

Company registration number 04390226 (England and Wales)

MARINE SPECIALISED TECHNOLOGY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

MARINE SPECIALISED TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	B W P Kerfoot P T L Hilbert P A Hine
Secretary	Newfield Trust Services Limited
Company number	04390226
Registered office	Riverbank Road Bromborough Wirral CH62 3JQ
Auditor	BWM Tempest Suite 5.1 12 Tithebarn Street Liverpool L2 2DT

MARINE SPECIALISED TECHNOLOGY LIMITED

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MARINE SPECIALISED TECHNOLOGY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present the strategic report for the year ended 30 September 2022.

Fair review of the business

The group has continued to recover from the disruptions caused by the Covid-19 pandemic and is seeing further, significant, growth in the near to medium term. The sales order book is now in excess of £100m and we anticipate that this will give rise to a very substantial increase in turnover over the next 2-3 years as this is turned into sales.

Highlights for the year included:-

- Delivery of the first HPB-1500 for the UK MoD the first in a series of 18 craft for the Ministry of Defence Police
- Secured significant contracts in Italy with the Italian Ministry of Defence
- Major four year contract underway with the Dutch Ministry of Defence to upgrade their Fleet of FRISC® craft built by MST
- New customer - Japanese Navy
- Accreditation of our Environmental Management Systems ISO 14001:2015 Secured for the new Bromborough site along with renewal of our ISO 9001:2015 Quality Management System.

In August 2021 we completed the purchase of the former McTay's shipyard in Bromborough on the Wirral peninsular and, following a large-scale refurbishment of the yard and offices, have moved our main manufacturing business and head office to this site in May and June 2022. This freehold site gives us the ability to build much larger boats in the main build shed which is provided with three travelling gantry cranes and the site provides space for storage and development of further facilities. The site has a 90m slipway into the River Mersey capable of launching and recovering vessels up to 750 tonnes and has a 110 tonne Wise amphibious boat lift allowing boats to be moved out of the water and around the 7 acre site. As part of this move we have taken over the ship maintenance and repair business at the yard focussing mainly on the Wind Farm sector operating in the Irish Sea.

The group aims to lead in innovation in its markets, to build upon its continuing relationships with customers and develop its through-life maintenance work for the installed fleet of boats around the world.

The Group returned an operating profit of £688,392 (2021 - £222,948) on turnover of £14,794,944 (2021 - £12,353,512) for the year. The directors believe that significant opportunities exist to develop the business further and continue to actively pursue sales in its existing and new geographical markets.

Principal risks and uncertainties facing the group

The directors and senior management continually monitor the key risks facing the business as well as assessing the controls used for managing these risks.

We are aware that any plans for the future development of the business may be subject to unforeseen future events outside our control. In particular, the group's activities will be affected by the levels of defence spending in the UK and overseas.

A significant proportion of the group's activities relate to export markets. The decision of the UK to leave the EU continues to present challenges in the group's European markets. Whilst most EU member states have taken a pragmatic approach to dealing with a non-EU member, certain countries have used the UK's new status as a reason not to engage with us.

Firm contracts priced in foreign currencies are managed through the use of appropriate exchange rate hedges.

MARINE SPECIALISED TECHNOLOGY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial risk management objectives and policies

The management of the business and execution of the group's strategy are subject to a number of risks including price risk, exchange rate risk, credit risk and liquidity risk. The use of financial derivatives is governed by the group's policies, approved by the board of directors, which provide written principles on the use of such instruments to manage currency exchange and interest rate risks. The group does not use derivative financial instruments for speculative purposes.

Price risk

The group is exposed to price risk on the parts and components which it buys in. Wherever possible, contracts with suppliers are entered into to match the terms and timing of sales orders.

Exchange rate risk

The group can be significantly exposed to financial risks of foreign currency exchange rates as contracts are frequently taken in currencies other than sterling. These exposures are first matched with purchase contracts taken in the same currencies and any remaining exposure is hedged using forward contracts with UK banks.

Credit risk

The group's principal financial assets are bank balances and cash, trade and other receivables. The group's credit risk is primarily attributed to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. In practice, the group seeks advance payments from commercial customers for its products and obtains letters of credit or similar to cover risks once products are despatched.

Liquidity risk

The group has funded and intends to continue funding its on-going operations and future developments through cash generated from operating activities and secured bank borrowings.

Development and performance

Research and development

During the year the group has undertaken research and development activities as it continues to invest in new designs and to update existing products. The results for the group show research and development expenditure of £253,815 (2021 - £478,775) which has enabled the business to develop innovative products that continue to provide a competitive advantage within the industry.

Key Performance Indicators ("KPI's")

Group management monitors the performance of the operations of each business unit against budgets and forecasts.

KPI's monitored on a daily basis are:

- Order intake and levels of enquiries
- Production progress
- Utilisation of direct labour
- Allocation of designers' time to projects
- Cash headroom and Borrowings

KPI's measured on a weekly or monthly basis are the above plus:

- Profit and Cash Generation
- Debtor, Creditor and Stock days
- On time Delivery Performance
- Turnover/Profit per employee
- Overtime and absentee rates
- Health and Safety record

MARINE SPECIALISED TECHNOLOGY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

On behalf of the board

B W P Kerfoot
Director

30 June 2023

MARINE SPECIALISED TECHNOLOGY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The directors present their annual report and financial statements for the year ended 30 September 2022.

Principal activities

The principal activity of the company continues to be that of a designer, manufacturer and provider of in-service support of high speed and rigid inflatable boats ("RIBs") for military, law enforcement, commercial and search and rescue users worldwide. It also acts as a holding company which manages and co-ordinates the activities of its subsidiary companies, MST Special Products Limited and Specialised Inflatable Technology Limited which carry on related activities.

Results and dividends

The results for the year are set out on page 9.

The group profit for the year amounted to £673,776 (2021: £396,727). An interim dividend on the ordinary shares of the company was paid amounting to £nil (2021 - £nil).

Directors

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

B W P Kerfoot
P T L Hilbert
P A Hine

Auditor

The auditors, BWM, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

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.

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 post-balance sheet events affecting the group, future developments in the business of the group, research and development activities of the group and the financial risk management objectives and policies of the group including the exposure of the group included in the consolidation to price risk, credit risk, liquidity risk and cash flow risk.

On behalf of the board

B W P Kerfoot
Director

30 June 2023

MARINE SPECIALISED TECHNOLOGY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 financial statements;
- prepare the financial statements 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.

MARINE SPECIALISED TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARINE SPECIALISED TECHNOLOGY LIMITED

Opinion

We have audited the financial statements of Marine Specialised Technology Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 which comprise the group statement of comprehensive income, the group balance sheet, the 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 30 September 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.

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.

MARINE SPECIALISED TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MARINE SPECIALISED TECHNOLOGY LIMITED

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 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

MARINE SPECIALISED TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MARINE SPECIALISED TECHNOLOGY LIMITED

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

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

Use of our report

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

Mr Richard Johnson BSc FCA (Senior Statutory Auditor)
For and on behalf of BWM

30 June 2023

Chartered Accountants
Statutory Auditor

Tempest
Suite 5.1
12 Tithebarn Street
Liverpool
L2 2DT

MARINE SPECIALISED TECHNOLOGY LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	14,794,944	12,353,512
Cost of sales		(11,025,515)	(9,702,783)
Gross profit		3,769,429	2,650,729
Administrative expenses		(3,105,358)	(2,480,117)
Other operating income		24,321	52,336
Operating profit	4	688,392	222,948
Interest receivable and similar income	8	44	63
Interest payable and similar expenses	9	(106,216)	(63,308)
Property relocation costs	10	(246,590)	-
Profit before taxation		335,630	159,703
Tax on profit	11	108,350	187,960
Profit for the financial year		443,980	347,663
Other comprehensive income			
Revaluation of tangible fixed assets	13	320,584	60,573
Tax relating to other comprehensive income		(90,788)	(11,509)
Total comprehensive income for the year		673,776	396,727

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

Total comprehensive income for the year is all attributable to the owners of the parent company.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

MARINE SPECIALISED TECHNOLOGY LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		5,805,426		4,925,701
Current assets					
Stocks	17	6,904,254		5,983,286	
Debtors	18	4,461,482		5,119,910	
Cash at bank and in hand		545,727		314,568	
		11,911,463		11,417,764	
Creditors: amounts falling due within one year	19	(8,342,675)		(7,895,102)	
Net current assets			3,568,788		3,522,662
Total assets less current liabilities			9,374,214		8,448,363
Creditors: amounts falling due after more than one year	20		(2,063,527)		(2,274,333)
Provisions for liabilities					
Provisions	23	128,794		141,946	
Deferred tax asset/ liability	24	(23,639)		328	
			(105,155)		(142,274)
Net assets			7,205,532		6,031,756
Capital and reserves					
Called up share capital	26		951,400		451,400
Revaluation reserve			373,467		143,671
Profit and loss reserves			5,880,665		5,436,685
Total equity			7,205,532		6,031,756

The notes on pages 15 to 36 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 30 June 2023 and are signed on its behalf by:

B W P Kerfoot
Director

Company registration number 04390226 (England and Wales)

MARINE SPECIALISED TECHNOLOGY LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		4,471,573		3,831,261
Investments	14		555,155		555,155
			<u>5,026,728</u>		<u>4,386,416</u>
Current assets					
Stocks	17	5,239,453		4,475,642	
Debtors	18	4,435,615		5,556,799	
Cash at bank and in hand		531,357		213,528	
		<u>10,206,425</u>		<u>10,245,969</u>	
Creditors: amounts falling due within one year	19	(8,298,433)		(8,137,189)	
Net current assets			<u>1,907,992</u>		<u>2,108,780</u>
Total assets less current liabilities			<u>6,934,720</u>		<u>6,495,196</u>
Creditors: amounts falling due after more than one year	20		(1,570,708)		(1,754,476)
Provisions for liabilities					
Provisions	23	103,794		116,946	
Deferred tax asset	24	(156,019)		(36,395)	
		<u>52,225</u>		<u>(80,551)</u>	
Net assets			<u><u>5,416,237</u></u>		<u><u>4,660,169</u></u>
Capital and reserves					
Called up share capital	26		951,400		451,400
Revaluation reserve			31,528		-
Profit and loss reserves			<u>4,433,309</u>		<u>4,208,769</u>
Total equity			<u><u>5,416,237</u></u>		<u><u>4,660,169</u></u>

The notes on pages 15 to 36 form part of these financial statements.

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 £224,540 (2021 - £512,547 profit).

The financial statements were approved by the board of directors and authorised for issue on 30 June 2023 and are signed on its behalf by:

B W P Kerfoot
Director

Company registration number 04390226 (England and Wales)

MARINE SPECIALISED TECHNOLOGY LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2020		1,650	94,607	449,750	5,089,022	5,635,029
Year ended 30 September 2021:						
Profit for the year		-	-	-	347,663	347,663
Other comprehensive income:						
Revaluation of tangible fixed assets		-	60,573	-	-	60,573
Tax relating to other comprehensive income		-	(11,509)	-	-	(11,509)
Total comprehensive income		-	49,064	-	347,663	396,727
Bonus issue of shares	26	449,750	-	-	-	449,750
Other movements		-	-	(449,750)	-	(449,750)
Balance at 30 September 2021		451,400	143,671	-	5,436,685	6,031,756
Year ended 30 September 2022:						
Profit for the year		-	-	-	443,980	443,980
Other comprehensive income:						
Revaluation of tangible fixed assets		-	320,584	-	-	320,584
Tax relating to other comprehensive income		-	(90,788)	-	-	(90,788)
Total comprehensive income		-	229,796	-	443,980	673,776
Issue of share capital	26	500,000	-	-	-	500,000
Balance at 30 September 2022		951,400	373,467	-	5,880,665	7,205,532

MARINE SPECIALISED TECHNOLOGY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 October 2020		1,650	-	449,750	3,696,222	4,147,622
Year ended 30 September 2021:						
Profit and total comprehensive income for the year		-	-	-	512,547	512,547
Bonus issue of shares	26	449,750	-	-	-	449,750
Other movements		-	-	(449,750)	-	(449,750)
Balance at 30 September 2021		451,400	-	-	4,208,769	4,660,169
Year ended 30 September 2022:						
Profit for the year		-	-	-	224,540	224,540
Other comprehensive income:						
Revaluation of tangible fixed assets		-	42,037	-	-	42,037
Tax relating to other comprehensive income		-	(10,509)	-	-	(10,509)
Total comprehensive income		-	31,528	-	224,540	256,068
Issue of share capital	26	500,000	-	-	-	500,000
Balance at 30 September 2022		951,400	31,528	-	4,433,309	5,416,237

MARINE SPECIALISED TECHNOLOGY LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	29		1,001,197		(488,344)
Interest paid			(106,216)		(63,308)
Income taxes refunded/(paid)			58		(82)
Net cash inflow/(outflow) from operating activities			895,039		(551,734)
Investing activities					
Purchase of tangible fixed assets		(965,142)		(3,024,525)	
Proceeds on disposal of tangible fixed assets		68,073		-	
Interest received		44		63	
Net cash used in investing activities			(897,025)		(3,024,462)
Financing activities					
Issue of preference shares		500,000		-	
Proceeds from borrowings				400,000	
Proceeds of new bank loans		-		1,510,000	
Repayment of bank loans		(220,531)		(105,106)	
Payment of finance leases obligations		(46,324)		(8,677)	
Net cash generated from financing activities			233,145		1,796,217
Net increase/(decrease) in cash and cash equivalents			231,159		(1,779,979)
Cash and cash equivalents at beginning of year			314,568		2,094,547
Cash and cash equivalents at end of year			545,727		314,568

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

Company information

Marine Specialised Technology Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Riverbank Road, Bromborough, Wirral, CH62 3JQ.

The group consists of Marine Specialised Technology 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 £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Marine Specialised Technology Limited and all of its subsidiaries (ie 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 30 September 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.

1.3 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.

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

1.4 Turnover

Turnover represents amounts receivable for goods and services provided during the year net of VAT and trade discounts.

Revenue is recognised in the period when the material risks and rewards of ownership of the goods have passed to the buyer which would usually be on dispatch of the goods or services or when a pre-determined milestone is reached.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 7 years.

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

1.7 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:

Know how	10 years
----------	----------

Patent costs are expensed when there is considered to be no future benefit to the group.

1.8 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:

Land and buildings Freehold	2% straight line / land not depreciated
Moulds, plant & machinery	10% straight line / 25% reducing balance
Fixtures, fittings & equipment	25% reducing balance
Computer equipment	33% straight line
Motor vehicles	25% reducing balance / 12.75% straight line

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

Freehold land is not depreciated.

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.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in profit or loss.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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.

1.10 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.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Work in progress represents the work carried out at the year end that is not considered billable due to the terms of the contracts under which this work is undertaken. Work in progress is valued on the basis of direct costs. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

1.12 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.

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.14 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.

1.15 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.

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

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

1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

The Group has an obligation to provide warranty costs on boat sales and in respect of repair work for periods between 12 to 24 months from completion of the work. Provisions are provided at rates of between 1% to 2.5% of relevant turnover.

1.17 Employee benefits

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

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

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

1.18 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.19 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 asset's 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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

(Continued)

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.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.20 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.

The Job Retention Scheme grant income will be recognised in the period to which the underlying furloughed staff costs relate to.

1.21 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the group blended rate applicable to such transactions in accordance with the forward currency contracts in place at the year end.

1.22 Group relief

The financial statements have been prepared on the assumption that group relief will be used to facilitate the transfer of corporation tax losses between companies in the group. No compensation is made in respect of any loss relief between companies.

1.23 Share capital

Share capital is recorded at the proceeds received, net of direct issue costs and classified as equity.

1.24 Distributions to equity holders

Dividends to the company's shareholders are recognised as a liability in the financial statements in the period in which they are approved and paid. These amounts are recognised in the statement of changes in equity.

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.

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 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.

Useful economic lives of tangible assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are assessed on initial acquisition and reassessed periodically to ensure they remain appropriate. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. Accounting policy note 1.8 sets out the useful economic lives for each class of asset and carrying values of property plant and equipment is shown in note 13.

Impairment of debtors

The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors management considers factors such as current credit rating, the ageing profile of debtors and historical experience. The carrying amount of trade and other debtors are set out in note 18.

Warranty provisions

In accordance with specific sales agreements the group is obliged to provide warranty services on both its boat builds and repair work. Those provisions are recognised on completion and despatch of the boat or completion of the relevant repair service and are calculated based on an appropriate percentage of the sales price. The period in which the warranty is provided is pre-determined in the sales agreement however the amount of the provision is estimated by directors using their knowledge and expertise of their products and the industry as a whole. Expenditure relating to boats post sale are captured and reviewed to ensure the provision is at an appropriate level. The carrying amount of warranty provisions is set out in note 23.

Absorption costing rates

The group uses estimates and assumptions in calculating labour rates and overhead absorption rates when valuing work in progress. The labour rates are based on the total labour cost for employees in each division divided by the number of productive hours for each division. The overhead absorption rate is based on the total overheads divided by the total number of productive hours for all divisions.

3 Turnover and other revenue

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

	2022	2021
	£	£
Other revenue		
Interest income	44	63
Grants received	17,991	41,654
	<u> </u>	<u> </u>

In the directors' opinion, disclosing the different classes of business and different markets would be seriously prejudicial to the group's interest, therefore the group has taken the decision to exclude this analysis from the financial statements.

Turnover represents the manufacture and maintenance of boats and other equipment.

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	79,189	59,893
Research and development costs	253,815	478,775
Government grants	(17,991)	(41,654)
Depreciation of owned tangible fixed assets	349,256	227,172
Depreciation of tangible fixed assets held under finance leases	-	11,678
Profit on disposal of tangible fixed assets	(11,326)	-
Amortisation of intangible assets	-	58,300
Operating lease charges	135,696	211,615

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 £79,189 loss (2021 - £59,893 loss).

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	15,956	14,505
Audit of the financial statements of the company's subsidiaries	7,750	7,045
	<u>23,706</u>	<u>21,550</u>
For other services		
All other non-audit services	12,846	8,992

6 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
Production	73	62	52	36
Design/Engineering	10	8	10	8
Project Management	3	3	3	3
Administration	30	24	26	20
Directors	3	3	3	3
Total	<u>119</u>	<u>100</u>	<u>94</u>	<u>70</u>

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

6 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	3,744,973	2,884,309	3,160,962	2,278,271
Social security costs	375,783	277,365	328,283	232,925
Pension costs	91,819	73,026	74,416	55,499
	<u>4,212,575</u>	<u>3,234,700</u>	<u>3,563,661</u>	<u>2,566,695</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	<u>159,518</u>	<u>148,197</u>

The directors' remuneration shown above relates to the directors of the parent company only.

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	<u>44</u>	<u>63</u>

	2022 £	2021 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>44</u>	<u>63</u>

9 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	57,079	20,519
Other interest on financial liabilities	<u>40,231</u>	<u>41,654</u>
	97,310	62,173
Other finance costs:		
Interest on finance leases and hire purchase contracts	7,067	1,135
Other interest	<u>1,839</u>	<u>-</u>
Total finance costs	<u>106,216</u>	<u>63,308</u>

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

10 Exceptional item

	2022 £	2021 £
Expenditure		
Costs relating to relocation of premises and vacant property	246,590	-
	<u>246,590</u>	<u>-</u>

11 Taxation

	2022 £	2021 £
Current tax		
Foreign current tax on profits for the current period	6,405	5,770
Adjustments in foreign tax in respect of prior periods	-	(5,242)
	<u>6,405</u>	<u>528</u>
Deferred tax		
Origination and reversal of timing differences	(114,755)	(188,488)
	<u>(114,755)</u>	<u>(188,488)</u>
Total tax credit	<u>(108,350)</u>	<u>(187,960)</u>

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

	2022 £	2021 £
Profit before taxation	335,630	159,703
	<u>335,630</u>	<u>159,703</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	63,770	30,344
Tax effect of expenses that are not deductible in determining taxable profit	379	11,283
Unutilised tax losses carried forward	108,859	346,046
Double tax relief	(8,230)	(7,319)
Group relief	(137)	-
Permanent capital allowances in excess of depreciation	(105,855)	(216,704)
Depreciation on assets not qualifying for tax allowances	66,359	45,575
Research and development tax credit	(110,681)	(209,225)
Other - MST Fleet NL	6,405	528
Deferred tax movement	(114,755)	(188,488)
Tax losses utilised	(15,210)	-
Non-trade loan relationships	2,899	-
	<u>(2,153)</u>	<u>-</u>
Taxation credit	<u>(108,350)</u>	<u>(187,960)</u>

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

11 Taxation

(Continued)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £	2021 £
Deferred tax arising on:		
Revaluation of property	90,788	11,509

The group has unrelieved tax losses carried forward of £2,522,668 (2021: £2,015,242), a deferred tax asset of £630,667 (2021: £382,897) relating to these losses which has been recognised and included in the accounts.

12 Intangible fixed assets

Group	Goodwill £	Know how £	Total £
Cost			
At 1 October 2021 and 30 September 2022	408,100	25,000	433,100
Amortisation and impairment			
At 1 October 2021 and 30 September 2022	408,100	25,000	433,100
Carrying amount			
At 30 September 2022	-	-	-
At 30 September 2021	-	-	-

The company had no intangible fixed assets at 30 September 2022 or 30 September 2021.

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

13 Tangible fixed assets

Group	Land and buildings Freehold	Moulds, plant & machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 October 2021	3,196,199	2,505,350	423,094	537,906	228,417	6,890,966
Additions	300,000	271,152	374,857	19,133	-	965,142
Disposals	-	(89,025)	-	-	(91,586)	(180,611)
Revaluation	253,801	-	-	-	-	253,801
At 30 September 2022	3,750,000	2,687,477	797,951	557,039	136,831	7,929,298
Depreciation and impairment						
At 1 October 2021	15,869	978,635	312,749	529,465	128,547	1,965,265
Depreciation charged in the year	50,916	247,961	25,606	11,038	13,735	349,256
Eliminated in respect of disposals	-	(77,150)	-	-	(46,714)	(123,864)
Revaluation	(66,785)	-	-	-	-	(66,785)
At 30 September 2022	-	1,149,446	338,355	540,503	95,568	2,123,872
Carrying amount						
At 30 September 2022	3,750,000	1,538,031	459,596	16,536	41,263	5,805,426
At 30 September 2021	3,180,330	1,526,715	110,345	8,441	99,870	4,925,701

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

13 Tangible fixed assets

(Continued)

Company	Land and buildings Freehold	Moulds, plant & machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 October 2021	2,196,199	2,246,064	359,060	501,296	224,171	5,526,790
Additions	300,000	267,489	374,857	19,133	-	961,479
Disposals	-	(89,025)	-	-	(91,586)	(180,611)
Revaluation	3,801	-	-	-	-	3,801
At 30 September 2022	2,500,000	2,424,528	733,917	520,429	132,585	6,311,459
Depreciation and impairment						
At 1 October 2021	7,321	787,614	277,602	497,178	125,814	1,695,529
Depreciation charged in the year	30,916	231,865	22,386	7,894	13,397	306,458
Eliminated in respect of disposals	-	(77,150)	-	-	(46,714)	(123,864)
Revaluation	(38,237)	-	-	-	-	(38,237)
At 30 September 2022	-	942,329	299,988	505,072	92,497	1,839,886
Carrying amount						
At 30 September 2022	2,500,000	1,482,199	433,929	15,357	40,088	4,471,573
At 30 September 2021	2,188,878	1,458,450	81,458	4,118	98,357	3,831,261

The carrying value of land comprises:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Freehold	875,000	717,500	875,000	717,500

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

	Group 2022 £	2021 £	Company 2022 £	2021 £
Motor vehicles	-	46,819	-	46,819

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

13 Tangible fixed assets

(Continued)

Group

The Freehold Land and buildings held by Marine Specialised Technology Limited were revalued at £2.5m on 9 January 2023 by Lambert Smith Hampton, independent valuers (not connected with the company) on the basis of market value. The valuation conformed to the Royal Institution of Chartered Surveyors (RICS) Valuation Guidance Standards - Red Book Global Standards.

The Freehold Land and buildings held by Specialised Inflatable Technology Limited were revalued at £1.25m on 10 January 2023 by Lambert Smith Hampton, independent valuers (not connected with the company) on the basis of market value. The valuation conformed to the Royal Institution of Chartered Surveyors (RICS) Valuation Guidance Standards - Red Book Global Standards.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	2022 £	2021 £
Group		
Cost	3,441,042	3,141,042
Accumulated depreciation	(172,266)	(122,454)
Carrying value	<u>3,268,776</u>	<u>3,018,588</u>
Company		
Cost	2,496,199	2,196,199
Accumulated depreciation	(38,236)	(7,321)
Carrying value	<u>2,457,963</u>	<u>2,188,878</u>

14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	15	-	-	555,155	555,155

Movements in fixed asset investments

Company

Shares in
subsidiaries
£

Cost or valuation

At 1 October 2021 and 30 September 2022

555,155

Carrying amount

At 30 September 2022

555,155

At 30 September 2021

555,155

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

15 Subsidiaries

Details of the company's subsidiaries at 30 September 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
MST Fleet Services Limited	England and Wales	Dormant	Ordinary	100.00	-
MST Special Products Limited	England and Wales	Specialised defence products	Ordinary	100.00	-
Specialised Inflatable Technology Limited	England and Wales	Inflatable products manufacture	Ordinary	100.00	-
Subskimmer Limited	England and Wales	Dormant	Ordinary	-	100.00

Subskimmer Limited is a 100% owned subsidiary of MST Special Products Limited.

On 15 July 2022 Marine Specialised Technology Limited exercised its option over the remaining shares in Specialised Inflatable Technology Limited which is now a wholly owned subsidiary.

All of the above companies have been included in the consolidated accounts.

16 Financial instruments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,391,676	4,664,243	2,561,099	4,060,622
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	35,478	-	35,478	-
Measured at amortised cost	6,049,357	3,441,987	5,308,863	2,558,486
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	1,272,694	1,232,418	608,707	592,677
Work in progress	5,631,560	4,750,868	4,630,746	3,882,965
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	6,904,254	5,983,286	5,239,453	4,475,642
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

18 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,537,768	4,020,669	2,021,423	3,829,702
Amounts owed by group undertakings	-	-	548,596	677,704
Other debtors	122,364	137,182	122,111	133,184
Prepayments and accrued income	1,766,550	942,559	1,708,685	896,709
	<u>4,426,682</u>	<u>5,100,410</u>	<u>4,400,815</u>	<u>5,537,299</u>
Amounts falling due after more than one year:				
Other debtors	<u>34,800</u>	<u>19,500</u>	<u>34,800</u>	<u>19,500</u>
Total debtors	<u>4,461,482</u>	<u>5,119,910</u>	<u>4,435,615</u>	<u>5,556,799</u>

19 Creditors: amounts falling due within one year

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Bank loans	21	96,404	106,129	70,721	77,957
Obligations under finance leases	22	-	46,324	-	46,324
Other borrowings	21	131,279	85,821	131,279	85,821
Trade creditors		2,527,581	1,647,537	2,370,574	1,474,826
Amounts owed to group undertakings		-	-	206,751	498,204
Corporation tax payable		8,321	1,858	8,321	1,858
Other taxation and social security		121,273	112,305	108,920	98,935
Government grants		18,990	25,320	-	-
Other creditors		316,676	665,154	313,324	661,490
Accruals and deferred income		5,122,151	5,204,654	5,088,543	5,191,774
		<u>8,342,675</u>	<u>7,895,102</u>	<u>8,298,433</u>	<u>8,137,189</u>

20 Creditors: amounts falling due after more than one year

	Notes	Group 2022	2021	Company 2022	2021
		£	£	£	£
Bank loans and overdrafts	21	1,858,386	1,960,154	1,365,567	1,440,297
Other borrowings	21	<u>205,141</u>	<u>314,179</u>	<u>205,141</u>	<u>314,179</u>
		<u>2,063,527</u>	<u>2,274,333</u>	<u>1,570,708</u>	<u>1,754,476</u>

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

20 Creditors: amounts falling due after more than one year (Continued)

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	5,627	-	-
Payable other than by instalments	-	384,708	-	-
	-	390,335	-	-

21 Loans and overdrafts

	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans	1,954,790	2,066,283	1,436,288	1,518,254
Other loans	336,420	400,000	336,420	400,000
	2,291,210	2,466,283	1,772,708	1,918,254
Payable within one year	227,683	191,950	202,000	163,778
Payable after one year	2,063,527	2,274,333	1,570,708	1,754,476

Security has been given in respect of bank loans and overdrafts for the group of £1,954,790 (2021: £2,066,283). These are secured by a fixed and floating charge over the company's assets.

Security has been given in respect of bank loans and overdrafts for the company of £1,436,288 (2021: £1,518,254). These are secured by a fixed and floating charge over the company's assets.

22 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	-	46,324	-	46,324

Finance lease obligations are secured against the assets to which they relate.

23 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
Warranty provision	128,794	141,946	103,794	116,946

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

23 Provisions for liabilities

(Continued)

Movements on provisions:

	Warranty provision £
Group	
At 1 October 2021	141,946
Reduction in provisions in the year	(13,152)
	<hr/>
At 30 September 2022	128,794
	<hr/> <hr/>
Company	Warranty provision £
At 1 October 2021	116,946
Reduction in provisions in the year	(13,152)
	<hr/>
At 30 September 2022	103,794
	<hr/> <hr/>

24 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Group				
Accelerated capital allowances	484,074	350,356	1,535	832
Tax losses	-	-	630,667	382,897
Revaluations	124,489	33,701	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	608,563	384,057	632,202	383,729
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Company	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Accelerated capital allowances	464,139	331,620	-	-
Tax losses	-	-	630,667	368,015
Revaluations	10,509	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	474,648	331,620	630,667	368,015
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

24 Deferred taxation (Continued)

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability/(Asset) at 1 October 2021	328	(36,395)
Credit to profit or loss	(114,755)	(130,133)
Charge to other comprehensive income	90,788	10,509
Asset at 30 September 2022	(23,639)	(156,019)

25 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	91,819	73,026

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.

26 Share capital

Group and company	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary class 'A' shares of £1 each (2020: 1p each)	223,443	223,443	223,443	223,443
Ordinary class 'B' shares of £1 each (2020: 1p each)	153,476	153,476	153,476	153,476
Ordinary class 'C' shares of £1 each (2020: 1p each)	74,481	74,481	74,481	74,481
	451,400	451,400	451,400	451,400
Preference share capital				
Issued and fully paid				
Redeemable Preference class 'C' shares of £1 each	500,000	-	500,000	-
Preference shares classified as equity			500,000	-
Total equity share capital			951,400	451,400

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

26 Share capital

(Continued)

Ordinary class 'A' shares rank equally in all respects with ordinary class 'B' and ordinary class 'C' shares.

The Redeemable Preference Class 'C' shares were issued at par on 30 September 2022. The shares are redeemable at the company's option but not sooner than 6 months following issue.

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	177,355	177,355	177,355	177,355
Between two and five years	648,368	709,420	648,368	709,420
In over five years	117,406	233,709	117,406	233,709
	<u>943,129</u>	<u>1,120,484</u>	<u>943,129</u>	<u>1,120,484</u>

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	<u>323,234</u>	<u>300,818</u>

The group has taken advantage of the disclosure exemptions to which it is entitled regarding transactions between parent and 100% owned subsidiary companies.

MARINE SPECIALISED TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

29 Cash generated from/(absorbed by) group operations

	2022 £	2021 £
Profit for the year after tax	443,980	347,663
Adjustments for:		
Taxation credited	(108,350)	(187,960)
Finance costs	106,216	63,308
Investment income	(44)	(63)
Gain on disposal of tangible fixed assets	(11,326)	-
Amortisation and impairment of intangible assets	-	58,300
Depreciation and impairment of tangible fixed assets	349,256	238,850
(Decrease)/increase in provisions	(13,152)	64,545
Movements in working capital:		
Increase in stocks	(920,968)	(2,307,646)
Decrease/(increase) in debtors	658,428	(2,093,146)
Increase in creditors	497,157	3,327,805
Cash generated from/(absorbed by) operations	1,001,197	(488,344)

30 Analysis of changes in net debt - group

	1 October 2021 £	Cash flows £	30 September 2022 £
Cash at bank and in hand	314,568	231,159	545,727
Borrowings excluding overdrafts	(2,466,283)	175,073	(2,291,210)
Obligations under finance leases	(46,324)	46,324	-
	(2,198,039)	452,556	(1,745,483)

31 Analysis of changes in net debt - company

	1 October 2021 £	Cash flows £	30 September 2022 £
Cash at bank and in hand	213,528	317,829	531,357
Borrowings excluding overdrafts	(1,918,254)	145,546	(1,772,708)
Obligations under finance leases	(46,324)	46,324	-
	(1,751,050)	509,699	(1,241,351)

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