

M & S Logistics Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

Company Registration No. 03597897 (England and Wales)

M & S Logistics Limited

Company Information

Directors	D. R. Kew L. M. Verwey R. N. Surman J. D. T. Gelderblom	(Appointed 11 April 2023)
Company number	03597897	
Registered office	Hope Street Chapel Hope Street Sandbach Cheshire CW11 1BA	
Auditor	Moore Kingston Smith LLP Orbital House 20 Eastern Road Romford Essex RM1 3PJ	

M & S Logistics Limited

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M & S Logistics Limited

Strategic Report

For the year ended 31 December 2022

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

Fair review of the business

The principal activity of the group and company continued to be that of tank container operators.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

The results for the Group show a pre-tax profit of £22,915,618 (2021: £8,276,305) and turnover of £181,424,667 (2021: £113,558,809). Tank utilisation, a key measurement for the business, has been strong this year running above 70%.

Turnover has increased significantly in the year due to strong market conditions. 2023 has seen a significant reversal in the market. The business is, however, in a strong position to ride out a decline in the market and build towards further growth when market conditions improve. Cash reserves have increased and the risk of managing debtors are being monitored with movement in the market.

Key performance indicators

The directors use a number of key performance indicators (KPIs) to measure and monitor business performance as set out below. The directors review these KPIs on a regular basis.

	2022	2021
Turnover (£)	181,424,667	113,558,809
Gross profit (£)	45,145,289	23,667,302
Gross profit margin (%)	24.88%	20.84%
EBITDA (£)	22,099,160	7,890,980
Tank utilisation (%)	72%	69%

Tank utilisation is the most important non-financial KPI for the business. This is affected by the efficiency with which the tanks are managed.

Principal risks and uncertainties

The management of the business and its operations are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the global economic climate and the demand for tank equipment.

Financial risk management

Price risk - The company is managing risk regarding market rates by being competitive on rates and improving margins by managing supplier costs and finding efficiencies.

Liquidity risk - Cash reserves have increased in the year and the company do not expect a reduction in liquidity in the near future.

Interest rate risk - The liabilities arise from fixed rate contracts. The company is exposed to increases in interest where further borrowing is required. This is managed with a mixture of using cash reserves and locking in interest rates where borrowing is required.

Foreign currency risk - The company has natural hedges in place to manage risk on foreign currency movement by matching receipts to payments in the currency received/paid.

Credit risk - The risk on debtors is being closely monitored with the decline in markets. On the supply side, the company is negotiating to receive increased payment terms.

M & S Logistics Limited

Strategic Report (Continued)

For the year ended 31 December 2022

Section 172 (1) statement

The directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard amongst other matters to:

- a. the likely consequences of any decision in the long term,
- b. the interests of the company's employees,
- c. the need to foster the company's business relationships with suppliers, customers and others,
- d. the impact of the company's operations on the community and the environment,
- e. the desirability of the company maintaining a reputation for high standards of business conduct,
- f. the need to act fairly as between members of the company.

The directors take all of our stakeholders into consideration when making strategic decision. This is evident in the M&S Core Values and Behaviours statement that is part of how we operate day to day: "We have one important value and that is relationship". M&S Logistics strive to build the best possible relationships with our employees, customers, supplier and shareholders by behaving in such a way that is honest, ethical, caring for the environment around us and accountable for our actions.

Example of how the board engages with stakeholders.

We endeavour to provide the best service to our customers and the director and managers of each subsidiary are on hands on with customers to ensure we fulfil customer need and building long lasting mutual beneficial relationships. The same hands on approach is shown towards suppliers to achieve mutual beneficial relationships.

The board regularly reviews the road map for the business to enable it to have a clear vision and strategy for the long term health of the company benefiting all stakeholders.

The board ensure that shareholders are provided with timely accurate information of the business performance, current trends and future projections for the company and the market in which it operates. The board does this through meetings to review performance and updates where shareholders have the opportunity to engage with the board.

The company strives to be an employer of choice and engages with staff through employee opinion survey, managers being encourage to have one to one meetings with staff, regular reviews to provide feedback from and to and sharing the road map for the business.

Future developments

The road map for 2023 and beyond includes increasing the fleet of tank containers, expanding our global presence and build systems and process to enable the company to manage growth.

The directors acknowledge that current market conditions remain uncertain, but they are determined and are committed to developing the group and drive growth.

On behalf of the board

L. M. Verwey
Director

22 September 2023

M & S Logistics Limited

Directors' Report

For the year ended 31 December 2022

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

Directors

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

D. R. Kew

L. M. Verwey

R. N. Surman

J. D. T. Gelderblom

(Appointed 11 April 2023)

Results and dividends

Ordinary dividends were paid amounting to £291,116 (2021: £302,000). The directors do not recommend payment of a further dividend.

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

During the financial year, in the UK, the Group consumed energy and produced CO2 emissions as follows:

	2022 kWh	2021 kWh
Energy consumption		
Aggregate of energy consumption in the year		
- Gas combustion	18,353	38,530
- Electricity purchased	23,087	22,427
	<u>41,440</u>	<u>60,957</u>
	<u><u>41,440</u></u>	<u><u>60,957</u></u>
Emissions of CO2 equivalent		
	2022 metric tonnes	2021 metric tonnes
Scope 1 - direct emissions		
- Gas combustion	3.35	7.06
- Fuel consumed for owned transport	6.06	7.00
	<u>9.41</u>	<u>14.06</u>
Scope 2 - indirect emissions		
- Electricity purchased	4.47	4.76
	<u>4.47</u>	<u>4.76</u>
Total gross emissions	<u>13.88</u>	<u>18.82</u>
	<u><u>13.88</u></u>	<u><u>18.82</u></u>
Intensity ratio		
Tonnes CO2e per full-time employee	0.27	0.42
	<u>0.27</u>	<u>0.42</u>

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Directors' Report (Continued)

For the year ended 31 December 2022

Quantification and reporting methodology

In quantifying and reporting the above data, the group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2022 UK Government's Conversion Factors for Company Reporting

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per full time employee.

Measures taken to improve energy efficiency

We have installed smart meters across our sites to actively monitor energy consumption.

We have reduced our paper use by moving to paperless systems and recycling waste paper in our offices with a result in a reduction in our carbon footprint in 2022 in this area and we are monitoring on an ongoing basis to reduce wastage where possible in the future.

Statement of directors' responsibilities

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

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

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

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

Matters included in the Strategic Report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of risk management and future developments.

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Directors' Report (Continued)

For the year ended 31 December 2022

Statement of disclosure to auditor

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

On behalf of the board

L. M. Verwey
Director

22 September 2023

M & S Logistics Limited

Independent Auditor's Report

To the Members of M & S Logistics Limited

Opinion

We have audited the financial statements of M & S Logistics Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

M & S Logistics Limited

Independent Auditor's Report (Continued)

To the Members of M & S Logistics Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

M & S Logistics Limited

Independent Auditor's Report (Continued)

To the Members of M & S Logistics Limited

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

M & S Logistics Limited

Independent Auditor's Report (Continued)

To the Members of M & S Logistics Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of noncompliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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.

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

Steven Rushmer (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

25 September 2023

Chartered Accountants
Statutory Auditor

Orbital House
20 Eastern Road
Romford
Essex
RM1 3PJ

M & S Logistics Limited

Group Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover	3	181,424,667	113,558,809
Cost of sales		(136,279,378)	(89,891,507)
Gross profit		<u>45,145,289</u>	<u>23,667,302</u>
Administrative expenses		(21,677,120)	(14,996,958)
Other operating income		44,182	321,319
Operating profit	4	<u>23,512,351</u>	<u>8,991,663</u>
Interest receivable and similar income	8	97,533	1,702
Interest payable and similar expenses	9	(694,716)	(717,060)
Profit before taxation		<u>22,915,168</u>	<u>8,276,305</u>
Taxation	10	(5,355,345)	(1,116,842)
Profit for the financial year		<u><u>17,559,823</u></u>	<u><u>7,159,463</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

M & S Logistics Limited

Group and Company Balance Sheets

As at 31 December 2022

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Fixed assets					
Intangible assets	12	147,699	178,490	142,650	172,358
Tangible assets	13	21,722,965	19,597,234	21,590,608	19,506,703
Investments	14	-	-	781,019	739,480
		<u>21,870,664</u>	<u>19,775,724</u>	<u>22,514,277</u>	<u>20,418,541</u>
Current assets					
Debtors	17	31,162,321	27,052,030	40,007,721	25,660,753
Cash at bank and in hand		<u>29,727,792</u>	<u>7,799,034</u>	<u>14,558,262</u>	<u>6,034,401</u>
		60,890,113	34,851,064	54,565,983	31,695,154
Creditors: amounts falling due within one year	18	<u>(44,668,080)</u>	<u>(34,093,409)</u>	<u>(41,161,391)</u>	<u>(32,878,274)</u>
Net current assets		<u>16,222,033</u>	<u>757,655</u>	<u>13,404,592</u>	<u>(1,183,120)</u>
Total assets less current liabilities		<u>38,092,697</u>	<u>20,533,379</u>	<u>35,918,869</u>	<u>19,235,421</u>
Creditors: amounts falling due after more than one year	19	(6,269,884)	(7,275,177)	(6,242,443)	(7,252,079)
Provisions for liabilities					
Deferred tax liability	23	<u>(3,365,536)</u>	<u>(2,214,058)</u>	<u>(3,365,536)</u>	<u>(2,214,058)</u>
Net assets		<u>28,457,277</u>	<u>11,044,144</u>	<u>26,310,890</u>	<u>9,769,284</u>
Capital and reserves					
Called up share capital	25	100	100	100	100
Other reserves	26	184,219	39,793	-	-
Profit and loss reserves	26	<u>28,272,958</u>	<u>11,004,251</u>	<u>26,310,790</u>	<u>9,769,184</u>
Total equity		<u>28,457,277</u>	<u>11,044,144</u>	<u>26,310,890</u>	<u>9,769,284</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £16,832,722 (2021 - £6,825,448 profit).

M & S Logistics Limited

Group and Company Balance Sheets (Continued)

As at 31 December 2022

The financial statements were approved by the board of directors and authorised for issue on 22 September 2023 and are signed on its behalf by:

L. M. Verwey
Director

Company Registration No. 03597897

M & S Logistics Limited

Group Statement of Changes in Equity

For the year ended 31 December 2022

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2021		100	21,169	4,146,788	4,168,057
Period ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	7,159,463	7,159,463
Dividends	11	-	-	(302,000)	(302,000)
Currency translation differences on overseas subsidiaries		-	18,624	-	18,624
Balance at 31 December 2021		100	39,793	11,004,251	11,044,144
Period ended 31 December 2022:					
Profit and total comprehensive income for the year		-	-	17,559,823	17,559,823
Dividends	11	-	-	(291,116)	(291,116)
Currency translation differences on overseas subsidiaries		-	144,426	-	144,426
Balance at 31 December 2022		100	184,219	28,272,958	28,457,277

M & S Logistics Limited

Company Statement of Changes in Equity

For the year ended 31 December 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 January 2021		100	3,245,736	3,245,836
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	6,825,448	6,825,448
Dividends	11	-	(302,000)	(302,000)
Balance at 31 December 2021		100	9,769,184	9,769,284
Year ended 31 December 2022:				
Profit and total comprehensive income for the year		-	16,832,722	16,832,722
Dividends	11	-	(291,116)	(291,116)
Balance at 31 December 2022		100	26,310,790	26,310,890

M & S Logistics Limited

Group Statement of Cash Flows

For the year ended 31 December 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	32	34,437,869	9,109,632
Interest paid		(691,938)	(717,060)
Income taxes paid		(4,621,491)	(171,914)
Net cash inflow from operating activities		29,124,440	8,220,658
Investing activities			
Purchase of intangible assets		(36,546)	(33,654)
Purchase of tangible fixed assets		(1,507,814)	(1,655,033)
Proceeds on disposal of tangible fixed assets		14,817	15,456
Interest received		97,533	1,702
Net cash used in investing activities		(1,432,010)	(1,671,529)
Financing activities			
Payment of finance leases obligations		(3,413,709)	(2,452,987)
Dividends paid to equity shareholders		(291,116)	(302,000)
Net cash used in financing activities		(3,704,825)	(2,754,987)
Net increase in cash and cash equivalents		23,987,605	3,794,142
Cash and cash equivalents at beginning of year		7,799,034	4,109,652
Effect of foreign exchange rates		(2,058,847)	(104,760)
Cash and cash equivalents at end of year		29,727,792	7,799,034

M & S Logistics Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1 Accounting policies

Company information

M & S Logistics Limited ("the Company") is a company limited by shares domiciled and incorporated in England and Wales. The registered office is Hope Street Chapel, Hope Street, Sandbach, Cheshire, CW11 1BA.

The Group consists of M & S Logistics Limited and all of its subsidiaries.

1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of M & S Logistics Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2022.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

1.3 Going concern

In preparing the financial statements, the directors have considered the appropriateness of the going concern basis of accounting. The financial statements show that the group has net assets of £28,457,277 and at the reporting date and made a profit for the year of £17,559,823 and that the parent company has net assets of £26,310,890 and at the reporting date and made a profit for the year of £16,832,722.

At the time of approving the financial statements, the directors consider that there is adequate cash and assets within the group to support the group and the parent company in paying their liabilities as they fall due. Therefore the director have a reasonable expectation that the company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents amounts receivable from tank container operations provided net of value added tax. Turnover is recognised on dispatch of the tank container and its goods.

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Goodwill and negative goodwill arose on acquisition of subsidiary undertakings and is written off to the profit and loss account in the year of acquisition.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software	4 to 5 years
Licences	5 years

1.7 Tangible fixed assets

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

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

Fixtures, fittings & equipment	10% - 33% straight line
Tank containers	5% - 6.67% straight line

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

1.8 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period 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 asset belongs.

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 fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

1.10 Cash at bank and in hand

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

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.11 Financial instruments

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

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

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price and subsequently are carried at amortised cost. Financial liabilities are derecognised when the contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.13 Taxation

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

Current tax

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

Deferred tax

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

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

1.14 Retirement benefits

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

1.15 Leases

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

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

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

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

1 Accounting policies

(Continued)

1.16 Government grants

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

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

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.18 Accrued job costs

The company accrues for all reasonably expected sales related costs for which no invoice has been received at the time that income is recognised. These accruals are reviewed continually and any variance on the accrued amount versus the actual costs received is written off upon closure of the related job file.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

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

Amortisation charge

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. These reviews require an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. See note 12 for the carrying amount of the intangible assets and note 1.5 and 1.6 for the useful economic lives for each class of asset.

Depreciation charge

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment and note 1.7 for the useful economic lives for each class of asset.

Provisions for bad debts

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors, knowledge of customer performance and historical experience. See note 17 for the net carrying amount of the debtors and associated impairment provision.

Accrued job costs

The company makes an estimate of the costs to which it is committed for jobs that are open and ongoing at the year end. When assessing the costs to accrue, management considers various factors including historical experience, budgets, knowledge of regional factors and changes in the marketplace. These estimates are included in accruals at the year end, see note 18.

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Tank operating revenue	180,956,729	113,492,203
Costs recovered	467,938	66,606
	<u>181,424,667</u>	<u>113,558,809</u>

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	6,752,065	6,480,760
Europe	31,574,477	18,805,953
Rest of World	143,098,125	88,272,096
	<u>181,424,667</u>	<u>113,558,809</u>

	2022 £	2021 £
Other significant revenue		
Interest income	97,533	1,702
Grants received	7,414	283,596
Management fees receivable	36,768	36,768
Sales commission	-	955
	<u></u>	<u></u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	2,430,484	1,452,347
Government grants	(7,414)	(283,596)
Depreciation of owned tangible fixed assets	327,571	157,241
Depreciation of tangible fixed assets held under finance leases	1,085,620	943,442
Profit on disposal of tangible fixed assets	(7,041)	(8,341)
Amortisation of intangible assets	67,337	78,676
Operating lease charges	1,491,665	1,086,934
	<u></u>	<u></u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £2,430,484 (2021 - £1,452,347).

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

5 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
All employees	203	179	52	45

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	12,017,919	8,574,141	3,921,815	2,415,477
Social security costs	802,215	728,202	195,647	263,263
Pension costs	210,448	134,760	126,489	68,709
	<u>13,030,582</u>	<u>9,437,103</u>	<u>4,243,951</u>	<u>2,747,449</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	365,061	380,766

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

	2022 £	2021 £
Remuneration for qualifying services	231,420	219,096

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

7 Auditors' remuneration

	2022 £	2021 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	40,800	45,300
Audit of the company's subsidiaries	17,613	22,295
	<u>58,413</u>	<u>67,595</u>
For other services		
All other non-audit services	7,649	6,892
	<u>7,649</u>	<u>6,892</u>

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	96,680	1,702
Other interest income	853	-
	<u>97,533</u>	<u>1,702</u>

9 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,778	1,444
Interest on finance leases and hire purchase contracts	691,938	715,616
	<u>694,716</u>	<u>717,060</u>

10 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	3,806,668	1,031
Foreign current tax on profits for the current period	392,378	95,540
	<u>4,199,046</u>	<u>96,571</u>
Deferred tax		
Origination and reversal of timing differences	1,156,299	1,020,271
	<u>1,156,299</u>	<u>1,020,271</u>
Total tax charge	<u>5,355,345</u>	<u>1,116,842</u>

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

10 Taxation

(Continued)

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

	2022 £	2021 £
Profit before taxation	22,915,168	8,276,305
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</i>	4,353,882	1,572,498
Tax effect of expenses that are not deductible in determining taxable profit	6,307	2,124
Tax effect of income not taxable in determining taxable profit	(4,348)	(3,002)
Unutilised tax losses carried forward	5,274	21,590
Double tax relief	(13,195)	-
Permanent capital allowances in excess of depreciation	728,086	(267,843)
Depreciation on assets not qualifying for tax allowances	9,376	-
Effect of overseas tax rates	3,556	(11,004)
Tax losses utilised	(3,229)	(194,493)
Change in tax rate	310,114	-
Other adjustments	(40,478)	(3,028)
Tax expense for the year	5,355,345	1,116,842

11 Dividends

	2022 £	2021 £
Final paid	291,116	302,000

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

12 Intangible fixed assets

Group	Goodwill	Negative goodwill	Software	Licences	Total
	£	£	£	£	£
Cost					
At 1 January 2022	25,829	(22,310)	385,543	232,457	621,519
Additions	-	-	797	35,749	36,546
	<u>25,829</u>	<u>(22,310)</u>	<u>386,340</u>	<u>268,206</u>	<u>658,065</u>
At 31 December 2022	25,829	(22,310)	386,340	268,206	658,065
Amortisation and impairment					
At 1 January 2022	25,829	(22,310)	265,690	173,820	443,029
Amortisation charged for the year	-	-	42,001	25,336	67,337
	<u>25,829</u>	<u>(22,310)</u>	<u>307,691</u>	<u>199,156</u>	<u>510,366</u>
At 31 December 2022	25,829	(22,310)	307,691	199,156	510,366
Carrying amount					
At 31 December 2022	-	-	78,649	69,050	147,699
	<u>-</u>	<u>-</u>	<u>78,649</u>	<u>69,050</u>	<u>147,699</u>
At 31 December 2021	-	-	119,853	58,637	178,490
	<u>-</u>	<u>-</u>	<u>119,853</u>	<u>58,637</u>	<u>178,490</u>
Company			Software	Licences	Total
			£	£	£
Cost					
At 1 January 2022			378,196	232,457	610,653
Additions			-	35,749	35,749
			<u>378,196</u>	<u>268,206</u>	<u>646,402</u>
At 31 December 2022			378,196	268,206	646,402
Amortisation and impairment					
At 1 January 2022			264,475	173,820	438,295
Amortisation charged for the year			40,121	25,336	65,457
			<u>304,596</u>	<u>199,156</u>	<u>503,752</u>
At 31 December 2022			304,596	199,156	503,752
Carrying amount					
At 31 December 2022			73,600	69,050	142,650
			<u>73,600</u>	<u>69,050</u>	<u>142,650</u>
At 31 December 2021			113,721	58,637	172,358
			<u>113,721</u>	<u>58,637</u>	<u>172,358</u>

Negative goodwill arose on acquisition of the purchase of M & S Logistics BV.

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

13 Tangible fixed assets

Group	Fixtures, fittings & equipment £	Tank containers £	Total £
Cost			
At 1 January 2022	439,034	23,692,514	24,131,548
Additions	115,488	3,431,210	3,546,698
Disposals	(25,572)	(10,426)	(35,998)
At 31 December 2022	528,950	27,113,298	27,642,248
Depreciation and impairment			
At 1 January 2022	268,996	4,265,318	4,534,314
Depreciation charged in the year	78,025	1,335,166	1,413,191
Eliminated in respect of disposals	(25,572)	(2,650)	(28,222)
At 31 December 2022	321,449	5,597,834	5,919,283
Carrying amount			
At 31 December 2022	207,501	21,515,464	21,722,965
At 31 December 2021	170,038	19,427,196	19,597,234
Company			
	Fixtures, fittings & equipment £	Tank containers £	Total £
Cost			
At 1 January 2022	222,504	23,692,514	23,915,018
Additions	39,836	3,431,210	3,471,046
Disposals	(25,572)	(10,426)	(35,998)
At 31 December 2022	236,768	27,113,298	27,350,066
Depreciation and impairment			
At 1 January 2022	142,997	4,265,318	4,408,315
Depreciation charged in the year	44,199	1,335,166	1,379,365
Eliminated in respect of disposals	(25,572)	(2,650)	(28,222)
At 31 December 2022	161,624	5,597,834	5,759,458
Carrying amount			
At 31 December 2022	75,144	21,515,464	21,590,608
At 31 December 2021	79,507	19,427,196	19,506,703

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £1,085,620 (2021: £943,442) for the year.

	Group 2022 £	2021 £	Company 2022 £	2021 £
Tank containers	16,606,974	16,429,667	16,606,974	16,429,667

14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	781,019	739,480

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 January 2022	739,480
Additions	41,539
At 31 December 2022	781,019
Carrying amount	
At 31 December 2022	781,019
At 31 December 2021	739,480

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held	
				Direct	Indirect
M & S Logistic (Shanghai) Co Ltd	a	Tank container operator	Ordinary	100.00	-
M & S Logistics BV	b	Tank container operator	Ordinary	100.00	-
M & S Logistics LLC	c	Tank container operator	Ordinary	100.00	-
M & S Logistics Pte Ltd	d	Tank container operator	Ordinary	100.00	-
Multistar Leasing Limited	e	Tank container hire and managment	Ordinary	100.00	-
M & S Logistics France SAS	f	Tank container operator	Ordinary	100.00	-
M & S Tank Logistics (Pty) Limited	g	Tank container operator	Ordinary	100.00	-
M & S Logistics Do Brasil	h	Tank container operator	Ordinary		
Organizacao Logistica De Transporte De Carga Ltda				100.00	-
M&S Logistics Co. LLC	i	Tank container operator	Ordinary	100.00	-
M&S Logistics (TH) Company Limited	j	Tank container operator	Ordinary	98.00	2.00
MS Tank Logistics India Private Ltd	k	Tank container operator	Ordinary	99.99	-
M&S Logistics Korea Ltd	l	Tank container operator	Ordinary	100.00	-
M&S Logistics GmbH	m	Tank container operator	Ordinary	100.00	-
M&S Tank Logistics Mexico S.A.	n	Tank container operator	Ordinary	99.99	0.01
M&S Logistics Colombia S.A.S.	o	Tank container operator	Ordinary	100.00	-

Registered office addresses:

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- b Alexander Bellstraat 16, 3261 LX Oud-Beijerland, Netherlands
- c 9307 Broadway Street, Suite 407, Pearland Texas 77584-9767, USA
- d 200 Cantonment Road, 13-07 Southpoint, Singapore 089763, Singapore
- e Hope Street Chapel, Hope Street, Sandbach, Cheshire, CW11 1BA, UK
- f 59 rue La Boétie, 75008 Paris, France
- g 1st Floor 19 Louis Gradner Street, Foreshore, Cape Town 8000, South Africa
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- i 19th Floor, Office no: 1908 Fahidi Heights - Office Tower, (Formerly Al Mussalla Tower), UAE
- j Unit 1803, 18th Floor Liberty Square Building 287 Silom Road, Silom, Bangrak, Bangkok 10500, Thailand
- k Pl No.E 1407 Bandra West, 301 Delux Court Premises, R V Bambardekar Rd, Mumbai, Maharashtra 400050, India
- l 19 Saemunan-ro 5-gil, Jongno-gu, Seoul, Republic of Korea
- m Haagstrasse 14, 47441 Moers, Germany
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- o CL 77 B CR 59 61CE, Las Americas II, Colombia

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

16 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	28,107,592	25,005,059	37,182,442	23,748,992
Equity instruments measured at cost less impairment	-	-	781,019	739,480
Carrying amount of financial liabilities				
Measured at amortised cost	50,657,682	40,962,478	47,403,834	39,964,353

17 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	27,629,852	24,455,525	25,239,332	22,591,213
Corporation tax recoverable	589,262	116,408	492,183	81,825
Amounts due from group undertakings	156,293	492	11,050,859	641,590
Other debtors	323,395	561,026	892,251	596,476
Prepayments and accrued income	2,461,117	1,911,700	2,333,096	1,749,649
	<u>31,159,919</u>	<u>27,045,151</u>	<u>40,007,721</u>	<u>25,660,753</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 23)	2,402	6,879	-	-
	<u>31,162,321</u>	<u>27,052,030</u>	<u>40,007,721</u>	<u>25,660,753</u>
Total debtors	<u>31,162,321</u>	<u>27,052,030</u>	<u>40,007,721</u>	<u>25,660,753</u>

Trade debtors are shown net of provisions for bad debts of for the group of £627,824 (2021: £482,368) and for the company of £620,713 (2021: £481,430).

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

18 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	21	3,704,151	3,245,266	3,704,151	3,241,597
Trade creditors		5,552,504	6,767,297	4,778,259	5,155,442
Amounts owed to group undertakings		6,159,408	6,977,615	4,278,456	7,977,196
Corporation tax payable		104,215	53,806	-	-
Other taxation and social security		174,714	186,302	-	-
Other creditors		392,045	264,382	38,180	-
Accruals and deferred income		28,581,043	16,598,741	28,362,345	16,504,039
		<u>44,668,080</u>	<u>34,093,409</u>	<u>41,161,391</u>	<u>32,878,274</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Obligations under finance leases	21	6,245,535	7,252,079	6,242,443	7,252,079
Other borrowings	20	24,349	23,098	-	-
		<u>6,269,884</u>	<u>7,275,177</u>	<u>6,242,443</u>	<u>7,252,079</u>

20 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Preference shares	<u>24,349</u>	<u>23,098</u>	<u>-</u>	<u>-</u>
Payable after one year	<u>24,349</u>	<u>23,098</u>	<u>-</u>	<u>-</u>

The preference shares are repayable on winding up at an amount equal to the capital value invested. The preference shareholder is entitled to an annual dividend of THB 1 = £0.02 per 100 shares per annum which totals THB 102 = £2.43 when sufficient profits are made by M&S Logistics (TH) Company Limited.

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

21 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	3,704,151	3,245,266	3,704,151	3,241,597
In two to five years	6,245,535	7,190,410	6,242,443	7,190,410
In over five years	-	61,669	-	61,669
	<u>9,949,686</u>	<u>10,497,345</u>	<u>9,946,594</u>	<u>10,493,676</u>

Net obligations under finance lease and hire purchase contracts relate to the financing of tank containers. These loans are secured by fixed charges over the assets concerned.

22 Provisions for liabilities

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Deferred tax liabilities	23	<u>3,365,536</u>	<u>2,214,058</u>	<u>3,365,536</u>	<u>2,214,058</u>

23 Deferred taxation

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

Group	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Accelerated Capital Allowances	3,365,536	2,214,058	-	-
Provision	-	-	2,402	6,879
	<u>3,365,536</u>	<u>2,214,058</u>	<u>2,402</u>	<u>6,879</u>
Company	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Accelerated Capital Allowances	<u>3,365,536</u>	<u>2,214,058</u>	<u>-</u>	<u>-</u>

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

23 Deferred taxation (Continued)

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 January 2022	2,207,179	2,214,058
Charge to profit or loss	1,156,299	1,151,478
Foreign exchange movement	(344)	-
Liability at 31 December 2022	<u>3,363,134</u>	<u>3,365,536</u>

The deferred tax liability set out above is expected to reverse in future accounting periods and relates to accelerated capital allowances.

24 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>210,448</u>	<u>134,760</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 50p each	<u>200</u>	<u>200</u>	<u>100</u>	<u>100</u>

26 Reserves

Other reserves

Other reserves relate to currency translation differences on overseas subsidiaries.

Profit and loss reserves

The profit and loss reserves which is an accumulation of profits or losses over time across the group and parent company.

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

27 Operating lease commitments

Lessee

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	5,221,227	1,042,931	4,821,617	711,722
Between two and five years	8,716,481	2,426,294	8,194,773	1,856,822
In over five years	71,980	-	-	-
	<u>14,009,688</u>	<u>3,469,225</u>	<u>13,016,390</u>	<u>2,568,544</u>

28 Capital commitments

There are no financial commitments at 31 December 2022. At 31 December 2021, the company and the group was committed to purchasing 100 tanks at \$18,500 each, which at the balance sheet closing exchange rate equated to £1,399,924.

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

29 Related party transactions

Group

The group takes advantage of the exemption available in FRS 102 whereby it has not disclosed transactions with any wholly owned subsidiary undertaking disclosed in note 16.

The following companies are related parties as they are all fellow subsidiaries of Sterlingwood Limited: Multistar Container Transport Limited, Multistar Container Transport (Pty) Limited, Multistar Tank Leasing Company LLC and Islanmore Estates (Pty) Limited.

Transactions and balances with these companies are as follows:

Multistar Container Transport Limited:

During the year, a management charge was invoiced by the group in respect of employment and administration costs incurred on behalf of Multistar Container Transport Limited of £36,768 (2021: £45,062). In addition, purchases of £6,026,843 (2021: £5,463,019) were made with Multistar Container Transport Limited. All transactions occurred at market rate. At the year end, there is a net amount due to Multistar Container Transport Limited of £5,992,662 (2021: £6,783,611).

Multistar Tank Leasing Company LLC:

An administration fee of £48,038 (2021: £44,125) was paid to Multistar Tank Leasing Company LLC during the year. At the year end, there is an amount due to Multistar Tank Leasing Company LLC of £6,198 (2021: £28,002) and an amount due from Multistar Tank Leasing Company LLC of £52,524 (2021: £nil).

Multistar Container Transport (Pty) Limited:

At the year end, there is an amount owed by Multistar Container Transport Transport Pty Limited of £nil (2021: £15,925).

Islanmore Estates (Pty) Limited:

An administration fee of £23,884 (2021: 21,733) was paid to Islanmore Estates (Pty) Limited during the year. At the year end, there is an amount due to Islanmore Estates (Pty) Limited of £103,765 (2021: £59,609).

Sterlingwood Limited, the parent company:

At the year end, there is a net amount due to Sterlingwood Limited of £160,548 (2021: £166,000).

Transactions with other related parties are as follows:

M & S Shipping (Pty) Ltd, a company related by virtue of significant influence:

Purchases amounting to £nil (2021: £74,888) were made during the year. At the year end, there is a net amount owed by M & S Shipping (Pty) of £1,544,876 (2021: £1,482,221).

Embado Limited, a company related by virtue of control by a close family member:

Purchases amounting to £11,316 (2021: £19,413) were made during the year.

Tangreen Commodities Limited, a company under common directorship:

During the year, sales of £496,178 (2021: £269,259) were made to Tangreen Commodities Limited. At the year end, there is an amount owed by Tangreen Commodities Limited of £1,095,639 (2021: £727,096).

Quay Chemicals Limited, a company under common directorship:

During the year, sales of £71,922 (2021: £129,702) were made to Quay Chemicals Limited. At the year end, there is an amount owed by Quay Chemicals Limited of £192,126 (2021: £nil).

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

29 Related party transactions

(Continued)

Quay Chemicals BV, a company under common directorship:

At the year end, there is an amount owed by Quay Chemicals BV of £3,126 (2021: £nil).

Company

The company takes advantage of the exemption available in FRS 102 whereby it has not disclosed transactions with any wholly owned subsidiary undertaking disclosed in note 16.

The following companies are related parties as they are all fellow subsidiaries of Sterlingwood Limited: Multistar Container Transport Limited.

Transactions and balances with these companies are as follows:

Multistar Container Transport Limited:

During the year, a management charge was invoiced by the company in respect of employment and administration costs incurred on behalf of Multistar Container Transport Limited of £36,768 (2021: £45,062).

Sterlingwood Limited, the parent company:

At the year end, there is a net amount due to Sterlingwood Limited of £160,548 (2021: due from £166,000).

Transactions with other related parties are as follows:

M & S Shipping (Pty) Ltd, a company related by virtue of significant influence:

Purchases amounting to £nil (2021: £74,888) were made during the year. At the year end, there is a net amount owed by M & S Shipping (Pty) of £1,302,451 (2021: £1,654,480).

Embado Limited, a company related by virtue of control by a close family member:

Purchases amounting to £11,316 (2021: £19,413) were made during the year.

Tangreen Commodities Limited, a company under common directorship:

During the year, sales of £496,178 (2021: £269,259) were made to Tangreen Commodities Limited. At the year end, there is an amount owed by Tangreen Commodities Limited of £1,095,639 (2021: £727,096).

Quay

Chemicals Limited, a company under common directorship:

During the year, sales of £71,922 (2021: £129,702) were made to Quay Chemicals Limited. At the year end, there is an amount owed by Quay Chemicals Limited of £192,126 (2021: £nil).

30 Directors' transactions

Group

The group related party relationships and transactions are same as those for the company which have been disclosed.

Dividends to directors

Dividends totalling £131,002 (2021: £135,900) were paid in the year in respect of shares held by the company's directors.

M & S Logistics Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2022

31 Controlling party

The immediate and ultimate parent company is Sterlingwood Limited, a company registered in the British Virgin Islands and does not prepare group financial statements.

The ultimate controlling party is the Quinn Trust which owns 100% of the share capital of Sterlingwood Limited.

32 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	17,559,823	7,159,463
Adjustments for:		
Taxation charged	5,355,345	1,116,842
Finance costs	691,938	717,060
Investment income	(97,533)	(1,702)
Gain on disposal of tangible fixed assets	(7,041)	(8,341)
Amortisation and impairment of intangible assets	67,337	78,676
Depreciation and impairment of tangible fixed assets	1,413,191	1,100,683
Foreign exchange gains on cash equivalents	3,031,346	299,176
Movements in working capital:		
(Increase) in debtors	(3,641,914)	(10,032,097)
Increase in creditors	10,065,377	8,679,872
Cash generated from operations	34,437,869	9,109,632

33 Analysis of changes in net funds/(debt) - group

	1 January 2022 £	Cash flows £	New finance leases £	Exchange rate movements £	31 December 2022 £
Cash at bank and in hand	7,799,034	23,987,605	-	(2,058,847)	29,727,792
Borrowings excluding overdrafts	(23,098)	-	-	(1,251)	(24,349)
Obligations under finance leases	(10,497,345)	3,413,709	(2,038,884)	(827,166)	(9,949,686)
	(2,721,409)	27,401,314	(2,038,884)	(2,887,264)	19,753,757

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