 April	7,658	5,645

The Company had no tangible assets as at 30 April 2023.

13. Investments

The subsidiaries of the Company are disclosed in note 32.

14. Investment properties

Reconciliation

Reconciliation of the investment property balance at the beginning and end of the current and previous financial year are set out below:

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14. Investment properties (continued)

	2023 £'000	2022 £'000
Opening balance	3,292	2,555
Additions	3	737
Transfer to tangible fixed assets	(737)	-
Net gain from fair value adjustment	992	-
	<u>3,550</u>	<u>3,292</u>

Valuations of investment properties

Investment property comprises commercial properties. The fair value of the investment property has been arrived at on the basis on the valuation carried out in June 2023 by Jones Land LaSalle Chartered Surveyors, who are not connected with the Company. The valuation was made on an open market value basis by reference to the market evidence of transaction prices for similar properties. On the basis of where the investment properties are situated, the directors do not consider that there were any material changes between the valuation date and the year ended 30 April 2023.

The historic cost of the investment properties at the Balance Sheet date was £704k (2022: £1,053k).

During the year ended 30 April 2023, a subsidiary of the Group started to lease one of the investment properties and therefore, the Group has transferred this property into tangible fixed assets. No revaluation gain from fair value adjustment has been recognised on this property.

As at 30 April 2023 and 30 April 2022, there were no obligations to purchase, construct or develop investment property. There were also no restrictions on the realisability of investment property or the remittance and proceeds of any disposal.

The Company held no investment properties at 30 April 2023.

15. Stocks

	2023 £'000	2022 £'000
Raw materials and consumables	<u>597</u>	<u>950</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material. In both the current and prior year there was no provision for impairment relating to stock.

Stock recognised in cost of sales during the year as an expense was £23,917k (2022: £20,200k).

The Company had no stock at 30 April 2023.

16. Debtors

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000
Trade debtors	48,429	51,665	-
Other debtors	2,330	815	-
Deferred tax asset	2,467	4,615	-
Corporation tax recoverable	-	322	-
Prepayments and accrued income	8,100	24,398	90
	<u>61,326</u>	<u>81,815</u>	<u>90</u>

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16. Debtors (continued)

Trade debtors are stated after provisions for impairment of £974k (2022: £538k).

Deferred tax assets are offset where the group has a legally enforceable right to do so and comprises of:

	2023 £'000
Fixed asset timing differences	1,375
Short term timing differences	204
Losses	888
	<u>2,467</u>

17. Cash at bank and in hand

	2023 £'000	2022 £'000
Cash at bank	<u>11,150</u>	<u>18,121</u>

Reconciliation to cash and cash equivalents at the end of the financial year:

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2023 £'000	2022 £'000
Balances as above	11,150	18,121
Bank overdraft, loans and revolving finance facility (note 18)	(15,692)	(35,429)
Bank loans (note 19)	(1,095)	-
Balance as per statement of cash flows	<u>(5,637)</u>	<u>(17,308)</u>

The Company held no cash at bank or in hand at 30 April 2023.

18. Creditors: amounts falling due within one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000
Trade creditors	10,030	5,136	-
Other taxation and social security	4,106	4,005	-
Bank overdraft, loans and revolving finance facility	15,692	35,429	-
Net obligations under finance lease and hire purchase contracts	16,667	15,086	-
Provision for income tax	1,559	1,323	-
Other creditors	107	22	-
Accruals and deferred income	26,525	44,972	90
	<u>74,686</u>	<u>105,973</u>	<u>90</u>

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18. Creditors: amounts falling due within one year (continued)

Net obligations under finance lease and hire purchase contracts are secured on the assets to which they relate.

Suttons Tankers Limited has a revolving credit facility with a limit of £7,000k (2022: £7,000k) which is committed until October 2026. Interest is calculated at 2.3% over the Bank of England base rate. At 30 April 2023, Suttons Tankers Limited has net drawings of £nil (2022: nil). Suttons Tankers Limited has provided a charge over its assets and a further charge over certain properties is provided by Thomas Cradley Property Limited.

Suttons Tankers Limited has a receivables finance facility with a limit of £22,000k (2022: Group Facility £22,000k) which expires in October 2026. Interest is charged monthly, calculated at 1.45% over the Bank of England base rate. At 30 April 2023, the receivables finance facility balance was £11,000k (2022: Group balance £19,432k).

Suttons International Limited has a receivables finance facility with a limit of £8,000k (2022: Group Facility £22,000k) which expires in October 2026. Interest is charged monthly, calculated at 2.25% over the Bank of England base rate. At 30 April 2023, the receivables finance facility balance was £4,500k (2022: Group balance £19,432k).

The bank loans are repayable in monthly instalments and they are secured on tangible assets that were purchased with the proceeds from the loan. Interest ranging from 4.9%-5.5% is charged monthly on each loan. At 30 April 2023, the Group bank loan balance due within one year was £374k (2022: £237k).

19. Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Bank loans and overdrafts	1,095	-
Net obligations under finance leases and hire purchase agreements	36,463	37,195
	<u>37,558</u>	<u>37,195</u>

Net obligations under finance lease and hire purchase agreements are secured on the assets to which they relate.

The bank loans are repayable in monthly instalments and they are secured on tangible assets that were purchased with the proceeds from the loan. Interest ranging from 4.9%-5.5% is charged monthly on each loan.

The Company held no creditors due after more than one year as at 30 April 2023.

20. Movement in net obligations under finance lease and hire purchase

	£'000
Opening balance	52,281
Additions	17,004
Repayment of capital	(17,961)
Interest	1,806
	<u>53,130</u>
Amounts falling due in less than one year (note 18)	16,667
Amounts falling due in more than one year (note 19)	<u>36,463</u>
	<u>53,130</u>

21. Provisions for liabilities

	2023 £'000	2022 £'000
Deferred tax liability	10,282	8,259
Lease tank off-hire provision	5,905	6,288
	<u>16,187</u>	<u>14,547</u>

The deferred tax liability set out above is expected to reverse within 4 years and relates to accelerated capital allowances that are expected to mature within the same period.

Movement in lease tank off-hire provision	£'000
Opening balance	6,288
Movement in provision	(383)
Closing balance	<u>5,905</u>

The lease tank off-hire provision is an estimate of the expected cost of returning leased iso-tanks to the required condition at the end of their leases. The provision is considered a source of estimation uncertainty and has been calculated using historical experience of actual expenditure incurred, the lease termination dates and adjusted for the time value of money, using the 10 year UK government bond rate of 2.25%.

22. Called up share capital

Allotted

	2023 Shares	2022 Shares	2023 £'000	2022 £'000
Ordinary A shares £1.00 each - fully paid	25,650	25,650	26	26
Ordinary B shares £1.00 each - fully paid	2,175	2,175	2	2
Ordinary C shares £1.00 each - fully paid	2,175	2,175	2	2
	<u>30,000</u>	<u>30,000</u>	<u>30</u>	<u>30</u>

Called up

	2023 Shares	2022 Shares	2023 £'000	2022 £'000
Ordinary A shares £1.00 each - fully paid	25,650	25,650	26	26
Ordinary B shares £1.00 each - fully paid	2,175	2,175	2	2
Ordinary C shares £1.00 each - fully paid	2,175	2,175	2	2
	<u>30,000</u>	<u>30,000</u>	<u>30</u>	<u>30</u>

Ordinary A Class shares

A Ordinary shares entitle the holder to participate in dividends. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. They do entitle the holder to the proceeds on the winding up of the Company being the share subscription price and then participate in the balance of the assets of the rate that is half the amount received by the holders of C ordinary shares.

Ordinary B class shares

B class shares entitle the holder to participate in dividends at a rate twice the entitlement of an A ordinary share, on a distribution of winding up, each holder of B ordinary shares is entitled to receive its subscription price of the share only.

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22. Called up share capital (continued)

Ordinary C class shares

C class shares do not entitle the holder to participate in dividends. They do entitle the holder to the proceeds on the winding up of the Company being the share subscription price and then participate in the balance of the assets of the rate that is twice the amount received by the holders of A ordinary shares.

No shares have been issued during year, the comparative information above reflects the equity position of the Thomas Cradley Group Holdings Limited group, which was the ultimate holding company in the prior year. This is consistent with the principles of merger accounting which are explained in the accounting policies.

23. Revaluation reserve

The revaluation reserve is the cumulative revaluation gains and losses in respect of investment properties, except realised revaluation gains and losses which are recognised in retained earnings.

24. Retained earnings

The retained earnings and accumulated losses contain all current and prior year retained profits and losses.

25. Non-controlling interest

	2023 £'000	2022 £'000
Accumulated losses	<u>(334)</u>	<u>(174)</u>

Dividends totalling £172k (2022: £nil) have been paid to the non-controlling interest during the year.

26. Dividends

Dividends declared during the financial year were as follows:

	2023 £'000	2022 £'000
Interim dividend	<u>-</u>	<u>250</u>

During the year ended 30 April 2023, dividends of £nil (2022: £8.33) per Ordinary A share and £nil (2022: £16.66) per Ordinary B share were paid totalling £nil (2022: £250k).

The directors have considered their fiduciary duties in advance of proposing dividends. The directors are considering a more formal process to ensure that the company remains in a positive reserves position going forward.

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27. Financial instruments

The group has the following financial instruments:

	2023 £'000	2022 £'000
<i>Financial assets that are debt instruments and are measured at amortised costs</i>		
Trade debtors	48,429	51,665
Other debtors	1,703	815
	<u>50,132</u>	<u>52,480</u>
<i>Financial assets that are debt instruments held at fair value</i>		
Other debtors - Currency hedging contracts	627	-
<i>Financial liabilities measured at amortised cost</i>		
Trade creditors	(10,030)	(5,136)
Other creditors	(107)	(22)
Bank overdraft, loans and revolving finance facility	(16,787)	(35,429)
Net obligations under finance lease and hire purchase agreements	<u>(53,130)</u>	<u>(52,281)</u>
	<u>(80,054)</u>	<u>(92,868)</u>
<i>Financial liabilities measured at fair value</i>		
Other creditors - Currency hedging contracts	-	(792)

The group enters into forward foreign currency contracts to mitigate the exchange rate risk for US\$ denominated income. As at 30 April 2023, the outstanding contracts all mature within 12 months (2022: 13 months) of the year end.

As at 30 April 2023, the group is committed to sell US\$46,800k under forward contracts and receive fixed amounts of £28,438k and €11,006k.

The forward currency contracts are measured at fair value. The fair value of the forward-foreign currency hedge contracts is £627k (2022: credit of £792k).

The Company had no financial instruments requiring disclosure as at 30 April 2023.

28. Auditors' remuneration

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers LLP, the auditors of the Company, and its associates:

	2023 £'000	2022 £'000
<i>Audit services</i>		
Audit of the Company's financial statements	35	11
Audit of the Company's subsidiaries	510	411
	<u>545</u>	<u>422</u>
<i>Other services</i>		
Non-audit services	<u>248</u>	<u>298</u>
Total audit and other services	<u>793</u>	<u>720</u>

Included in fees for the audit of the Company's financial statements for 2023 is a sum of £20,000 relating to the 2022 audit. Similarly, included in fees for the audit of the Company's subsidiaries for 2023 is a sum of £50,000 relating to the 2022 audit of one of the group's subsidiaries.

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Notes to the financial statements
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29. Commitments

	2023 £'000	2022 £'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Tangible assets	14,743	14,974
<i>Lease commitments - non-cancellable operating leases</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	7,745	4,325
One to five years	13,286	8,675
More than five years	1,183	1,160
	<u>22,214</u>	<u>14,160</u>
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	18,405	16,467
One to five years	37,665	38,091
More than five years	1,295	1,003
Total commitment	57,365	55,561
Less: Future finance charges	(4,235)	(3,280)
Net commitment recognised as liabilities	<u>53,130</u>	<u>52,281</u>
Representing:		
Net obligations under finance lease and hire purchase contracts - current (note 18)	16,667	15,086
Net obligations under finance lease and hire purchase contracts - non-current (note 19)	36,463	37,195
	<u>53,130</u>	<u>52,281</u>

Operating lease commitments represents leases with third parties. The leases are negotiated over various terms and rentals are fixed for the lease term. All leases include a provision for five-yearly upward rent reviews according to prevailing market conditions. There are no options in place for either party to extend the lease terms.

Finance lease payments represent rentals payable by the Company or Group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment schedule basis and no arrangements have been entered into for contingent rental payments.

The finance lease and hire purchase obligations are secured on the assets to which they relate. These arrangements are mainly hire purchase agreements repayable over a period of between 5 and 7 years repayable in equal instalments over the life of each agreement.

The Company had no capital or other commitments as at 30 April 2023.

30. Related party transactions

Transactions with related parties

The following transactions occurred with related parties:

Key management includes the directors (both executive and non-executive) and other members of senior management.

	2023 £'000	2022 £'000
Aggregate compensation of key management personnel	1,381	1,058

Receivable from/(payable to) related parties

	2023 £'000	2022 £'000
Opening balance	(116)	26
Expenses paid on behalf of directors and shareholders	341	216
Cash drawings	120	131
Amounts repaid	-	(489)
Shareholder loans outstanding at 30 April	345	(116)

Certain cash drawings and expenses are settled by the group on behalf of shareholders, some of whom are also directors. Those expenses are debited to shareholder loan accounts and are either settled from dividends paid or repaid by shareholders.

The loans are unsecured and interest free. No bad or doubtful debt expense has been recorded in respect of these loans during the current or prior year.

Other than transactions disclosed above, the related party transactions were with wholly owned subsidiaries.

31. Financial commitments, guarantees and contingent liabilities

As at 30 April 2023, the bank held an unlimited multilateral company guarantee between the following:

Thomas Cradley Group Holdings Limited, Thomas Cradley Holdings Limited, Cradley Leasing Limited, Suttons Transport Group Limited, Sutton and Son (St Helens) Limited, Suttons International Limited, Project Properties Limited and Suttons Tankers Limited (formerly Imperial Tankers Limited).

At 30 April 2023 the maximum potential liability was £15,318k (2022: £19,432k).

Since the end of the financial year, the group has renegotiated its banking facilities and the bank now only holds an unlimited multilateral company guarantee between Thomas Cradley Property Limited and Suttons Tankers Limited in relation to amounts due under its £7,000k revolving credit facility.

As disclosed in note 32, some of the Company's subsidiaries have taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit. As a condition of the exemption, the company has guaranteed the year-end liabilities of the relevant subsidiaries until they are settled in full. The liabilities of the subsidiaries, excluding deferred income, at 30 April 2023 was £88k.

The Group had no contingent liabilities at 30 April 2023 (2022: £nil).

32. Interests in subsidiaries

The following were subsidiary undertakings of the Company (all shares ordinary class):

Name	Registered Office	Principal activity	Holding %
Project Properties Limited	Gorsey Lane, Widnes, Cheshire, WA8 0GG	Property Management	100%
Cradley Leasing Limited	Gorsey Lane, Widnes, Cheshire, WA8 0GG	Dormant	100%
Suttons Transport Group Limited	Gorsey Lane, Widnes, Cheshire, WA8 0GG	Road Haulage & International Freight Forwarding	100%
Sutton & Son (St Helens) Limited	Gorsey Lane, Widnes, Cheshire, WA8 0GG	Provision of bulk logistics services	100%
Suttons Tankers Limited	Gorsey Lane, Widnes, Cheshire, WA8 0GG	Road Haulage	100%
Imperial Tankers Limited	Gorsey Lane, Widnes, Cheshire, WA8 0GG	Dormant	100%
Suttons International Limited	Gorsey Lane, Widnes, Cheshire, WA8 0GG	Provision of bulk logistics services	100%
Suttons International N.V. (Belgium)	North Trading Building, Noorderlaan, Antwerp, Belgium B 2030	Shipping and forwarding agents	100%
Suttons International (NA) INC	Bell Works Building 4, Floor 2, Suite 200, 101 Crawford Corner Road, Holmdel, New Jersey 07733 USA	Shipping and forwarding agents	100%
Suttons International GMBH	Speyerer Str. 56b, 67227, Frankenthal, Ludwigshafen, Germany	Shipping and forwarding agents	100%
Suttons International (Japan) KK	Room 203, Saito Bldg, 14-6 Kyobushi 3-chrome, Chuo-ku, Tokyo, Japan 104-003	Shipping and forwarding agents	51%
Suttons International PTE Ltd	456 Alexandria Road, 24-03 Fragrance Empire Building, Singapore 119962	Shipping and forwarding agents	100%
Suttons Tank Container Cleaning (Shanghai) Ltd	Unit D, 16th Floor Long Life Mansion, 1566 Yan An West Road, Shanghai 200052, China	Dormant	100%
Suttons International Freight Forwarding (Shanghai) Ltd	Unit D, 16th Floor Long Life Mansion, 1566 Yan An West Road, Shanghai 200052, China	Shipping and forwarding agents	100%
Suttons Logistics (Shanghai) Co. Ltd (formerly Hanchi Logistics Ltd)	Unit D, 16th Floor Long Life Mansion, 1566 Yan An West Road, Shanghai 200052, China	Road Haulage	100%
Suttons Missionline Do Brasil LTDA	Avenida Rudolf Dafferner, 400, Sala 209 Bloco Sao Paulo, Boa Vista, Sorocaba - SP, 18085-005	Shipping and forwarding agents	51%
Thomas Cradley Holdings Limited	Gorsey Lane, Widnes, Cheshire, WA8 0GG	Holding Company	100%
Thomas Cradley Group Holdings Limited	Gorsey Lane, Widnes, Cheshire, WA8 0GG	Holding Company	100%
Thomas Cradley Property Limited	Gorsey Lane, Widnes, Cheshire, WA8 0GG	Property management	100%

32. Interests in subsidiaries (continued)

All of the above subsidiaries are included in the consolidation. Thomas Cradley Group Holdings Limited is owned directly by Thomas Cradley Limited with all other investments held under indirect ownership.

The Company has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 30 April 2023:

Thomas Cradley Group Holdings Limited
Thomas Cradley Holdings Limited
Suttons Transport Group Limited
Thomas Cradley Property Limited
Project Properties Limited
Sutton and Son (St Helens) Limited
Cradley Leasing Limited

Imperial Tankers Limited and Cradley Leasing Limited are dormant companies and are exempt under S480 of the Companies Act 2006.

33. Events after the reporting year

No matter or circumstance has arisen since 30 April 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

34. Ultimate parent undertaking and controlling party

The Company is owned by a series of trusts, with no single trust having a controlling interest. Members of the Sutton and Broadhurst families have beneficial interests through the trusts but not one family member has a controlling interest.

In the prior year, Thomas Cradley Group Holdings Limited (whose registered address is Gorsey Lane, Widnes, Cheshire, WA8 0GG) prepared consolidated group financial statements, and was the smallest and largest company in the group to do so.

In the current year, Thomas Cradley Limited (whose registered address is Gorsey Lane, Widnes, Cheshire, WA8 0GG) prepares consolidated group financial statements, and is the smallest and largest company in the group to do so. Copies can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.