Registered number
04527156

SMS Towage Limited

Report and Financial Statements

31 March 2023

SMS Towage Limited

Report and Financial Statements

Contents

SMS Towage Limited

Company Information

Directors

P. Escreet

G. P. Escreet

A. Barry

S. Clarke

R. Burnett

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.

Despite reporting a loss, the directors are pleased with the performance of the company in the year which has seen strong growth in its port operations. The reasons for the loss include increases in interest rates and payroll costs. The company continues to invest in its fleet and has continued its programme of fleet upgrades in the year with the addition of three modern vessels in place of retired older vessels. The growth of our fleet also results in higher depreciation costs and the opportunity to have more managed drydocking identifying timely, but expensive remedial works.

The company is aware of its responsibility to reduce its output of CO2 and has invested significantly in on board vessel technology to monitor fuel consumption and engine performance in real-time. Other oil reduction investments have been made in ultra-filtration of engine oil to significantly extend time between oil changes and, in co-operation with port authorities, to replace onboard deck generators with onshore electrical power.

At the balance sheet date the company had net assets of amounting to £28,546,596, an increase of £3,248,316 from the previous year. The company remains in a strong financial position and this will enable the company to continue to follow the stategic 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 £17,901,042 to £20,178,452. During the year the company operated 17 vessels compared to 18 for the previous year.

Whilst the company has made a loss for the year of £823,953, the increase in the value of the vessels has resulted in total comprehensive income for the year of £3,308,316.

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.

General inflation and interest rate rises have been a feature of the last financial year. Cost pressures within the company in most areas have been a challenge. The company has been able to partly mitigate the impact on its margins by raising tariffs. The fall in crude oil prices over the last year has been welcome. Fuel oil prices have fallen although they remain significantly above their pre-Covid levels.

Staff recruitment has remained a challenge throughout the year. Growth has required recruitment of additional support staff and the company faces the cost pressures associated with staff recruitment and retention. To mitigate this issue the company has invested significantly in new IT systems to support staff productivity and decision making.

This report was approved by the board on 5 October 2023 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 2023.

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 (2022 - £60,000).

Events since the balance sheet date

On 11 January 2023 the company contracted for the purchase of a tug at a cost of £4,357,778. The vessel was delivered on 8 August 2023.

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 5 October 2023 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 2023 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 2023 and of its loss 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 frauid. 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 commerical 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)	Francis House
for and on behalf of	Humber Place
Everson & Co. Limited	The Marina
Accountants and Statutory Auditors	Hull
5 October 2023	HU1 1UD

SMS Towage Limited

Income Statement

for the year ended 31 March 2023

	Notes	2023	2022
		£	£
Turnover	3	20,178,452	17,901,042
Cost of sales		(12,453,930)	(10,045,012)
Gross profit		7,724,522	7,856,030
Administrative expenses		(7,640,896)	(6,508,382)
Other operating income		-	76,680
Operating profit	4	83,626	1,424,328
Profit/(loss) on sale of fixed assets		120,533	(1,004)
Income from investments		250,000	166,500
Interest receivable		-	1,144
Interest payable	7	(1,118,535)	(534,720)
(Loss)/profit on ordinary activities before taxation		(664,376)	1,056,248
Tax on (loss)/profit on ordinary activities	8	(159,577)	(441,635)
(Loss)/profit for the financial year		(823,953)	614,613

SMS Towage Limited
Statement of Comprehensive Income
for the year ended 31 March 2023

	Notes	2023	2022
		£	£
(Loss)/profit for the financial year		(823,953)	614,613
Other comprehensive income			
Gain on revaluation of vessels	9	4,911,876	4,492,503
Deferred taxation arising on the revaluation of vessels	16	(779,607)	(769,740)
Total comprehensive income for the year		3,308,316	4,337,376

SMS Towage Limited
Statement of Financial Position
as at 31 March 2023

	Notes		2023		2022
			£		£
Fixed assets					
Tangible assets	9		51,294,623		43,140,170
Investments	10		673,727		673,727
			51,968,350		43,813,897
Current assets					
Stocks	11	530,994		502,969	
Debtors	12	5,167,940		3,261,452	
Cash at bank and in hand		1,877,267		3,010,020	
		7,576,201		6,774,441	
Creditors: amounts falling due within one year	13	(4,218,888)		(3,216,098)	
Net current assets			3,357,313		3,558,343
Total assets less current liabilities			55,325,663		47,372,240
Creditors: amounts falling due after more than one year	14		(21,151,500)		(17,226,000)
Provisions for liabilities					
Deferred taxation	16		(5,627,567)		(4,847,960)
Net assets			28,546,596		25,298,280
Capital and reserves					
Called up share capital	17		500,000		500,000
Other reserves	18		17,146,488		16,306,162
Profit and loss account	19		10,900,108		8,492,118
Total equity			28,546,596		25,298,280

P. Escreet
Director
Approved by the board on 5 October 2023

SMS Towage Limited

Statement of Changes in Equity

for the year ended 31 March 2023

	Share capital	Other reserves	Profit and loss account	Total
	£	£	£	£
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	500,000	16,306,162	8,492,118	25,298,280
At 1 April 2022	500,000	16,306,162	8,492,118	25,298,280
Loss for the financial year			(823,953)	(823,953)
Gain on revaluation of vessels		4,911,876		4,911,876
Other comprehensive income for the financial year	-	4,132,269	-	4,132,269
Total comprehensive income for the financial year	-	4,132,269	(823,953)	3,308,316
Transfers		(3,291,943)	3,291,943	-
At 31 March 2023	500,000	17,146,488	10,900,108	28,546,596

SMS Towage Limited
Statement of Cash Flows
for the year ended 31 March 2023

	Notes	2023	2022
		£	£
Operating activities			
(Loss)/profit for the financial year		(823,953)	614,613
Adjustments for:			
(Profit)/loss on sale of fixed assets		(120,533)	1,004
Income from investments		(250,000)	(166,500)
Interest receivable		-	(1,144)
Interest payable		1,118,535	534,720
Tax on (loss)/profit on ordinary activities		159,577	441,635
Depreciation		4,782,923	4,024,008
Increase in stocks		(28,025)	(289,529)
Increase in debtors		(1,906,488)	(53,660)
Increase/(decrease) in creditors		606,848	(365,036)
		3,538,884	4,740,111
Dividends received		250,000	166,500
Interest received		-	1,144
Interest paid		(1,118,535)	(530,415)
Interest element of finance lease payments		-	(4,305)
Corporation tax paid		(441,635)	-
Cash generated by operating activities		2,228,714	4,373,035
Investing activities			
Payments to acquire tangible fixed assets		(11,404,776)	(3,625,784)
Proceeds from sale of tangible fixed assets		3,499,809	24,180
Cash used in investing activities		(7,904,967)	(3,601,604)
Financing activities			
Equity dividends paid		(60,000)	(60,000)
Proceeds from new loans		6,780,000	22,545,200
Repayment of loans		(2,176,500)	(20,170,869)
Capital element of finance lease payments		-	(601,527)
Cash generated by financing activities		4,543,500	1,712,804
Net cash (used)/generated			
Cash generated by operating activities		2,228,714	4,373,035
Cash used in investing activities		(7,904,967)	(3,601,604)
Cash generated by financing activities		4,543,500	1,712,804

Net cash (used)/generated	(1,132,753)	2,484,235
Cash and cash equivalents at 1 April	3,010,020	525,785
Cash and cash equivalents at 31 March	1,877,267	3,010,020
Cash and cash equivalents comprise:		
Cash at bank	1,877,267	3,010,020

SMS Towage Limited

Notes to the Accounts

for the year ended 31 March 2023

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

	2023	2022
	£	£
Services rendered	20,178,452	17,901,042
By geographical market:		
UK	20,178,452	17,901,042

4 Operating profit

	2023	2022
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	4,782,923	4,024,008
Operating lease rentals - land and buildings	53,600	56,750
Auditors' remuneration for audit services	9,000	9,000
Auditors' remuneration for other services	400	1,190
Key management personnel compensation (including directors' emoluments)	218,638	222,111

5 Directors' emoluments

	2023	2022
	£	£
Emoluments	210,368	215,279
Company contributions to defined contribution pension plans	8,270	6,832
	218,638	222,111

Highest paid director:		
Emoluments	82,086	72,554

Number of directors to whom retirement benefits accrued:	**2023**	**2022**
	Number	**Number**
Defined contribution plans	2	2

6 Staff costs

	2023	2022
	£	£
Wages and salaries	1,235,921	1,109,013
Social security costs	135,768	118,402
Other pension costs	38,052	28,651
Direct labour - vessel crews	5,591,970	4,645,487
	7,001,711	5,901,553

Average number of employees during the year	**Number**	**Number**
Administration	35	33
Crew	137	136
	172	169

7 Interest payable

	2023	2022
	£	£
Bank loans and overdrafts	1,118,535	530,415
Finance charges payable under finance leases and hire purchase contracts	-	4,305
	1,118,535	534,720

8 Taxation

	2023	2022
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	159,577	441,635

Tax on profit on ordinary activities	159,577	441,635

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:

	2023	**2022**
	£	**£**
(Loss)/profit on ordinary activities before tax	(664,376)	1,056,248
Standard rate of corporation tax in the UK	19%	19%
	£	**£**
Profit on ordinary activities multiplied by the standard rate of corporation tax	(126,231)	200,687
Effects of:		
Expenses not deductible for tax purposes	(57,591)	(58,716)
Depreciation for period in excess of capital allowances	343,399	266,604
Crystalisation of deferred gains	-	33,060
Current tax charge for period	159,577	441,635

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**
	At valuation	*At cost*	*At cost*	
	£	**£**	**£**	**£**
Cost or valuation				
At 1 April 2022	42,864,078	255,002	327,290	43,446,370
Additions	11,112,678	171,624	120,474	11,404,776
Revaluation	421,114	-	-	421,114
Disposals	(3,539,206)	-	(58,879)	(3,598,085)
At 31 March 2023	50,858,664	426,626	388,885	51,674,175
Depreciation				
At 1 April 2022	-	182,690	123,510	306,200
Charge for the year	4,683,461	35,212	64,250	4,782,923
Revaluation	(4,490,762)	-	-	(4,490,762)
On disposals	(192,699)	-	(26,110)	(218,809)
At 31 March 2023	-	217,902	161,650	379,552

Carrying amount				
At 31 March 2023	50,858,664	208,724	227,235	51,294,623
At 31 March 2022	42,864,078	72,312	203,780	43,140,170

	2023	2022
	£	£
Carrying amount of vessels on cost basis	27,360,949	20,970,878

The vessels were revalued at open market value as at 31 March 2023 by Offshore Shipbrokers Limited of of Artillery House, Lower Level, 35 Artillery Lane, London, E1 7LP.

10 Investments

	Other investments
	£
Cost	
At 1 April 2022	673,727
At 31 March 2023	673,727

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	2,718,785	664,803

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

11 Stocks

	2023	2022
	£	£
Raw materials and consumables	530,994	502,969

12 Debtors

	2023	2022
	£	£
Trade debtors	2,551,239	2,300,518
Other debtors	1,665,678	825,760
Prepayments and accrued income	951,023	135,174
	5,167,940	3,261,452

13 Creditors: amounts falling due within one year

	2023	2022

	2023 £	2022 £
Bank loans	2,592,000	1,914,000
Trade creditors	1,205,939	652,469
Corporation tax	159,577	441,635
Other taxes and social security costs	7,034	7,953
Other creditors	77,587	52,963
Accruals and deferred income	176,751	147,078
	4,218,888	3,216,098

14 Creditors: amounts falling due after one year

	2023 £	2022 £
Bank loans	21,151,500	17,226,000

15 Loans

	2023 £	2022 £
Analysis of maturity of debt:		
Within one year or on demand	2,592,000	1,914,000
Between one and two years	2,592,000	1,914,000
Between two and five years	18,559,500	15,312,000
	23,743,500	19,140,000

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

16 Deferred taxation

	2023 £	2022 £
Revaluation of vessels	5,624,041	4,847,960

	2023 £	2022 £
At 1 April	4,847,960	4,078,220
Charged to other comprehensive income	779,607	769,740
At 31 March	5,627,567	4,847,960

17 Share capital

	Nominal value	2023 Number	2023 £	2022 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	500,000	500,000	500,000

18 Other reserves

Revaluation reserve	2023	2022
	£	£
At 1 April	16,306,162	12,790,186
Gain on revaluation of land and vessels	4,911,876	4,492,503
Deferred taxation arising on the revaluation of vessels	(779,607)	(769,740)
Transfer to profit and loss account	(3,291,943)	(206,787)
At 31 March	17,146,488	16,306,162

19 Profit and loss account

	2023	2022
	£	£
At 1 April	8,492,118	7,730,718
(Loss)/profit for the financial year	(823,953)	614,613
Dividends	(60,000)	(60,000)
Transfer to profit and loss account	3,291,943	206,787
At 31 March	10,900,108	8,492,118

20 Dividends

	2023	2022
	£	£
Dividends on ordinary shares (note 19)	60,000	60,000

21 Events after the reporting date

On 11 January 2023 the company contracted for the purchase of a tug at a cost of £4,357,778. The vessel was delivered on 8 August 2023.

22 Capital commitments

	2023	2022
	£	£
Amounts contracted for but not provided in the accounts	4,357,778	3,748,000

23 Defined benefit pension plans

The company made contributions to defined contribtion pension schemes for directors, staff and crew amounting to £168,173 during the year (2022 - £112,394). The company expects to make contributions amounting to £170,000 during the year to 31 March 2024 however no provision has been made in relation to this commitment.

24 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.

25 Related party transactions

	2023	2022
	£	£
SMS Towage (Bristol Channel) Limited		
P. Escreet (Director) holds an interest in the company		
Purchases from the related party	-	118,894
Loan provided to related party	441,450	480,000
Amount due from (to) the related party	830,000	511,911
SMS Self Administered Pension Scheme		
P. Escreet (Director) is a trustee of the scheme		
Rent paid to related party	53,000	56,750
Amount due from (to) the related party	748	(476)
Belfast Towage Limited		
SMS Towage Limited holds an interest in the company		
Sales to the related party	759,378	847,999
Purchases from related party	-	38,190
Amount due from (to) the related party	142,124	103,557
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	(33,193)	(27,427)
Mrs. C. A. Escreet		
Mrs. C. A. Escreet (Secretary) held an interest in the company		
Dividends paid to related party	28,800	28,800

26 Controlling party

The company was controlled throughout the financial year by Mr. P. Escreet.

27 Presentation currency

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

28 Legal form of entity and country of incorporation

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

29 Principal place of business

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

Ocean House
Livingstone Road
Hessle
HU13 0EG