

Company registration number 11055912 (England and Wales)

ARKSEN LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

ARKSEN LIMITED

COMPANY INFORMATION

Directors	Mohamed Asker Fawmy Jasper Dominic Christian Smith Rupert Francois Rohan
Company number	11055912
Registered office	Aberdeen House South Road Haywards Heath England RH16 4NG
Auditor	MUS Accountants Limited 268 Bath Road, Regus Office 146 Slough SL1 4DX

ARKSEN LIMITED

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ARKSEN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the company continued to be that of manufacturing and designing of boats.

Results and dividends

The results for the year are set out on page 6.

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

No preference 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:

Mohamed Asker Fawmy
Jasper Dominic Christian Smith
Rupert Francois Rohan

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of directors' responsibilities

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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

ARKSEN LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mohamed Asker Fawmy
Director

Jasper Dominic Christian Smith
Director

Rupert Francois Rohan
Director

26 September 2024

ARKSEN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARKSEN LIMITED

Opinion

We have audited the financial statements of ARKSEN LIMITED (the 'company') for the year ended 31 December 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

ARKSEN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARKSEN LIMITED (CONTINUED)

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 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.

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence;
- capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation.

We also considered potential fraud drivers: including financial or other pressures, opportunity, override of controls and personal or corporate motivations. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing journals, evaluating the business rationale of significant transactions outside the normal course of business and validating the appropriateness of internal controls and significant accounting estimations based on our fraud risk criteria;

ARKSEN LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARKSEN LIMITED (CONTINUED)

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims.

We obtained understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those related to the financial reporting framework, tax regulations in the jurisdictions in which the company operates.

Based on this understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved: making enquiries of management, those responsible for legal and compliance procedures and reviewing other correspondence.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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, 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.

Other matters which we are required to address

we draw to your attention that the comparative period financial statements were unaudited as the company was previously below the audit threshold, however, this did not relieve us of the requirement to obtain sufficient appropriate audit evidence that the opening balances do not contain misstatements that materially affect the current period's financial statements.

Mr Muhammad Salar Arain FCCA (Senior Statutory Auditor)
For and on behalf of MUS Accountants Limited

27 September 2024

Chartered Certified Accountants
Statutory Auditor

268 Bath Road, Regus
Office 146
Slough
SL1 4DX

ARKSEN LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Notes	£	£
Revenue	3	8,021,731	10,128,319
Cost of sales		(5,619,474)	(7,559,177)
Gross profit		<u>2,402,257</u>	<u>2,569,142</u>
Administrative expenses		(2,888,927)	(2,463,554)
Operating (loss)/profit	4	<u>(486,670)</u>	<u>105,588</u>
Finance costs	6	10	(2,431)
(Loss)/profit before taxation		<u>(486,660)</u>	<u>103,157</u>
Income tax income	7	<u>145,537</u>	<u>255,721</u>
(Loss)/profit and total comprehensive income for the year		<u><u>(341,123)</u></u>	<u><u>358,878</u></u>

ARKSEN LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
(Loss)/profit for the year	(341,123) <u> </u>	358,878 <u> </u>
Other comprehensive income:		
Total comprehensive income for the year	(341,123) <u> </u>	358,878 <u> </u>

ARKSEN LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		31 December 2023	31 December 2022 as restated	1 January 2022 as restated
	Notes	£	£	£
Non-current assets				
Intangible assets	8	5,351,170	4,246,358	4,482,056
Property, plant and equipment	9	6,014	17,016	22,252
Investments	10	1,279,950	999,600	-
		<u>6,637,134</u>	<u>5,262,974</u>	<u>4,504,308</u>
Current assets				
Inventories	12	1,225,955	6,119,589	922,487
Trade and other receivables	13	4,189,772	1,538,882	1,907,896
Cash and cash equivalents		14,276	41,419	65,195
		<u>5,430,003</u>	<u>7,699,890</u>	<u>2,895,578</u>
Current liabilities				
Trade and other payables	16	3,244,465	4,391,335	2,199,722
Borrowings	15	737,874	1,029,104	-
Deferred revenue	17	352,322	-	-
		<u>4,334,661</u>	<u>5,420,439</u>	<u>2,199,722</u>
Net current assets		<u>1,095,342</u>	<u>2,279,451</u>	<u>695,856</u>
Non-current liabilities				
Borrowings	15	24,119	34,768	294,487
Net assets		<u>7,708,357</u>	<u>7,507,657</u>	<u>4,905,677</u>
Equity				
Called up share capital	19	323	293	271
Share premium account	20	12,287,080	11,745,287	9,502,210
Retained earnings		(4,579,046)	(4,237,923)	(4,596,804)
Total equity		<u>7,708,357</u>	<u>7,507,657</u>	<u>4,905,677</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

ARKSEN LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2023

The financial statements were approved by the board of directors and authorised for issue on 26 September 2024 and are signed on its behalf by:

Mohamed Asker Fawmy
Director

Jasper Dominic Christian Smith
Director

Rupert Francois Rohan
Director

Company registration number 11055912 (England and Wales)

ARKSEN LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Share premium account	Retained earnings	Total
Notes	£	£	£	£
Balance at 1 January 2022	271	9,502,210	(4,596,804)	4,905,677
Year ended 31 December 2022:				
Profit and total comprehensive income	-	-	358,878	358,878
Transactions with owners:				
Issue of share capital	19	2,243,077	-	2,243,099
Balance at 31 December 2022	293	11,745,287	(4,237,926)	7,507,654
Year ended 31 December 2023:				
Loss and total comprehensive income	-	-	(341,123)	(341,123)
Transactions with owners:				
Issue of share capital	19	541,793	-	541,823
Balance at 31 December 2023	323	12,287,080	(4,579,046)	7,708,357

ARKSEN LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	24		1,672,455		(1,561,694)
Interest paid			10		(2,431)
Income taxes refunded			145,537		255,721
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			1,818,002		(1,308,404)
Investing activities					
Purchase of intangible assets		(1,813,293)		(291,454)	
Purchase of property, plant and equipment		-		(7,105)	
Purchase of investments		(280,350)		(999,600)	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(2,093,643)		(1,298,159)
Financing activities					
Proceeds from issue of shares		541,823		2,243,099	
Repayment of borrowings		(282,676)		599,407	
Repayment of bank loans		(10,649)		(259,719)	
		<u> </u>		<u> </u>	
Net cash generated from financing activities			248,498		2,582,787
			<u> </u>		<u> </u>
Net decrease in cash and cash equivalents			(27,143)		(23,776)
Cash and cash equivalents at beginning of year			41,419		65,195
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			14,276		41,419
			<u> </u>		<u> </u>

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

ARKSEN LIMITED is a private company limited by shares incorporated in England and Wales. The registered office is Aberdeen House, South Road, Haywards Heath, England, RH16 4NG. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

These financial statements for the year ended 31 December 2023 are the first financial statements that comply with IFRS. The date of transition is 1 January 2022. Information on the impact of first-time adoption of IFRS is given in note 21.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (See note 2).

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, except for the revaluation of . The principal accounting policies adopted are set out below.

The entity has taken advantage of the option not to prepare consolidated financial statements contained in Section 499 of the Companies Act 2006 on the basis that the entity and its subsidiary undertakings comprise a small group.

1.2 Going concern

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

1.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

The company recognises revenue from the following major sources:

- Sale of boats
- Consultancy and other services

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

Sale of boats

The company sells boats and equipment directly to customer through its appointed dealers. Sale related warranties associated with boats cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications.

For the sale of boats to customers, revenue is recognised when the control of the products has transferred, being at the point the customer signs the agreement. Deposit amount of the agreed price is due immediately at the point when agreement is signed which is non refundable and non transferable. Final payment is due at the time of delivery of the product when control is transferred to the customer.

Consultancy and other services

The company provides consultancy and other services for its products for specialised business operations. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised for these services based on the stages of completion of the contract. The directors have assessed that the stage of completion determined as the proportion of the total time expected to complete the service that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligation under IFRS 15 Revenue from contracts with customers. Payment for service is not due from the customer until the services are performed.

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.4 Intangible assets other than goodwill

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives of 10 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure:

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

1.5 Property, plant and equipment

Property, plant and equipment 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:

Fixtures and fittings	33% straight line
Computers	33% 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 recognised in the income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Inventories

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

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

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.8 Cash and cash equivalents

Cash and cash equivalents 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.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

Impairment of financial assets

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue 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 income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

1.13 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 inventories or non-current 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.

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

1.14 Retirement benefits

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

1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

2 Critical accounting estimates and judgements

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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgments

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

Inventory

Inventories are valued at lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which includes forecast consumer demand and inventory loss trends.

Key sources of estimation uncertainty

Useful life of Property, Plant and Equipment

Management reviews the useful lives and residual values of the items of property, plant and equipment on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 Critical accounting estimates and judgements (Continued)

Trade receivables

Trade debtors are reviewed regularly for potential impairment. The review is performed on a customer by customer basis by management and considers factors such as age of debt, recovery since the reporting date and discussions with the customers. Provisions are raised where debtors are not considered recoverable in full or in part. Provisions are assessed as part of the above review and are released where subsequent information support recovery of the debt.

3 Revenue

	2023	2022
	£	£
Revenue analysed by class of business		
Sale of boats and consultancy services	8,021,731	10,128,319
	<u>8,021,731</u>	<u>10,128,319</u>
	2023	2022
	£	£
Revenue analysed by geographical market		
Europe	1,278,136	7,974,896
Rest of world	862,011	100,000
UK	5,881,584	2,053,423
	<u>8,021,731</u>	<u>10,128,319</u>

4 Operating (loss)/profit

	2023	2022
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(7,563)	26,603
Depreciation of property, plant and equipment	11,002	12,341
Amortisation of intangible assets (included within administrative expenses)	708,482	527,152
Cost of inventories recognised as an expense	5,619,474	7,559,177
	<u>5,619,474</u>	<u>7,559,177</u>

5 Employees

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

	2023	2022
	Number	Number
	17	15
	<u>17</u>	<u>15</u>

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

5 Employees (Continued)

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	863,802	804,192
Social security costs	72,167	89,950
Pension costs	36,354	34,816
	<u>972,323</u>	<u>928,958</u>

6 Finance costs

	2023	2022
	£	£
Interest on bank overdrafts and loans	(10)	2,431
	<u>(10)</u>	<u>2,431</u>

7 Income tax expense

	2023	2022
	£	£
Current tax		
Other taxes	(145,537)	(255,721)
	<u>(145,537)</u>	<u>(255,721)</u>

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2023	2022
	£	£
(Loss)/profit before taxation	<u>(486,660)</u>	<u>103,157</u>
Expected tax (credit)/charge based on a corporation tax rate of 22.50% (2022: 19.00%)	(109,499)	19,600
Effect of expenses not deductible in determining taxable profit	14,321	2,359
Unutilised tax losses carried forward	(66,705)	(22,453)
Permanent capital allowances in excess of depreciation	-	(1,851)
Depreciation on assets not qualifying for tax allowances	2,475	2,345
Amortisation on assets not qualifying for tax allowances	159,408	-
Research and development tax credit	(145,537)	(255,721)
Taxation credit for the year	<u>(145,537)</u>	<u>(255,721)</u>

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

8 Intangible assets

	Development costs £
Cost	
At 1 January 2022	4,980,063
Additions	291,454
	<hr/>
At 31 December 2022	5,271,517
Additions - purchased	1,813,293
	<hr/>
At 31 December 2023	7,084,810
	<hr/>
Amortisation and impairment	
At 1 January 2022	498,007
Charge for the year	527,152
	<hr/>
At 31 December 2022	1,025,159
Charge for the year	708,482
	<hr/>
At 31 December 2023	1,733,640
	<hr/>
Carrying amount	
At 31 December 2023	5,351,170
	<hr/> <hr/>
At 31 December 2022	4,246,358
	<hr/> <hr/>
At 31 December 2021	4,482,056
	<hr/> <hr/>

9 Property, plant and equipment

	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 January 2022	5,166	35,423	40,589
Additions	-	7,105	7,105
	<hr/>	<hr/>	<hr/>
At 31 December 2022	5,166	42,528	47,694
	<hr/>	<hr/>	<hr/>
At 31 December 2023	5,166	42,528	47,694
	<hr/>	<hr/>	<hr/>
Accumulated depreciation and impairment			
At 1 January 2022	142	18,195	18,337
Charge for the year	1,705	10,636	12,341
	<hr/>	<hr/>	<hr/>
At 31 December 2022	1,847	28,831	30,678
Charge for the year	1,705	9,297	11,002
	<hr/>	<hr/>	<hr/>
At 31 December 2023	3,552	38,128	41,680
	<hr/>	<hr/>	<hr/>

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

9 Property, plant and equipment (Continued)

	Fixtures and fittings £	Computers £	Total £
Carrying amount			
At 31 December 2023	1,614	4,400	6,014
At 31 December 2022	3,319	13,697	17,016

10 Investments

	Current 2023 £	2022 £	Non-current 2023 £	2022 £
Other investments	-	-	1,279,950	999,600

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

11 Associates

Details of the company's associates at 31 December 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
MODA Industries Limited	England and Wales	Ordinary	46.57

12 Inventories

	2023 £	2022 £
Work in progress	1,225,955	6,119,589

13 Trade and other receivables

	2023 £	2022 £
Trade receivables	1,496,127	271,688
Other receivables	179,749	813,731
Prepayments and accrued income	2,513,896	453,463
	4,189,772	1,538,882

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

14 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

15 Borrowings

	Current		Non-current	
	2023	2022	2023	2022
	£	£	£	£
Borrowings held at amortised cost:				
Bank loans	-	-	24,119	34,768
Directors' loans	421,146	429,700	-	-
Other loans	316,728	599,404	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Trade and other payables

	2023	2022
	£	£
Trade payables	1,172,997	629,633
Accruals	1,694,545	52,055
Social security and other taxation	183,560	218,688
Other payables	193,363	3,490,959
	<u> </u>	<u> </u>
	<u>3,244,465</u>	<u>4,391,335</u>

17 Deferred revenue

	2023	2022
	£	£
Arising from sale of boats	352,322	-
	<u> </u>	<u> </u>

All deferred revenues are expected to be settled within 12 months from the reporting date.

18 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	36,354	34,816
	<u> </u>	<u> </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.

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

19 Share capital

	2023	2022	2023	2022
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary shares of 0.1p each	322,500	292,546	323	293

20 Share premium account

	2023	2022
	£	£
At the beginning of the year	11,745,287	9,502,210
Issue of new shares	541,793	2,243,077
At the end of the year	12,287,080	11,745,287

21 Capital risk management

The company is not subject to any externally imposed capital requirements.

22 Related party transactions

At the year end, following amounts are included in debtors. The following entities are connected due to common directorships:

- a) Play Work Digital Ltd £3,500 (2022: £nil)
- b) Cetus Powercraft Limited £169,913 (2022: £nil)
- c) Moda Industry Limited £89,453 (2022: £nil)
- d) 10% for the Ocean (charity) £33,618 (2022: £nil)
- e) Hydda Limited £149,900 (2022: £nil)

At the year end, following amounts are included in creditors. The following entities are connected due to common directorships:

Playjam Limited £186,000 (2022: £nil)

At the year end, creditors include balance of £473,145 (2022: £429,699) payable to directors.

23 First time adoption of IFRS

The policies applied under the entity's previous accounting framework are not materially different to IFRS and have not impacted on equity or profit or loss.

There was no impact on company's reserve position at the date of transition from FRS 102 to IFRS.

ARKSEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

24 Cash generated from/(absorbed by) operations

	2023 £	2022 £
(Loss)/profit for the year before income tax	(486,660)	103,157
Adjustments for:		
Finance costs	(10)	2,431
Amortisation and impairment of intangible assets	708,482	527,152
Depreciation and impairment of property, plant and equipment	11,002	12,341
Movements in working capital:		
Decrease/(increase) in inventories	4,893,634	(5,197,102)
(Increase)/decrease in trade and other receivables	(2,650,890)	369,014
(Decrease)/increase in trade and other payables	(1,155,423)	2,621,313
Increase in deferred revenue outstanding	352,321	-
Cash generated from/(absorbed by) operations	1,672,456	(1,561,694)

25 Analysis of changes in net debt

	1 January 2023 £	Cash flows £	31 December 2023 £
Cash at bank and in hand	41,419	(27,143)	14,276
Borrowings excluding overdrafts	(634,172)	293,325	(340,847)
	<u>(592,753)</u>	<u>266,182</u>	<u>(326,571)</u>
	<u><u>(592,753)</u></u>	<u><u>266,182</u></u>	<u><u>(326,571)</u></u>
	1 January 2022	Cash flows	31 December 2022
Prior year:	£	£	£
Cash at bank and in hand	65,195	(23,776)	41,419
Borrowings excluding overdrafts	(294,487)	(339,685)	(634,172)
	<u>(229,292)</u>	<u>(363,461)</u>	<u>(592,753)</u>
	<u><u>(229,292)</u></u>	<u><u>(363,461)</u></u>	<u><u>(592,753)</u></u>

26 Approval of financial statements

The directors approved the financial statements on 26 September 2024.

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.