

Company Registration No. SC101936 (Scotland)

Gael Force Marine Equipment Limited

**Annual report and financial statements
for the year ended 31 December 2022**

Gael Force Marine Equipment Limited

Company information

Directors	S Graham R Foster S J J Offord J M Young
Secretary	R Foster
Company number	SC101936
Registered office	136 Anderson Street Inverness IV3 8DH
Independent auditor	Saffery LLP Kintail House Beechwood Park Inverness IV2 3BW

Gael Force Marine Equipment Limited

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Gael Force Marine Equipment Limited

Strategic report

For the year ended 31 December 2022

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

Review of the business

The principal activities of the company continued to be the manufacture and supply of moorings and other equipment to the aquaculture industry; the manufacture and supply of commercial fishing equipment; and the distribution and sales of commercial and leisure marine equipment.

Turnover in 2022 was significantly increased to £15.645M. The Directors continue to believe that the markets in which we operate, provide strong and sustainable underlying growth opportunities for the business over the medium to long term. The company's focus on reinvestment in continual business improvement and product development across the group continue to position us strongly for long term sustained and significant growth.

We have revised and refreshed our ambitious growth strategy which is focussed on: Elevating our Workforce; Next generation Product Development; Sector Leading Customer Service which will Retain and Build Market Share and support further Export Sales Growth. Underpinning that strategy and all our activities and business planning are our Gael Force Group Vision and Core Values, which remain our guiding principles.

Principal risks and uncertainties

The main risk to the company is a serious downturn in the Scottish aquaculture industry or loss of, or financial failure of, a major customer within that sector. The company works to a detailed Annual Business Plan which seeks to achieve continuing growth within a long term strategy for the group as a whole. There are clear financial and other key targets and objectives for the business, which are monitored and managed continuously. A high priority continues to be managing working capital and to improving free cash flow for ongoing investment in growth.

Key performance indicators

Performance is measured against financial and other KPIs. The following financial KPIs are derived from values as stated in the audited accounts.

	Annual Movement
P&L	2022 / 2021
Gross profit %	26% / 24%
Pre-tax profit %	9.4% / 2.7%
Balance sheet	
Net Asset Value	£7.66m / £6.48m

With funding and cash management provided on a group basis by the company's parent, Gael Force Group Limited, KPI's relating to capital are measured at group rather than company level and are reported on in the consolidated accounts.

Gael Force Marine Equipment Limited

Strategic report (continued)
For the year ended 31 December 2022

On behalf of the board

S Graham
Director

29 September 2023

Gael Force Marine Equipment Limited

Directors' report

For the year ended 31 December 2022

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

Results and dividends

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

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:

S Graham
R Foster
S J J Offord
J M Young

Auditor

Saffery LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic Report

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

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

S Graham
Director

29 September 2023

Gael Force Marine Equipment Limited

**Directors' responsibilities statement
For the year ended 31 December 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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.

Gael Force Marine Equipment Limited

Independent auditor's report

To the members of Gael Force Marine Equipment Limited

Opinion

We have audited the financial statements of Gael Force Marine Equipment Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of income and retained earnings, the balance sheet 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 31 December 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.

Gael Force Marine Equipment Limited

Independent auditor's report (continued)

To the members of Gael Force Marine Equipment Limited

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.

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 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.

Gael Force Marine Equipment Limited

Independent auditor's report (continued)

To the members of Gael Force Marine Equipment Limited

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

Gael Force Marine Equipment Limited

Independent auditor's report (continued)

To the members of Gael Force Marine Equipment Limited

There are inherent limitations in the audit procedures described above 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 would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

Eunice McAdam (Senior Statutory Auditor)

For and on behalf of Saffery LLP

29 September 2023

Chartered Accountants

Statutory Auditors

Kintail House
Beechwood Park
Inverness
IV2 3BW

Gael Force Marine Equipment Limited

**Statement of income and retained earnings
For the year ended 31 December 2022**

		2022	2021
	Notes	£	£
Turnover	3	15,644,581	13,168,810
Cost of sales		(11,546,248)	(10,058,800)
Gross profit		4,098,333	3,110,010
Administrative expenses		(2,645,259)	(2,834,167)
Other operating income		-	76,578
Operating profit	4	1,453,074	352,421
Interest payable and similar expenses	8	(95)	(1,043)
Profit before taxation		1,452,979	351,378
Tax on profit	9	(275,652)	18,449
Profit for the financial year		1,177,327	369,827
Retained earnings brought forward		6,409,514	6,039,687
Retained earnings carried forward		7,586,841	6,409,514

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Gael Force Marine Equipment Limited

Balance sheet

As at 31 December 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		205		1,025
Tangible assets	11		48,877		63,183
			<u>49,082</u>		<u>64,208</u>
Current assets					
Stocks	12	2,461,379		2,276,575	
Debtors	13	8,544,504		6,924,357	
Cash at bank and in hand		686,656		677,695	
		<u>11,692,539</u>		<u>9,878,627</u>	
Creditors: amounts falling due within one year	14	<u>(4,077,222)</u>		<u>(3,451,906)</u>	
Net current assets			<u>7,615,317</u>		<u>6,426,721</u>
Total assets less current liabilities			<u>7,664,399</u>		<u>6,490,929</u>
Creditors: amounts falling due after more than one year	15		-		(1,006)
Provisions for liabilities					
Deferred tax liability	18	1,920		4,771	
		<u>(1,920)</u>		<u>(4,771)</u>	
Net assets			<u><u>7,662,479</u></u>		<u><u>6,485,152</u></u>
Capital and reserves					
Called up share capital	20		68,770		68,770
Capital redemption reserve			6,868		6,868
Profit and loss reserves			7,586,841		6,409,514
Total equity			<u><u>7,662,479</u></u>		<u><u>6,485,152</u></u>

Gael Force Marine Equipment Limited

Balance sheet (continued)

As at 31 December 2022

The financial statements were approved by the board of directors and authorised for issue on 29 September 2023 and are signed on its behalf by:

S Graham

Director

Company Registration No. SC101936

Gael Force Marine Equipment Limited

Notes to the financial statements For the year ended 31 December 2022

1 Accounting policies

Company information

Gael Force Marine Equipment Limited is a private company limited by shares incorporated in Scotland. The registered office is 136 Anderson Street, Inverness, IV3 8DH.

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for each category of financial instrument and basis of determining fair values;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Gael Force Marine Equipment Limited is a wholly owned subsidiary of Gael Force Group Limited, which is a wholly owned subsidiary of Gael Force Group Holdings Limited, and the results of Gael Force Marine Equipment Limited are included in the consolidated financial statements of Gael Force Group Holdings Limited which are publicly available.

1.2 Going concern

The group prepares projections which demonstrate their ability to continue to meet all liabilities as they fall due. At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in the preparation of the financial statements.

1 Accounting policies (continued)

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 from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), 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.

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.

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:

Leasehold improvements	- 5% straight line
Plant and equipment	- 20-33% straight line
Fixtures and fittings	- 20% straight line
Computers	- 20% straight line

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

1.7 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).

1 Accounting policies (continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value.

Cost is calculated using the weighted average cost method.

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.

1.9 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.

1.10 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. Financial assets classified as receivable within one year are not amortised.

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 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.

1 Accounting policies (continued)

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.

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, 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.

Derecognition of financial liabilities

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

1.11 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.

1.12 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.

1 Accounting policies (continued)

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. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 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.

1.14 Retirement benefits

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

1.15 Leases

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

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

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

Gael Force Marine Equipment Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

1 Accounting policies (continued)

1.16 Government grants

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

1.17 Foreign exchange

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

2 Critical accounting 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.

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.

Stock provision

In common with all businesses carrying trading stock, the company faces the possibility that stock held will not recover its carrying value at point of sale. The directors calculate a specific provision to allow for this based on the time that items have been held in stock. As with any estimate, this is subject to events proving otherwise where tested, but the directors do not consider that this amounts to significant risk.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Marine equipment	15,644,581	13,168,810

Gael Force Marine Equipment Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

3 Turnover and other revenue (continued)

	2022	2021
	£	£
Turnover analysed by geographical market		
UK	15,014,214	12,449,504
Rest of Europe	567,898	669,344
Rest of World	62,469	49,962
	<u>15,644,581</u>	<u>13,168,810</u>

	2022	2021
	£	£
Other revenue		
Grants received	-	76,578
	<u>-</u>	<u>76,578</u>

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(34,226)	5,332
Government grants	-	(76,578)
Depreciation of owned tangible fixed assets	20,354	19,065
Profit on disposal of tangible fixed assets	(8,317)	(1,596)
Amortisation of intangible assets	820	3,075
Operating lease charges	24,329	68,176
	<u>24,329</u>	<u>68,176</u>

5 Employees

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

	2022	2021
	Number	Number
Management, back-office and sales	44	49
Shop, yard, warehouse and workshop	41	46
	<u>85</u>	<u>95</u>
Total	85	95

Gael Force Marine Equipment Limited**Notes to the financial statements (continued)****For the year ended 31 December 2022****5 Employees (continued)**

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	1,648,073	1,747,658
Social security costs	153,284	237,258
Pension costs	45,107	50,891
	<u>1,846,464</u>	<u>2,035,807</u>

6 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	90,000	89,561
Company pension contributions to defined contribution schemes	1,321	-
	<u>91,321</u>	<u>89,561</u>

7 Auditor's remuneration

The audit fee payable has been incurred by the parent company, Gael Force Group Limited.

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	-	25
Interest on finance leases and hire purchase contracts	95	304
Other interest	-	714
	<u>95</u>	<u>1,043</u>

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	278,503	66,751
Adjustments in respect of prior periods	-	(89,971)
	<u>278,503</u>	<u>(23,220)</u>

Gael Force Marine Equipment Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

9 Taxation

	2022	2021
	£	£ (continued)
Deferred tax		
Origination and reversal of timing differences	(1,971)	(1,001)
Changes in tax rates	(623)	1,145
Adjustment in respect of prior periods	(257)	4,627
	<u>(2,851)</u>	<u>4,771</u>
Total deferred tax	<u>(2,851)</u>	<u>4,771</u>
 Total tax charge/(credit)	 <u>275,652</u>	 <u>(18,449)</u>

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

	2022	2021
	£	£
Profit before taxation	<u>1,452,979</u>	<u>351,378</u>
 Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	 276,066	 66,762
Tax effect of expenses that are not deductible in determining taxable profit	597	1
Tax effect of income not taxable in determining taxable profit	(131)	(1,012)
Adjustments in respect of prior years	(257)	(85,344)
Effect of change in corporation tax rate	(623)	1,144
	<u>275,652</u>	<u>(18,449)</u>
Taxation charge/(credit) for the year	<u>275,652</u>	<u>(18,449)</u>

Gael Force Marine Equipment Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

10 Intangible fixed assets

	Goodwill	Patents & licences	Development costs	Total
	£	£	£	£
Cost				
At 1 January 2022 and 31 December 2022	60,477	55,087	4,100	119,664
Amortisation and impairment				
At 1 January 2022	60,477	55,087	3,075	118,639
Amortisation charged for the year	-	-	820	820
At 31 December 2022	60,477	55,087	3,895	119,459
Carrying amount				
At 31 December 2022	-	-	205	205
At 31 December 2021	-	-	1,025	1,025

11 Tangible fixed assets

	Leasehold improvements	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
Cost					
At 1 January 2022	42,008	1,051,321	-	-	1,093,329
Additions	-	1,400	6,875	-	8,275
Disposals	-	(2,959)	-	-	(2,959)
Transfers	-	(972,880)	45,855	22,802	(904,223)
At 31 December 2022	42,008	76,882	52,730	22,802	194,422
Depreciation and impairment					
At 1 January 2022	15,290	1,014,856	-	-	1,030,146
Depreciation charged in the year	5,242	9,982	2,924	2,206	20,354
Eliminated in respect of disposals	-	(732)	-	-	(732)
Transfers	-	(956,802)	38,616	13,963	(904,223)
At 31 December 2022	20,532	67,304	41,540	16,169	145,545
Carrying amount					
At 31 December 2022	21,476	9,578	11,190	6,633	48,877
At 31 December 2021	26,718	36,465	-	-	63,183

Gael Force Marine Equipment Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

11 Tangible fixed assets (continued)

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

	2022	2021
	£	£
Plant and equipment	3,750	7,500
	<u> </u>	<u> </u>

12 Stocks

	2022	2021
	£	£
Finished goods and goods for resale	2,461,379	2,276,575
	<u> </u>	<u> </u>

13 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	2,252,615	1,520,353
Amounts owed by group undertakings	5,987,310	5,068,720
Other debtors	24,288	101,777
Prepayments and accrued income	280,291	233,507
	<u> </u>	<u> </u>
	8,544,504	6,924,357
	<u> </u>	<u> </u>

14 Creditors: amounts falling due within one year

		2022	2021
	Notes	£	£
Bank loans and overdrafts	16	586,695	-
Obligations under finance leases	17	1,483	4,584
Trade creditors		1,321,389	1,406,707
Amounts owed to group undertakings		528,327	357,092
Corporation tax		228,042	60,145
Other taxation and social security		1,203,774	1,037,670
Other creditors		6,363	115,148
Accruals and deferred income		201,149	470,560
		<u> </u>	<u> </u>
		4,077,222	3,451,906
		<u> </u>	<u> </u>

Gael Force Marine Equipment Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

15 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Obligations under finance leases	17	-	1,006
		<u> </u>	<u> </u>

16 Loans and overdrafts

	2022 £	2021 £
Bank overdrafts	586,695	-
	<u> </u>	<u> </u>
Payable within one year	586,695	-
	<u> </u>	<u> </u>

The bank overdraft was secured by a bond and floating charge over the whole assets of the company.

17 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	1,483	4,584
In two to five years	-	1,006
	<u> </u>	<u> </u>
	1,483	5,590
	<u> </u>	<u> </u>

Finance lease obligations are secured over the related assets.

18 Deferred taxation

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

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
Accelerated capital allowances	1,920	4,771
	<u> </u>	<u> </u>

Gael Force Marine Equipment Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

18 Deferred taxation (continued)

	2022
	£
Movements in the year:	
Liability at 1 January 2022	4,771
Credit to profit or loss	(2,851)
	<u>1,920</u>
Liability at 31 December 2022	<u>1,920</u>

19 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	45,107	50,891
	<u>45,107</u>	<u>50,891</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.

20 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	68,770	68,770	68,770	68,770
	<u>68,770</u>	<u>68,770</u>	<u>68,770</u>	<u>68,770</u>

The company has one class of ordinary share which carry full voting rights but no right to fixed income or repayment of capital. Distributions are at the discretion of the company.

21 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	-	17,613
Between two and five years	-	9,706
	<u>-</u>	<u>27,319</u>
	<u>-</u>	<u>27,319</u>

Gael Force Marine Equipment Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

22 Financial commitments, guarantees and contingent liabilities

There is a cross corporate guarantee in place between Gael Force Marine Equipment Limited and other group companies.

23 Related party transactions

Transactions with related parties

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

	Sales 2022 £	Sales 2021 £
Other related parties	-	11,499
	=====	=====
	2022 £	2021 £
Amounts due to related parties		
Other related parties	-	53,103
	=====	=====

Other related parties represent other group entities which are not wholly owned within the group. Amounts owed from and to other related parties are included within debtors and creditors respectively at the year end. These amounts are interest free and have no fixed terms of repayment. No security has been provided on any balances.

The company has taken advantage of the section 33.1A exemption available in FRS 102 from the requirement to disclose related party transactions with wholly owned group companies.

24 Ultimate controlling party

The immediate parent company and the smallest group which the company is consolidated into is Gael Force Group Limited.

The ultimate parent company is Gael Force Group Holdings Limited and the registered office is 136 Anderson Street, Inverness, IV3 8DH.

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