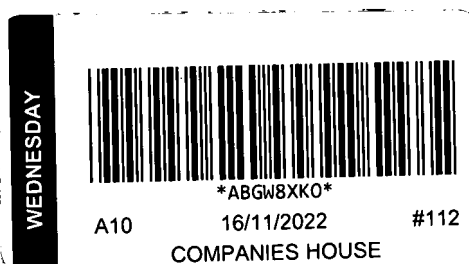


**Company Registration No. 10111491 (England and Wales)**

**SOUTHAMPTON MARINE SERVICES LIMITED**

**ACCOUNTS**

**FOR THE YEAR ENDED 30 JUNE 2022**



# **SOUTHAMPTON MARINE SERVICES LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr C Norman Mr N J Warren	(Appointed 1 August 2022)
<b>Company number</b>	10111491	
<b>Registered office</b>	Kintyre House 70 High Street Fareham Hampshire United Kingdom PO16 7BB	
<b>Auditor</b>	Alliott Wingham Limited Kintyre House 70 High Street Fareham Hants PO16 7BB	
<b>Business address</b>	Western Avenue Western Docks Southampton Hampshire SO15 0HH	

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# **SOUTHAMPTON MARINE SERVICES LIMITED**

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# **SOUTHAMPTON MARINE SERVICES LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 30 JUNE 2022***

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

### **Fair review of the business**

The company provides repair and refit services, including labour support, primarily to the commercial, cruise and defence marine sectors from a number of sites across the UK.

The Financial Statements for the period cover the core repair and refit trade as well as a number of special one-off projects. Against the backdrop of the COVID-19 (Coronavirus) pandemic, Brexit and the impact of the conflict in the Ukraine, it has been a year of continued stabilisation of the business where the senior management team has continued to realise operational efficiencies and react to the challenges of these events.

The shareholders and Board have maintained their support of the company and have continued to see the benefits of a more stable and profitable business through efficiency improvements and a broadening of the customer base.

### **Principal risks and uncertainties**

Company operations are UK centric (with a limited amount of overseas activity) and are subject to a number of risks, the principal area of risk and uncertainty relating to economic conditions prevailing in the UK (and globally to the extent that they affect the UK economy).

The company continues to take measures to ensure that it is not overly reliant on any one UK region, sector or customer.

The company continues to assess the risks and opportunities arising from the UK's exit from the European Union ("Brexit") as well as the ongoing conflict in the Ukraine and evaluate the impact these may have on its activity levels, supply chain and cost base. Whilst the majority of trade is with UK customers (within the UK), the company is aware that the marine industry, as a whole, has seen changes that have and will continue to affect the business. In order to mitigate these risks the company continues to review its supply chain arrangements.

The company is exposed (to a greater or lesser extent) to a variety of financial risks from its operations including price risk, exchange rate risk, credit risk and liquidity risk.

### **Price Risk**

The company has limited exposure to fluctuations in the cost of bought-in goods and services due to the high volume, short-term nature of the majority of trading, enabling it to price appropriately despite the impact of COVID-19, Brexit and the Ukraine conflict. Where larger contracts with fixed pricing are entered, the company seeks to secure pricing for bought-in goods and services at the outset of the project.

### **Exchange Rate Risk**

The company has limited exposure to changes in foreign currency exchange rates as customer invoicing is in GBP, labour is UK based and only a small proportion of bought-in goods and services are non-GBP purchases.

### **Credit Risk**

The company's credit risk relates primarily to its Trade Receivables. The company contracts directly with its customers who range from blue chip companies operating government contracts to small and medium sized entities in the commercial sector. The credit terms granted are proportional to risk profile and larger contracts are invoiced on a stage payment basis (before, during and on completion of the projects).

### **Cash Flow and Liquidity Risk**

The current cash position and short-to-medium term cash flow forecasts are prepared and reviewed on a weekly basis to mitigate cash flow risks and predict any borrowing requirements. The liquidity risk is mitigated by matching payments from customers with the cash outflows on projects and support functions, along with the regular review of the overall working capital position.

# **SOUTHAMPTON MARINE SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 JUNE 2022***

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### **Key performance indicators**

The ongoing financial performance and financial position of the company are closely monitored through a series of key performance indicators which focus on project performance by site, sector, turnover, gross profit and net cash balances. All of these are monitored and were reviewed by the senior management team during the year under review. On turnover of £14.5m (2021 - £12.4m), the gross margin was £3.7m, 25.6% (2021 – £2.9m, 23.7%) and at the year end, there was a cash balance of £0.3m (2021 - £0.9m) and a loan balance of £0.25m (2021 - £1.5m).

On behalf of the board



.....  
**Mr C Norman**  
**Director**  
.....

# **SOUTHAMPTON MARINE SERVICES LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 30 JUNE 2022***

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

### **Principal activities**

The principal activity of the company continued to be the provision of marine engineering services.

### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Directors**

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

Mr P Morton	(Resigned 1 August 2022)
Mr C Norman	
Mr N J Warren	(Appointed 1 August 2022)

### **Auditor**

The auditor, Alliot Wingham Limited, is 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 company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr C Norman  
**Director**

07-11-2022  
Date: .....

# **SOUTHAMPTON MARINE SERVICES LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 JUNE 2022***

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **SOUTHAMPTON MARINE SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SOUTHAMPTON MARINE SERVICES LIMITED**

#### **Opinion**

We have audited the financial statements of Southampton Marine Services Limited (the 'company') for the year ended 30 June 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 30 June 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

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

#### **Other information**

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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



# **SOUTHAMPTON MARINE SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SOUTHAMPTON MARINE SERVICES LIMITED**

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#### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework, the Companies Act 2006, and the relevant tax compliance regulations.

- We considered provisions of other laws and regulations that do not have direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate. These include compliance Money Laundering Regulations 2007 and Proceeds of Crime Act, and the Data Protection Act.

- We understood how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through a review of board minutes.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by meeting with management within the group to understand where they considered there was a susceptibility to fraud.

- Our audit planning identified fraud risks in relation to management override of controls and income recognition. We considered the processes and controls that the Company has established address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors those processes and controls.

# **SOUTHAMPTON MARINE SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SOUTHAMPTON MARINE SERVICES LIMITED**

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- We designed our audit procedures to detect irregularities, including fraud. Our procedures include journal entry testing, with a focus on large or unusual transactions based on our knowledge of the business; enquiries with relevant parties. Third party correspondence review was also carried out with the Company's legal representatives to audit the completeness of any claims and legal matters made available to us.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

*Mark Nolan*

**Mark Nolan FCA**  
**Senior Statutory Auditor**  
**For and on behalf of Elliott Wingham Limited**

07-11-2022  
Date: .....

**Chartered Accountants**  
**Statutory Auditor**

Kintyre House  
70 High Street  
Fareham  
Hants  
PO16 7BB

# SOUTHAMPTON MARINE SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 30 JUNE 2022**

		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£</b>	<b>as restated £</b>
<b>Turnover</b>	<b>3</b>	14,475,850	12,381,861
Cost of sales		(10,772,462)	(9,442,243)
<b>Gross profit</b>		<b>3,703,388</b>	<b>2,939,618</b>
Administrative expenses		(2,976,663)	(2,476,184)
Other operating income		16,883	226,058
<b>Operating profit</b>	<b>4</b>	<b>743,608</b>	<b>689,492</b>
Interest receivable and similar income	<b>8</b>	15	-
Interest payable and similar expenses	<b>9</b>	(10,987)	(29,557)
<b>Profit before taxation</b>		<b>732,636</b>	<b>659,935</b>
Tax on profit	<b>10</b>	(146,961)	(134,192)
<b>Profit for the financial year</b>		<b>585,675</b>	<b>525,743</b>

**SOUTHAMPTON MARINE SERVICES LIMITED****STATEMENT OF COMPREHENSIVE INCOME*****FOR THE YEAR ENDED 30 JUNE 2022***


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	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>as restated £</b>
<b>Profit for the year</b>	<b>585,675</b>	<b>525,743</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b><u>585,675</u></b>	<b><u>525,743</u></b>


# SOUTHAMPTON MARINE SERVICES LIMITED

## BALANCE SHEET

AS AT 30 JUNE 2022

		2022		2021 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Goodwill	11		174,128		212,606
Other intangible assets	11		3		3
Total intangible assets			174,131		212,609
Tangible assets	12		636,548		439,335
Investments	13		100		100
			810,779		652,044
<b>Current assets</b>					
Stocks	14	2,440,530		434,283	
Debtors	15	3,133,740		2,073,657	
Cash at bank and in hand		358,524		902,997	
		5,932,794		3,410,937	
<b>Creditors: amounts falling due within one year</b>	16	(6,157,172)		(2,264,502)	
<b>Net current (liabilities)/assets</b>			(224,378)		1,146,435
<b>Total assets less current liabilities</b>			586,401		1,798,479
<b>Creditors: amounts falling due after more than one year</b>	17		-		(1,839,141)
<b>Provisions for liabilities</b>					
Deferred tax liability	19	105,185		63,797	
			(105,185)		(63,797)
<b>Net assets/(liabilities)</b>			481,216		(104,459)
<b>Capital and reserves</b>					
Called up share capital	21		100		100
Profit and loss reserves			481,116		(104,559)
<b>Total equity</b>			481,216		(104,459)

The financial statements were approved by the board of directors and authorised for issue on 07-11-2022 and are signed on its behalf by:



Mr C Norman  
Director

Company Registration No. 10111491

# SOUTHAMPTON MARINE SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Share capital £	Profit and loss reserves £	Total £
<b>As restated for the period ended 30 June 2021:</b>			
<b>Balance at 1 July 2020</b>	100	(767,525)	(767,425)
Prior period adjustment	-	137,223	137,223
<b>As restated</b>	100	(630,302)	(630,202)
<b>Year ended 30 June 2021:</b>			
Profit and total comprehensive income for the year	-	525,743	525,743
<b>Balance at 30 June 2021</b>	100	(104,559)	(104,459)
<b>Year ended 30 June 2022:</b>			
Profit and total comprehensive income for the year	-	585,675	585,675
<b>Balance at 30 June 2022</b>	100	481,116	481,216

# SOUTHAMPTON MARINE SERVICES LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

		2022		2021 as restated	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	1,006,532		449,318	
Interest paid		(10,987)		(29,557)	
<b>Net cash inflow from operating activities</b>		<u>995,545</u>		<u>419,761</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(301,642)		(223,258)	
Proceeds from disposal of tangible fixed assets		11,609		21,062	
Proceeds from disposal of subsidiaries		-		(100)	
Interest received		15		-	
<b>Net cash used in investing activities</b>		<u>(290,018)</u>		<u>(202,296)</u>	
<b>Financing activities</b>					
Repayment of borrowings		(1,250,000)		(1,192,769)	
Payment of finance leases obligations		-		(3,273)	
<b>Net cash used in financing activities</b>		<u>(1,250,000)</u>		<u>(1,196,042)</u>	
<b>Net decrease in cash and cash equivalents</b>		<u>(544,473)</u>		<u>(978,577)</u>	
Cash and cash equivalents at beginning of year		<u>902,997</u>		<u>1,881,574</u>	
<b>Cash and cash equivalents at end of year</b>		<u><u>358,524</u></u>		<u><u>902,997</u></u>	

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2022

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#### 1 Accounting policies

##### Company information

Southampton Marine Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kintyre House, 70 High Street, Fareham, Hampshire, United Kingdom, PO16 7BB.

#### 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. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

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

Management have determined that with the measures put in place following the financial loss in the year to 30 June 2019 and to address the impact of COVID-19 (Coronavirus), no material uncertainties exist that would need to be disclosed within the financial statements. The company has restructured its cost base to improve processes and efficiencies and at the time of approving the financial statements, demand remains within various business sectors that it operates. The company has developed a flexible cost base to ensure it is prepared to meet the challenges of COVID-19 in other sectors that have been more adversely affected.

#### 1.3 Turnover

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

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

#### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses 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 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.



# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 1 Accounting policies

(Continued)

##### 1.5 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:

Intangible Asset	Nil
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##### 1.6 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:

Plant and equipment	15% reducing balance
Fixtures and fittings	25% reducing balance
Motor vehicles	25% reducing balance

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

##### 1.7 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 company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

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

##### 1.8 Impairment of fixed assets

At each reporting period end date, the company 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.

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 1 Accounting policies

(Continued)

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.

#### 1.9 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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.

#### 1.10 Cash and cash equivalents

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

#### 1.11 Financial instruments

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

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

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

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 1 Accounting policies

(Continued)

##### **Other financial assets**

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

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

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

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

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

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 1 Accounting policies

(Continued)

##### **Other financial liabilities**

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

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

##### **Derecognition of financial liabilities**

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

#### 1.12 Equity instruments

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

#### 1.13 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 company'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 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.

# **SOUTHAMPTON MARINE SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 JUNE 2022**

#### **1 Accounting policies**

**(Continued)**

##### **1.14 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.

##### **1.15 Retirement benefits**

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

##### **1.16 Leases**

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

##### **1.17 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

##### **1.18 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.

#### **2 Judgements and key sources of estimation uncertainty**

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

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

##### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### **Work in progress**

Work in progress is valued at costs to date less net sales of goods or services. Calculation of these figures rely upon judgement of when profit will be realised.

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 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.

##### Property, plant & equipment

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

##### Intangible assets

Intangible assets are amortised over their useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors.

##### Provision for onerous contracts

Provisions for onerous contracts are calculated by estimating the costs of certain projects based on the works still to be carried out under obligation of the contract and offset against the benefits due to be derived from those contracts.

#### 3 Turnover and other revenue

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Marine engineering, building and refit services	14,475,850	12,381,861
	<u>14,475,850</u>	<u>12,381,861</u>
	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
UK	12,621,599	11,988,921
Europe	1,186,586	392,940
Rest of the world	667,665	-
	<u>14,475,850</u>	<u>12,381,861</u>
	2022 £	2021 £
<b>Other revenue</b>		
Interest income	15	-
Grants received	15,536	223,908
	<u>15,536</u>	<u>223,908</u>

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(1,272)	(3,865)
Government grants	(15,536)	(223,908)
Fees payable to the company's auditor for the audit of the company's financial statements	9,000	7,000
Depreciation of owned tangible fixed assets	98,248	61,487
(Profit)/loss on disposal of tangible fixed assets	(5,428)	5,253
Amortisation of intangible assets	38,478	38,478
Operating lease charges	395,188	363,419
	<u>          </u>	<u>          </u>

#### 5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	9,000	7,000
	<u>          </u>	<u>          </u>

#### 6 Employees

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

	2022	2021
	Number	Number
Directors	2	2
Direct Staff	55	57
Admin	16	13
	<u>          </u>	<u>          </u>
Total	73	72
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	3,585,888	3,224,134
Social security costs	20,677	13,086
Pension costs	70,923	51,641
	<u>          </u>	<u>          </u>
	3,677,488	3,288,861
	<u>          </u>	<u>          </u>

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	156,250	103,125
Company pension contributions to defined contribution schemes	12,750	6,750
	<u>169,000</u>	<u>109,875</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

#### 8 Interest receivable and similar income

	2022 £	2021 £
<b>Interest income</b>		
Other interest income	15	-
	<u>15</u>	<u>-</u>

#### 9 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	-	3,728
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	-	829
Other interest	10,987	25,000
	<u>10,987</u>	<u>29,557</u>

#### 10 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	3	-
	<u>3</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	146,958	134,192
	<u>146,958</u>	<u>134,192</u>
<b>Total tax charge</b>	<u>146,961</u>	<u>134,192</u>



# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 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	732,636	659,935
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	139,201	125,388
Tax effect of expenses that are not deductible in determining taxable profit	6,032	1,493
Amortisation on assets not qualifying for tax allowances	7,311	7,311
Deferred tax adjustments in respect of prior years	(2,093)	-
Enhanced allowances	(3,490)	-
Taxation charge for the year	146,961	134,192

#### 11 Intangible fixed assets

	Goodwill £	Intangible Asset £	Total £
<b>Cost</b>			
At 1 July 2021 and 30 June 2022	384,779	3	384,782
<b>Amortisation and impairment</b>			
At 1 July 2021	172,173	-	172,173
Amortisation charged for the year	38,478	-	38,478
At 30 June 2022	210,651	-	210,651
<b>Carrying amount</b>			
At 30 June 2022	174,128	3	174,131
At 30 June 2021	212,606	3	212,609

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 12 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 July 2021	447,730	9,002	205,567	662,299
Additions	80,041	11,821	209,780	301,642
Disposals	-	-	(21,093)	(21,093)
At 30 June 2022	527,771	20,823	394,254	942,848
<b>Depreciation and impairment</b>				
At 1 July 2021	141,859	1,233	79,872	222,964
Depreciation charged in the year	50,630	3,669	43,949	98,248
Eliminated in respect of disposals	-	-	(14,912)	(14,912)
At 30 June 2022	192,489	4,902	108,909	306,300
<b>Carrying amount</b>				
At 30 June 2022	335,282	15,921	285,345	636,548
At 30 June 2021	305,871	7,769	125,695	439,335

#### 13 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries		100	100

#### 14 Stocks

	2022 £	2021 £
Work in progress	2,440,530	434,283

#### 15 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,719,248	1,406,253
Other debtors	20,784	145,610
Prepayments and accrued income	341,532	364,048
	3,081,564	1,915,911
Deferred tax asset (note 19)	52,176	157,746
	3,133,740	2,073,657

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 16 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Other borrowings	18	250,000	-
Trade creditors		1,370,689	763,414
Corporation tax		3	-
Other taxation and social security		399,607	501,559
Other creditors		3,722,305	668,503
Accruals and deferred income		414,568	331,026
		<u>6,157,172</u>	<u>2,264,502</u>

#### 17 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Other borrowings	18	-	1,500,000
Taxation and social security		-	339,141
		<u>-</u>	<u>1,839,141</u>

#### 18 Loans and overdrafts

	2022 £	2021 £
Other loans	<u>250,000</u>	<u>1,500,000</u>
Payable within one year	250,000	-
Payable after one year	<u>-</u>	<u>1,500,000</u>

#### 19 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Balances:</b>				
Accelerated capital allowances	105,185	63,797	-	-
Tax losses	-	-	52,176	157,746
	<u>105,185</u>	<u>63,797</u>	<u>52,176</u>	<u>157,746</u>

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 19 Deferred taxation (Continued)

	2022 £
<b>Movements in the year:</b>	
Asset at 1 July 2021	(93,949)
Charge to profit or loss	146,958
Liability at 30 June 2022	<u>53,009</u>

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

#### 20 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>70,923</u>	<u>51,641</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 21 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Each share has full rights in the company with respect to voting, dividends and distributions.

#### 22 Operating lease commitments

##### Lessee

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

	2022 £	2021 £
Within one year	391,352	390,171
Between two and five years	793,383	954,329
In over five years	894,550	1,001,600
	<u>2,079,285</u>	<u>2,346,100</u>

#### 23 Control

The company has no ultimate controlling party.

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 24 Events after the reporting date

On 1 August 2022, a management buyout was completed which saw ownership of Southampton Marine Services Limited transfer to Marine Services Top Co Ltd. The shareholders of the new parent company are Mr C Norman and Mr N Warren, who was also appointed as a director of Southampton Marine Services on that date.

On 1 August 2022, the company entered into a new lease term for its Southampton site. The lease term runs for 5 years, 7 months and 18 days until 18 March 2028, with an initial rental charge of £125,000 per annum.

The company is currently in negotiations to lease a new site in Devonport. Notice has been served on its existing lease, in accordance with the terms of the lease. At the time of approving these financial statements, no new lease has been signed.

The company is in negotiations to renew the terms of its lease at the existing Lowestoft site. At the time of approving these financial statements, there remains a future commitment to pay rentals under the current terms. This has been disclosed in the above future commitments note.

The company is in negotiations to potentially lease a new site in Scotland. At the time of approving these financial statements, nothing has been signed.

#### 25 Related party transactions

##### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Services provided		Goods & services received	
	2022	2021	2022	2021
	£	£	£	£
Other related parties	3,575	-	255,883	287,657
	<u>3,575</u>	<u>-</u>	<u>255,883</u>	<u>287,657</u>

The following amounts were outstanding at the reporting end date:

	2022	2021
	£	£
Amounts due to related parties		
Other related parties	7,201	14,739
	<u>7,201</u>	<u>14,739</u>

Allied Developments Ltd, a company Mr P Morton is also a director of, provided services during the year amounting to £47,400 (2021: £66,135). At the reporting date £4,740 (2021: £4,740) was owed to them.

Global Services (Europe) Ltd, a company Mr P Morton is also a director of, provided goods & services during the year amounting to £184,442 (2021: £202,245). At the reporting date, £0 (2021: £8,439) was owed to them.

Shemara Refit LLP, an LLP of which Mr P Morton is a designated member, provided services during the year amounting to £1,300 (2021: £15,600). At the reporting date, £0 (2021: £1,560) was owed to them.

Wight Shipyard Co Limited, a company Mr P Morton is also a director of, provided services during the year amounting to £22,741 (2021: £3,677). At the reporting date, £2,461 (2021: £0) was owed to them.

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 25 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	2022	2021
	£	£
<b>Amounts due from related parties</b>		
Other related parties	2,010	-

Global Services (Europe) Ltd, a company Mr P Morton is also a director of, were provided with services during the year amounting to £3,575. (2021: £0). At the reporting date, they owed £2,010 (2021: £0)

#### 26 Prior period adjustment

##### Reconciliation of changes in equity

	1 July 2020	30 June 2021
	£	£
<b>Adjustments to prior year</b>		
R&D credit 2020	-	137,223
Equity as previously reported	(767,425)	(241,682)
Equity as adjusted	(767,425)	(104,459)
<b>Analysis of the effect upon equity</b>		
Profit and loss reserves	-	137,223

##### Reconciliation of changes in profit for the previous financial period

	2021
	£
Total adjustments	-
Profit as previously reported	525,743
Profit as adjusted	525,743

#### Notes to reconciliation

##### R&D credit

2020 Research and development claim resulting in now unused losses of £722,226 being carried forward. This meant a deferred tax movement of £137,223 was required.

# SOUTHAMPTON MARINE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 27 Cash generated from operations

	2022 £	2021 £
Profit for the year after tax	585,675	525,743
<b>Adjustments for:</b>		
Taxation charged	146,961	134,192
Finance costs	10,987	29,557
Investment income	(15)	-
(Gain)/loss on disposal of tangible fixed assets	(5,428)	5,253
Amortisation and impairment of intangible assets	38,478	38,478
Depreciation and impairment of tangible fixed assets	98,248	61,487
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(2,006,247)	301,335
(Increase)/decrease in debtors	(1,165,653)	33,748
Increase/(decrease) in creditors	3,303,526	(680,475)
<b>Cash generated from operations</b>	<b>1,006,532</b>	<b>449,318</b>

#### 28 Analysis of changes in net funds/(debt)

	1 July 2021 £	Cash flows £	30 June 2022 £
Cash at bank and in hand	902,997	(544,473)	358,524
Borrowings excluding overdrafts	(1,500,000)	1,250,000	(250,000)
	<u>(597,003)</u>	<u>705,527</u>	<u>108,524</u>