

Registered number
04527156

SMS Towage Limited
Report and Financial Statements
31 March 2022

SMS Towage Limited
Report and Financial Statements
Contents

	Page
Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5
Income Statement	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

SMS Towage Limited

Company Information

Directors

P. Escreet
G. P. Escreet
A. Barry
S. Clarke

Secretary

Mrs. C. A. Escreet

Auditors

Everson & Co. Limited
Francis House
Humber Place
The Marina
Hull
HU1 1UD

Bankers

Natwest
1 Humber Quays
Wellington Street West
Hull
HU1 1DG

Registered office

Francis House
Humber Place
The Marina
Hull
HU1 1UD

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SMS Towage Limited

Strategic Report

Review of the business

The company owns and operates a fleet of tugs which provide port towage services to shipping companies in various ports around the UK.

The company has seen very strong growth in the year following the decline in the previous year caused by Brexit and Covid 19 issues.

The directors acted towards the end of the last financial year to address the company's over reliance on the business on the River Humber. Following a review of vessel utilisation and business opportunities in the UK several vessels were allocated to ports in the North East. The directors are very pleased both with the level of new business obtained and the opportunity to work with new customers.

At the balance sheet date the company had net assets of amounting to £25,298,280, an increase of £4,277,376 from the previous year. The company remains in a strong financial position and this will enable the company to continue to follow the strategic path set out by the directors.

The key performance indicators of the company are turnover and the number of vessels being operated by the company. Turnover for the year has increased from £12,123,674 to £17,901,042. During the year the company operated 18 vessels compared to 17 for the previous year.

Whilst the company has made a profit for the year of £614,613, the increase in the value of the vessels has resulted in total comprehensive income for the year of £4,337,376.

Principal risks and uncertainties

The principal risk faced by the company would be a significant reduction in its business should the UK enter a deep recession that impacts port activity and hence the company's revenues. The directors are alert to and would look to align the cost base to a significant reduction in business.

World oil prices have increased dramatically due to demand and the war in Ukraine. Fuel costs are a significant cost for the company and fuel prices remain extremely high. Fortunately, the company's terms of business enable fuel cost increases to be passed on to customers.

Manpower costs are the principal cost to the business. The directors recognise the inflationary pressures impacting the company and the need to remain competitive as a tug operator and employer.

This report was approved by the board on 7 September 2022 and signed on its behalf.

P. Escreet

Director

SMS Towage Limited

Registered number: 04527156

Directors' Report

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

Principal activities

The company's principal activity during the year continued to be the provision of port towage services and offshore support work.

Dividends

An interim dividend of £60,000 was paid during the year (2021 - £60,000).

Events since the balance sheet date

On 1 January 2022 the company contracted for the purchase of a tug at a cost of £3,748,000. The vessel is expected to be delivered in November 2022. On 20 April 2022 the company contracted for the purchase of a tug at a cost of £3,887,500. The vessel is expected to be delivered in October 2022. On 22 April 2022 the company contracted for the purchase of a tug at a cost of £2,674,135. The vessel was delivered in May 2022. On 26 May 2022 the company disposed of a tug for £640,000. The carrying value of the tug at the balance sheet date was £570,000. Financing of the vessels being purchased has been secured.

Directors

The following persons served as directors during the year:

P. Escreet
G. P. Escreet
A. Barry
S. Clarke

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 7 September 2022 and signed on its behalf.

P. Escreet
Director

SMS Towage Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 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 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 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.

SMS Towage Limited

Independent Auditor's Report

to the member of SMS Towage Limited

Opinion

We have audited the financial statements of SMS Towage Limited for the year ended 31 March 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis of 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 the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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.

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

We made enquiries of directors as to the company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud. We also reviewed board minutes.

We performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries. These included identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those

matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Terence Fred Everson Jnr FCCA
(Senior Statutory Auditor)
for and on behalf of
Everson & Co. Limited
Accountants and Statutory Auditors
7 September 2022

Francis House
Humber Place
The Marina
Hull
HU1 1UD

SMS Towage Limited
Income Statement
for the year ended 31 March 2022

	Notes	2022 £	2021 £
Turnover	3	17,901,042	12,123,674
Cost of sales		(10,045,012)	(7,834,860)
Gross profit		<u>7,856,030</u>	<u>4,288,814</u>
Administrative expenses		(6,508,382)	(6,269,815)
Other operating income		76,680	106,128
Operating profit/(loss)	4	<u>1,424,328</u>	<u>(1,874,873)</u>
(Loss)/profit on sale of fixed assets		(1,004)	14,479
Income from investments		166,500	-
Interest receivable		1,144	-
Interest payable	7	(534,720)	(606,793)
Profit/(loss) on ordinary activities before taxation		<u>1,056,248</u>	<u>(2,467,187)</u>
Tax on profit/(loss) on ordinary activities	8	(441,635)	230,223
Profit/(loss) for the financial year		<u><u>614,613</u></u>	<u><u>(2,236,964)</u></u>

SMS Towage Limited
Statement of Comprehensive Income
for the year ended 31 March 2022

	Notes	2022	2021
		£	£
Profit/(loss) for the financial year		614,613	(2,236,964)
Other comprehensive income			
Gain on revaluation of vessels	9	4,492,503	3,680,385
Deferred taxation arising on the revaluation of vessels	17	(769,740)	(1,447,144)
Total comprehensive income for the year		<u>4,337,376</u>	<u>(3,723)</u>

SMS Towage Limited
Statement of Financial Position
as at 31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	9	43,140,170	39,071,075
Investments	10	673,727	673,727
		<u>43,813,897</u>	<u>39,744,802</u>
Current assets			
Stocks	11	502,969	213,440
Debtors	12	3,261,452	3,207,792
Cash at bank and in hand		3,010,020	525,785
		<u>6,774,441</u>	<u>3,947,017</u>
Creditors: amounts falling due within one year	13	(3,216,098)	(3,554,229)
Net current assets		<u>3,558,343</u>	<u>392,788</u>
Total assets less current liabilities		<u>47,372,240</u>	<u>40,137,590</u>
Creditors: amounts falling due after more than one year	14	(17,226,000)	(15,038,466)
Provisions for liabilities			
Deferred taxation	17	(4,847,960)	(4,078,220)
Net assets		<u>25,298,280</u>	<u>21,020,904</u>
Capital and reserves			
Called up share capital	18	500,000	500,000
Other reserves	19	16,306,162	12,790,186
Profit and loss account	20	8,492,118	7,730,718
Total equity		<u>25,298,280</u>	<u>21,020,904</u>

P. Escreet

Director

Approved by the board on 7 September 2022

SMS Towage Limited
Statement of Changes in Equity
for the year ended 31 March 2022

	Share capital	Other reserves	Profit and loss account	Total
	£	£	£	£
At 1 April 2020	500,000	11,325,628	9,258,999	21,084,627
Loss for the financial year			(2,236,964)	(2,236,964)
Gain on revaluation of vessels		3,680,385		3,680,385
Deferred taxation arising on the revaluation of vessels		(1,447,144)		(1,447,144)
Other comprehensive income for the financial year	-	2,233,241	-	2,233,241
Total comprehensive income for the financial year	-	2,233,241	(2,236,964)	(3,723)
Dividends			(60,000)	(60,000)
Transfers		(768,683)	768,683	-
At 31 March 2021	<u>500,000</u>	<u>12,790,186</u>	<u>7,730,718</u>	<u>21,020,904</u>
At 1 April 2021	500,000	12,790,186	7,730,718	21,020,904
Profit for the financial year			614,613	614,613
Gain on revaluation of vessels		4,492,503		4,492,503
Deferred taxation arising on the revaluation of vessels		(769,740)		(769,740)
Other comprehensive income for the financial year	-	3,722,763	-	3,722,763
Total comprehensive income for the financial year	-	3,722,763	614,613	4,337,376
Dividends			(60,000)	(60,000)
Transfers		(206,787)	206,787	-
At 31 March 2022	<u>500,000</u>	<u>16,306,162</u>	<u>8,492,118</u>	<u>25,298,280</u>

SMS Towage Limited
Statement of Cash Flows
for the year ended 31 March 2022

	Notes	2022 £	2021 £
Operating activities			
Profit/(loss) for the financial year		614,613	(2,236,964)
Adjustments for:			
Loss/(profit) on sale of fixed assets		1,004	(14,479)
Income from investments		(166,500)	-
Interest receivable		(1,144)	-
Interest payable		534,720	606,793
Tax on profit/(loss) on ordinary activities		441,635	(230,223)
Depreciation		4,024,008	3,789,609
Increase in stocks		(289,529)	(12,201)
Increase in debtors		(53,660)	(795,174)
(Decrease)/increase in creditors		(365,036)	653,366
		<u>4,740,111</u>	<u>1,760,727</u>
Dividends received		166,500	-
Interest received		1,144	-
Interest paid		(530,415)	(606,049)
Interest element of finance lease payments		(4,305)	(744)
Corporation tax paid		-	(135,513)
Cash generated by operating activities		<u>4,373,035</u>	<u>1,018,421</u>
Investing activities			
Payments to acquire tangible fixed assets		(3,625,784)	(235,403)
Proceeds from sale of tangible fixed assets		24,180	815,104
Cash (used in)/generated by investing activities		<u>(3,601,604)</u>	<u>579,701</u>
Financing activities			
Equity dividends paid		(60,000)	(60,000)
Proceeds from new loans		22,545,200	16,850,000
Repayment of loans		(20,170,869)	(11,613,465)
Capital element of finance lease payments		(601,527)	(7,332,115)
Cash generated by/(used in) financing activities		<u>1,712,804</u>	<u>(2,155,580)</u>
Net cash generated/(used)			
Cash generated by operating activities		4,373,035	1,018,421
Cash (used in)/generated by investing activities		(3,601,604)	579,701
Cash generated by/(used in) financing activities		1,712,804	(2,155,580)

Net cash generated/(used)	2,484,235	(557,458)
Cash and cash equivalents at 1 April	<u>525,785</u>	<u>1,083,243</u>
Cash and cash equivalents at 31 March	<u>3,010,020</u>	<u>525,785</u>
Cash and cash equivalents comprise:		
Cash at bank	<u>3,010,020</u>	<u>525,785</u>

SMS Towage Limited
Notes to the Accounts
for the year ended 31 March 2022

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Vessels	10% straight line
Plant and machinery	15% reducing balance
Leasehold property improvements	over the lease term
Motor vehicles	25% reducing balance

Investments

Investments in subsidiaries, associates and joint ventures are measured at cost less any accumulated impairment losses. Listed investments are measured at fair value. Unlisted investments are measured at fair value unless the value cannot be measured reliably, in which case they are measured at cost less any accumulated impairment losses. Changes in fair value are included in the profit and loss account.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first in first out method. The carrying amount of stock sold is recognised as an expense in the period in which the related revenue is recognised.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

Taxation

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period. Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used. Current and deferred tax assets and liabilities are not discounted.

Provisions

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

Foreign currency translation

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

Leased assets

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases. The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction in the outstanding liability using the effective interest rate method. The finance charge is allocated to each period during the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability. Leased assets are depreciated in accordance with the company's policy for tangible fixed assets. If there is no reasonable certainty that ownership will be obtained at the end of the lease term, the asset is depreciated over the lower of the lease term and its useful life. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

Pensions

Contributions to defined contribution plans are expensed in the period to which they relate.

2 Critical accounting estimates and judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of plant and machinery and motor vehicles

The company estimates the useful lives of plant and machinery and motor vehicles based on the period over which the assets are expected to be available for use. The estimated useful lives of plant and machinery and motor vehicles are reviewed periodically and are updated in expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of plant and machinery and motor vehicles are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

Allowance for doubtful debts

The Company makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analysed historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance of doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

Allowance for inventories written down

Reviews are made periodically by management on damaged, obsolete and slowmoving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

3 Analysis of turnover	2022	2021
	£	£
Services rendered	<u>17,901,042</u>	<u>12,123,674</u>
By geographical market:		
UK	<u>17,901,042</u>	<u>12,123,674</u>
 4 Operating profit	 2022	 2021
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	4,024,008	3,736,450
Depreciation of assets held under finance leases and hire purchase contracts	-	53,159
Operating lease rentals - land and buildings	56,750	49,750
Auditors' remuneration for audit services	9,000	9,000
Auditors' remuneration for other services	1,190	2,372
Key management personnel compensation (including directors' emoluments)	<u>222,111</u>	<u>215,971</u>

5 Directors' emoluments	2022	2021
	£	£
Emoluments	215,279	213,291
Company contributions to defined contribution pension plans	6,832	2,680
	<u>222,111</u>	<u>215,971</u>
Highest paid director:		
Emoluments	72,554	87,705
Company contributions to defined contribution pension plans	-	109
	<u>72,554</u>	<u>87,814</u>
Number of directors to whom retirement benefits accrued:	2022	2021
	Number	Number
Defined contribution plans	<u>2</u>	<u>3</u>
6 Staff costs	2022	2021
	£	£
Wages and salaries	1,109,013	865,109
Social security costs	118,402	97,302
Other pension costs	28,651	18,544
Direct labour - vessel crews	4,645,487	4,060,495
	<u>5,901,553</u>	<u>5,041,450</u>
Average number of employees during the year	Number	Number
Administration	33	28
Crew	136	115
	<u>169</u>	<u>143</u>
7 Interest payable	2022	2021
	£	£
Bank loans and overdrafts	530,415	606,049
Finance charges payable under finance leases and hire purchase contracts	4,305	744
	<u>534,720</u>	<u>606,793</u>
8 Taxation	2022	2021
	£	£

Analysis of charge in period

Current tax:

UK corporation tax on profits of the period	441,635	(183,246)
Deferred tax:		
Origination and reversal of timing differences	-	(46,977)
Tax on profit/(loss) on ordinary activities	441,635	(230,223)

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2022	2021
	£	£
Profit/(loss) on ordinary activities before tax	1,056,248	(2,467,187)
Standard rate of corporation tax in the UK	19%	19%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	200,687	(468,766)
Effects of:		
Expenses not deductible for tax purposes	(25,656)	(34,888)
Depreciation for period in excess of capital allowances	266,604	287,348
Crystallisation of deferred gains	-	33,060
Current tax charge for period	441,635	(183,246)

Factors that may affect future tax charges

It was proposed in the 2021 Budget that the corporation tax main rate will increase to 25% from 1 April 2023.

9 Tangible fixed assets

	Vessels	Plant and machinery	Motor vehicles	Total
	<i>At valuation</i>	<i>At cost</i>	<i>At cost</i>	
	£	£	£	£
Cost or valuation				
At 1 April 2021	38,827,137	282,953	267,485	39,377,575
Additions	3,500,213	23,216	102,355	3,625,784
Revaluation	536,728	-	-	536,728
Disposals	-	(51,167)	(42,550)	(93,717)
At 31 March 2022	42,864,078	255,002	327,290	43,446,370

Depreciation

At 1 April 2021	-	209,215	97,285	306,500
Charge for the year	3,955,775	13,534	54,699	4,024,008
Revaluation	(3,955,775)	-	-	(3,955,775)
On disposals	-	(40,059)	(28,474)	(68,533)
At 31 March 2022	<u>-</u>	<u>182,690</u>	<u>123,510</u>	<u>306,200</u>

Carrying amount

At 31 March 2022	<u>42,864,078</u>	<u>72,312</u>	<u>203,780</u>	<u>43,140,170</u>
At 31 March 2021	<u>38,827,137</u>	<u>73,738</u>	<u>170,200</u>	<u>39,071,075</u>

	2022	2021
	£	£
Carrying amount of vessels on cost basis	<u>20,970,878</u>	<u>21,256,594</u>

The vessels were revalued at open market value as at 31 March 2022 by Offshore Shipbrokers Limited of 17 Blossom Street, London, E1 6PL.

	2022	2021
	£	£
Carrying value of vessels included above held under finance leases and hire purchase contracts	<u>-</u>	<u>1,501,799</u>

10 Investments

	Other investments
	£
Cost	
At 1 April 2021	673,727
At 31 March 2022	<u>673,727</u>

The company holds 20% or more of the share capital of the following companies:

Company	Shares held		Capital and reserves	Profit (loss) for the year
	Class	%	£	£
Belfast Towage Limited	Ordinary	33	<u>2,803,982</u>	<u>773,931</u>

The registered office of Belfast Towage Limited is situated at Clarendon House, 23 Clarendon Road, Belfast, BT1 3BG.

11 Stocks	2022	2021
	£	£

Raw materials and consumables	502,969	213,440
	<u> </u>	<u> </u>
12 Debtors	2022	2021
	£	£
Trade debtors	2,300,518	2,133,512
Other debtors	825,760	512,746
Prepayments and accrued income	135,174	561,534
	<u>3,261,452</u>	<u>3,207,792</u>
13 Creditors: amounts falling due within one year	2022	2021
	£	£
Bank loans	1,914,000	1,899,494
Obligations under finance lease and hire purchase contracts	-	429,236
Trade creditors	652,469	1,038,296
Corporation tax	441,635	-
Other taxes and social security costs	7,953	10,846
Other creditors	52,963	35,791
Accruals and deferred income	147,078	140,566
	<u>3,216,098</u>	<u>3,554,229</u>
14 Creditors: amounts falling due after one year	2022	2021
	£	£
Bank loans	17,226,000	14,866,175
Obligations under finance lease and hire purchase contracts	-	172,291
	<u>17,226,000</u>	<u>15,038,466</u>
15 Loans	2022	2021
	£	£
Loans not wholly repayable within five years:		
Loan 3 (monthly payments to 15 May 2025 - 2.85% over base)	-	10,584,715
	<u> </u>	<u> </u>
Analysis of maturity of debt:		
Within one year or on demand	1,914,000	1,899,495
Between one and two years	1,914,000	1,641,339
Between two and five years	15,312,000	2,640,120
After five years	-	10,584,715
	<u>19,140,000</u>	<u>16,765,669</u>

The bank loans are secured by mortgages secured on the vessels owned by the company and by a debenture provided by the company.

16 Obligations under finance leases and hire purchase contracts			2022	2021
			£	£
Amounts payable:				
Within one year			-	429,236
Within two to five years			-	172,291
			<u>-</u>	<u>601,527</u>
17 Deferred taxation			2022	2021
			£	£
Revaluation of vessels			<u>4,847,960</u>	<u>4,078,220</u>
			2022	2021
			£	£
At 1 April			4,078,220	2,678,053
Credited to the profit and loss account			-	(46,977)
Charged to other comprehensive income			769,740	1,447,144
			<u>4,847,960</u>	<u>4,078,220</u>
18 Share capital			2022	2021
	Nominal value	2022 Number	£	£
Allotted, called up and fully paid:				
Ordinary shares	£1 each	500,000	<u>500,000</u>	<u>500,000</u>
19 Other reserves			2022	2021
Revaluation reserve			£	£
At 1 April			12,790,186	11,325,628
Gain on revaluation of land and vessels			4,492,503	3,680,385
Deferred taxation arising on the revaluation of vessels			(769,740)	(1,447,144)
Transfer to profit and loss account			(206,787)	(768,683)
			<u>16,306,162</u>	<u>12,790,186</u>
20 Profit and loss account			2022	2021
			£	£
At 1 April			7,730,718	9,258,999
Profit/(loss) for the financial year			614,613	(2,236,964)
Dividends			(60,000)	(60,000)
Transfer to profit and loss account			206,787	768,683

At 31 March	<u>8,492,118</u>	<u>7,730,718</u>
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21 Dividends	2022	2021
	£	£

Dividends on ordinary shares (note 20)	<u>60,000</u>	<u>60,000</u>
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22 Events after the reporting date

On 1 January 2022 the company contracted for the purchase of a tug at a cost of £3,748,000. The vessel is expected to be delivered in November 2022. On 20 April 2022 the company contracted for the purchase of a tug at a cost of £3,887,500. The vessel is expected to be delivered in October 2022. On 22 April 2022 the company contracted for the purchase of a tug at a cost of £2,674,135. The vessel was delivered in May 2022. On 26 May 2022 the company disposed of a tug for £640,000. The carrying value of the tug at the balance sheet date was £570,000. Financing of the vessels being purchased has been secured.

23 Capital commitments	2022	2021
	£	£

Amounts contracted for but not provided in the accounts	<u>3,748,000</u>	<u>-</u>
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24 Defined benefit pension plans

The company made contributions to defined contribution pension schemes for directors, staff and crew amounting to £112,394 during the year (2021 - £97,035). The company expects to make contributions amounting to £120,000 during the year to 31 March 2023 however no provision has been made in relation to this commitment.

25 Contingent liabilities

The company has provided a guarantee to Danske Bank to secure the borrowings of Belfast Towage Limited, a company in which SMS Towage Limited holds an interest. The guarantee provided is in the amount of £675,000.

26 Related party transactions	2022	2021
	£	£

SMS Towage (Bristol Channel) Limited

P. Escreet (Director) holds an interest in the company

Sales to the related party	-	878,582
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Purchases from the related party	118,894	166,729
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Loan provided to related party	480,000	
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Amount due from (to) the related party	(511,911)	92,480
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SMS Self Administered Pension Scheme

P. Escreet (Director) is a trustee of the scheme

Rent paid to related party	56,750	49,750
Amount due from (to) the related party	(476)	(37,733)

Belfast Towage Limited

SMS Towage Limited holds an interest in the company

Sales to the related party	847,999	696,900
Purchases from related party	38,190	8,000
Amount due from (to) the related party	103,557	170,760
Redeemable preference shares held in related party	266,667	266,667

P. Escreet

P. Escreet (Director) holds an interest in the company

Dividends paid to related party	31,200	31,200
Amount due from (to) the related party	(27,427)	(21,591)

Mrs. C. A. Escreet

Mrs. C. A. Escreet (Secretary) holds an interest in the company

Dividends paid to related party	<u>28,800</u>	<u>28,800</u>
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27 Controlling party

The company was controlled throughout the financial year by Mr. P. Escreet by virtue of his controlling interest in the share capital of the company.

28 Presentation currency

The financial statements are presented in Sterling rounded to the nearest Pound.

29 Legal form of entity and country of incorporation

SMS Towage Limited is a private company limited by shares and incorporated in England and Wales.

30 Principal place of business

The address of the company's principal place of business is:

Ocean House
Livingstone Road
Hessle
HU13 0EG

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