MS INTERNATIONAL plc

Annual Report 2024

Company Registration Number 00653735

Contents

The year in brief

	2024 Total £'000	2023 Total £'000
Revenue	**109,576**	83,956
Profit before taxation	**15,712**	5,078
Earnings per share: basic	**71.0p**	25.6p
Earnings per share: diluted	**67.5p**	24.2p
Dividends payable per share	**19.5p**	15p

Financial calendar key dates

Annual results announced	June
Annual general meeting	July
Final dividend payable	August
Half-year results announced	December
Interim dividend payable	January

Chairman's statement

Results and Review

Shareholders will recall that I introduced my April 2023 Chairman's Statement by stating that the year had been one of considerable progress for the Company, even if this was not immediately apparent from the results.

Accordingly, it now gives me immense pleasure to confirm that said progress can now be clearly demonstrated in the results for the year ended April 2024.

A record pre-tax profit of £15.71m (2023 – £5.08m) was achieved on increased revenue of £109.58m (2023 – £83.96m), breaking through the £100m revenue level for the first time in the Company's history. Basic earnings per share amounted to 71.0p (2023 – 25.6p).

The Group's order book has, once again, risen substantially to a record value of £162m (2023 – £115m) at the year-end; an impressive 40% increase. The balance sheet has also further strengthened, with cash and cash equivalents standing at an all-time high of £42.68m (2023 – £15.25m).

'Defence and Security' – Another year of considerable progress and growth has been achieved by this division. Our long-held commitment to investing in people, enhanced production facilities, product development and extensive international marketing, is clearly propelling the business to a new and higher level of financial performance.

International interest in both our naval and new land-based weapon systems remains most encouraging with an order intake during the year in excess of £100 million.

Pleasingly, included in that figure, were new orders for six MSI-DS30mm naval weapon systems to be fitted to the first three Royal Navy fleet support vessels. When delivered, this will bring the latest upgraded version of the MSI-DS-30mm weapon system into the Royal Navy's inventory which will significantly improve their 30mm weapon system capability.

These developments auger well for the Company's future as 'Defence and Security' rapidly establishes itself as the dominant division of growth potential.

'Forgings' – This division, which has operations in the UK, USA and Brazil, performed well, although not to the exceptional levels achieved in the previous year. Market conditions tightened in the global mobile material handling industry that we serve and many of our customers reacted quickly to reduce their purchasing requirements. Accordingly, we, in turn, reduced our purchases of raw materials and components to match changing conditions; thus preserving cash.

'Petrol Station Superstructures' – This division based in the UK and Poland, continues to hold a leading, and highly regarded, position in the UK and East European petrol station forecourt construction and maintenance markets.

The UK business performed strongly, notably completing several prestigious large 'new to industry' complex forecourt projects. The repairs and maintenance element of the business in particular, operated at a high level of activity, as station operators sought to preserve their forecourt structures and enhance site appearance.

Access to our own, highly valuable database of historical construction records for stations throughout the UK and Europe, spanning several decades, continues to underpin our important repairs and maintenance business. This source of detailed knowledge enables us to achieve the efficient repair, re-modelling and refurbishment of these structures in a most timely and economic manner.

Our Poland operations were adversely impacted in the second half of the year by the ongoing war in eastern Europe. Some of our major oil company customers cancelled or postponed, for the time being, projects that we had hoped to construct during the period. Despite those difficulties the business managed to break even for the year.

Chairman's statement

'Corporate Branding' – Another year of strong performance for our UK operations where the business, which is focused primarily on the petrol station branding market, continued to grow and prosper.

Following weaker than anticipated performances from operations in the Netherlands and Germany, we restructured them both to focus their activities on the enhanced demands of our growing number of automotive and airport 'way-finding' customers.

Outlook

'Defence and Security' – We live in an increasingly dangerous world and Governments are escalating defence budgets as a consequence. With this background and a strong and growing order book, we look forward with a good degree of confidence to a commendable outcome for the current year.

Deliveries to the US Navy of the first production order contracts of our 30mm naval weapon systems commence in the first half of 2024/25. We will also be delivering additional 30mm naval weapon systems to shipbuilders in the USA for their US 'Foreign Military Supply' contracts.

Of particular note will be our first supply of 30mm naval weapon systems to the German Navy. These, together with our 30mm naval weapon systems in service with the Royal Navy and those going to the US Navy, will make MSI the current primary supplier of small calibre naval weapon systems to three of the major 'NATO' navies.

We await the tender documents from the US Navy with regard to their proposed five-year procurement programme of our MSI-DS 30mm naval weapon systems. We believe we are well placed to secure this 'follow on' order but do not expect it to be placed until after the end of our current financial year.

A number of countries around the world continue to show considerable interest in our land-based mobile counter-drone weapon system, 'Paladin', previously known as V-SHORAD. The Company has further developed this product, successfully demonstrating its capability to protect against the ever-increasing aerial threat from incoming drones. These developments will continue.

Significant investment continues into both our product range and the Norwich production facility to increase capacity in line with the expanded order book.

All told, we perceive that the excellent prospects for the division bode well for the current year.

'Forgings' – This is a long-established, high quality, market leading international business. Prospects for the current year, as always, will depend on activity levels in the global mobile material handling industry.

'Petrol Station Superstructures' – This is now a strong mature business that we have successfully developed, garnering a leading reputation for quality service and support, both in our domestic petrol station forecourt market and that of eastern and northern Europe.

Looking forward, the outlook for the petrol station forecourt industry in the UK looks promising. In eastern Europe much depends on what happens in reaction to the ongoing war in Ukraine.

'Corporate Branding' – We are confident that the UK based operation will continue to flourish as we invest further to grow its capability.

The restructuring programme, to re-align the Netherlands and Germany based businesses to a more sustainable level, is progressing to plan.

Chairman's statement

Summary

This has been a year of outstanding trading performance and growth for the Company, reflecting the total commitment of the Board, over many years, to strengthen and develop each of our diverse businesses.

Clearly, the progress we have achieved in growing the 'Defence and Security' division has been outstanding and we must continue to exploit the many opportunities we have as we drive the future growth of MSI.

Following this positive significant change in our earnings profile we continue to review and evolve the future strategic priorities for MSI and the profile of the next generation of management.

All matters considered the Board recommends the payment of a final dividend of 16.5p per share (2023 – 13p) making a total for the year of 19.5p per share (2023 – 15p).

The dividend is expected to be paid on the 23rd August 2024 to those shareholders on the register at the close of business on the 12th July 2024.

Michael Bell
25th June 2024

Directors

Directors

Executive

Michael Bell ARICS (Executive Chairman)

Michael O'Connell FCA (Finance)

Nicholas Bell

Non-executive

Roger Lane-Smith – Age 78

Appointed as a director on 21st January, 1983. He is a non-executive director of Mostyn Estates Limited and a number of other private companies.

David Hansell – Age 79

Appointed as a non-executive director on 3rd June, 2014. David has been with MS INTERNATIONAL plc, working at MSI-Defence Systems Ltd since 1962, becoming managing director in 2002 until his retirement from the position in May 2014.

Company Secretary

Shelley Ashcroft ACMA

Registered Office

Balby Carr Bank

Doncaster

DN4 8DH

England

Company Registration Number 00653735

Advisors

Independent Auditor

Grant Thornton UK LLP
No. 1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN

Registrars and Transfer Office

Link Group
Central Square
29 Wellington Street
Leeds
LS1 4DL

Solicitors

DLA Piper UK LLP
1 St. Peter's Square
Manchester
M2 3DE

Nominated Advisors

Shore Capital & Corporate Limited
Cassini House
57 St James's Street
London
SW1A 1LD

Brokers

Shore Capital Stockbrokers Limited
Cassini House
57 St James's Street
London
SW1A 1LD

Bankers

Lloyds Bank plc
First Floor
14 Church Street
Sheffield
S1 1HP

Barclays Bank plc
1 Churchill Place
London
E14 5HP

Strategic report

This report should be read in conjunction with the Chairman's statement and the Corporate governance statement.

Strategy

The Group is engaged in the design and manufacture of specialist engineering products and the provision of related services.

The Group's long-term strategy is to invest in people, products and processes to seek continuous improvement in its four diverse operating divisions: 'Defence and Security', 'Forgings', 'Petrol Station Superstructures' and 'Corporate Branding', each holding a leading position in its specialist market.

Principal activities

The Group is comprised of four main operating divisions, each with distinct principal activities.

- 'Defence and Security' division - the design and manufacture of defence and security equipment.
- 'Forgings' division - the manufacture of fork-arms and open die forgings.
- 'Petrol Station Superstructures' - the design, manufacture, construction, and maintenance of petrol station superstructures.
- 'Corporate Branding' - the design, manufacture, installation, and service of corporate branding, including media facades, way-finding signage, public illumination, creative lighting solutions, and the complete appearance of petrol station superstructures and forecourts.

The Company is engaged in the activities of head offices in addition to the activities of the 'Forgings', 'Petrol Station Superstructures' and 'Corporate Branding' divisions described above.

Business review

During the year the Group achieved record revenue £109.58m, which represents a 30.5% increase on the prior year revenue of £83.96m. The main driver of the increase was the additional sales generated in the 'Defence and Security' as the first deliveries of the new PALADIN counter drone land-based weapon systems took place during the year.

The Group registered a profit before taxation of £15.71m (2023 – £5.08m) after a gain of £1.21m in relation to marking outstanding forward exchange contracts to fair value.

A review of the operations of the Company and subsidiaries and their position at 30th April 2024 are provided in the Chairman's Statement. Segment information for the year under review is provided in note 4 of the Group financial statements.

Information on the Group's activities, strategy, and future prospects can be found in the Chairman's Statement.

Key performance indicators

	2024	2023
	£'000	£'000
Revenue	**109,576**	83,956
Profit before tax	**15,712**	5,078
Profit before tax %	**14%**	6%
Basic earnings per share	**71.0p**	25.6p
Diluted earnings per share	**67.5p**	24.2p
Cash and cash equivalents	**35,509**	12,336
Total cash balance (including short term Escrow investments)	**42,679**	15,253

A review of the changes in the key performance indicators is provided in the Chairman's Statement.

Strategic report

Continued

Forward exchange contracts

During the year the risk of exposure to USD has increased significantly due to a number of USD denominated contracts in the 'Defence and Security' division. Management has taken steps to reduce the risk of exposure by taking out a total of $99m of USD to GBP forward exchange contracts, the details of which can be found in note 6. Hedge accounting has not been adopted and as a result a gain of £1.21m in relation to the change in the fair value of the forward contracts has been recognised within the Consolidated income statement.

At 30th April 2024 $25m of these forward exchange contracts had matured. A further $54m will mature in the financial year ending 30th April 2025 and the remaining $20m will mature in the financial year ending 30th April 2026. If exchange rates were to remain the same as the balance sheet closing rate, a loss of £0.90m will be recognised in the year ending 30th April 2025 with the remaining £0.31m loss being recognised in the year ending 30th April 2026.

Cash flow

During the year the Group's cash balance, including restricted cash held in Escrow, increased from £15.25m to £42.68m. Cash generated from operating activities was £39.22m (2023 – £0.31m), which was driven largely by the cash received from the increase in contract liabilities in the 'Defence and Security' division.

The Group's central treasury function has sought to maximise interest income on positive bank balances and have been successful in generating £1.18m (2023 – £0.05m) of interest during the year. This has been the result of favourable interest rates on transactional bank accounts and the use of overnight and 32 day notice deposit accounts.

There continues to be significant investment into production facilities and product development within the 'Defence and Security' division. The Group has continued to invest in research and development, with costs of £1.18m (2023 – £1.91m) incurred during the year, primarily on the development of the portfolio of small to medium calibre naval, land-based, and other stabilised weapon systems that the 'Defence and Security' division offers to its worldwide customer base.

Capital expenditure for the Group totalled £4.90m in the year. This includes £2.19m invested into the production facility in Norwich in order to increase production capacity and meet the demands of the expanding orderbook in the 'Defence and Security' division. A total of £3.58m has now been expended on the Norwich facility over the past two years. In addition, a further £0.48m has been invested into the introduction of solar panelling at the Doncaster site that has reduced electricity consumption. Solar panelling is now in place at both UK sites.

Pension scheme

Over the financial year the defined benefit pension liability has reduced from £4.22m in 2023 to £nil at the reporting date. The implementation of a new investment strategy in August 2023 has allowed the Company to significantly derisk the Scheme and the majority of the Scheme's assets have been transferred into low risk investments such as UK bond funds. It is anticipated that the new investment strategy will significantly reduce the risk of interest rate movements and the Scheme's funding will become stable.

At 5th April 2024 the actuarial report showed a small surplus of £0.5m on a technical provisions basis. As a result of the funded status, the last deficit reduction contribution was paid in April 2024 and no further contributions are scheduled to be made. As the Company does not have an unconditional right to the economic benefit of the surplus, the value of the pension scheme in accordance with IFRIC 14 is the present value of future contributions, which at the reporting date was £nil.

Strategic report

Continued

Principal risks and uncertainties

The principal risks and uncertainties facing the Group have been identified as follows:

Risk and impact	How the risk is mitigated
Foreign exchange A proportion of the Group's revenue, profits, and net assets are denominated in currencies other than Sterling, such as the US Dollar and Euro, and to a lesser extent the Brazilian Real and Polish Zloty. Fluctuations in exchange rates may impact the Group's financial position and results due to translation into sterling, as well as having implications on the pricing of materials sourced in foreign currencies. During the year, the risk that foreign exchange fluctuations will impact the Group's performance has increased significantly. A number of international contracts in the 'Defence and Security' division are denominated in USD, which created a currency exposure within the Group.	● The largest currency exposures are in USD and Euro. Receipts and payments are offset against each other where possible and any surpluses are either hedged or sold at spot rate, depending on the requirements of the Group as a whole. ● Given that a number of international contracts in the 'Defence and Security' division are denominated in USD, management have taken steps to mitigate the risk of currency exposure by taking out various forward exchange contracts (note 6). The level of forward cover is determined on an individual contract basis, taking into account the net currency exposure to receipts and purchases. ● Cash flows are monitored weekly to ensure currency requirements are satisfied. ● Cashflows in other currencies, including Brazilian Real and Polish Zloty, are not hedged, however, as volumes are so low management does not deem this necessary. ● A central treasury function monitors foreign currency cashflows, ensuring that balances are transferred around the group when required, and engaging in foreign currency trading when appropriate. The details of current forward exchange contracts are shown in note 6. The need for further contracts is monitored on an ongoing basis. ● More information on the Group's exposure to foreign exchange can be found in note 28 "Financial instruments".
Inflationary pressures There is a risk to the Group of increasing inflation in the countries in which it operates. Both raw materials prices and energy prices have increased significantly over the past year. As the Group has a number of long-term contracts, rapid increases in prices could impact the profitability of the contract.	● The impact of raw materials prices is monitored regularly at a divisional level and reported to the Board. Where possible increases are passed to the customer. ● With regards to customers under long-term contracts, such contracts include a clause to allow for raw materials price increases. ● There are a number of projects and energy saving initiatives across the Group to reduce energy consumption as outlined in section 11 of the Report of the directors.

Strategic report

Continued

Principal risks and uncertainties (continued)

Risk and impact	How the risk is mitigated
Production capacity Given the increasing demand for the Group's products, specifically in the 'Defence and Security' division, increased capacity is required to satisfy customers' delivery requirements. The management of increasing production capacity comes with both risks and challenges.	● Significant investment in the facility at Norwich has taken place over the last year, including a new production line for PALADIN systems, which is now in operation and adds to the already expanded gun build capacity. ● Further expansion of production capacity is planned for the coming year with a further area identified for re-development for both continued orders for current products and anticipated orders for new products.
Customer demand The level of customer demand for the Group's products and services is another risk and uncertainty. Customer demand is driven not only by general economic conditions but also by pricing, product quality, and delivery performance and how well the divisions do this in comparison to their competitors.	● Significant investment into both production facilities and product development has placed the Group in a strong position to be able to take advantage of opportunities worldwide. Both the continuous improvement of existing product ranges and the development of new products has given rise to new opportunities for the Group, which has in turn opened up new markets and territories. Through its ongoing investment into product development, the Group believes it can maintain competitive advantage.
Staff retention The group's performance is largely dependent on the retention of key members of staff, including senior management, technical staff and product development teams.	● The Group's growth provides excellent opportunities for career development of talented individuals. ● The Group offers competitive rates of pay and certain incentive schemes to retain key staff.

General duties of directors

The directors of the Company undertake their duties in accordance with the requirements outlined in Section 172 of the Companies Act 2006, which states that “a director of a company must act in a way that they consider, in good faith, would be most likely to promote the success of the company for its members as a whole”.

In doing so, the Board is required to have regard for the following:

- the likely long-term consequences of any decision;
- the interests of the Group’s employees;
- the need to foster and maintain good business relationships with customers, suppliers, and others;
- the impact of the Group’s operations on the community and environment;
- the Group’s reputation for high standards of business conduct and the need to act fairly between members of the Company, and;
- the need to act fairly between members of the Company.

Long-term decision making

The Board considers its employees, customers, suppliers, and shareholders to be its major stakeholders. When taking decisions for the long-term future of the Group, the Board takes into consideration the interests of all these stakeholders in its deliberations.

Strategic report

Continued

Our employees

The Board recognises that employees are essential to the success, growth and development of the Group. Their hard work, skill, and ability to satisfy customers' needs are fundamental in driving the performance of the Group and underpin the Group's ability to deliver future strategy. The retention of staff is therefore critical to the long-term success of the business.

To this end, health, safety and wellbeing of employees is a key priority. The Board seeks to ensure that employees are remunerated competitively and fairly, with pay reviews being conducted at least once per year. Furthermore, various employee incentive schemes align with the goals and objectives of the Group, both in the long and short term, in order to foster mutual success. Finally, the Group identifies opportunities for employee development where possible and it is hoped that the growth in the Group provide exciting and rewarding challenges for staff.

Business relationships

The Group operates on a decentralised structure with employee, customer, and supplier relationships delegated to the management of the operating companies. It is the responsibility of divisional management teams to ensure that good relationships are maintained with employees, customers, and suppliers and to report regularly to the executive directors regarding these relationships.

The Group's divisions maintain good long-term supplier relationships by contracting on standard terms and conditions, and ensuring payment is made on a prompt basis. These relationships with key suppliers ensure the quality and continuity in the supply chain. As the Group is experiencing a period of significant growth, the relationship with the supply chain has become of increasing importance. By working with key suppliers to aid capacity planning, the Group has been able to procure efficiently.

The executive directors receive regular updates from the management of operating companies on both existing and new potential customer relationships. This ensures that the Board's decision making takes into account the commercial and service requirements of the customer base.

Community and environment

The Board recognises the impact of its business decisions on the community and the environment. The Group maintains its continuous improvement approach to reducing energy consumption, particularly at both the Doncaster and Norwich sites. Ongoing energy reduction plans and production efficiency improvements continue to reduce energy usage across the Group, therefore minimising as the environmental impact of our processes. During the year solar panels have been installed at both the Doncaster and Norwich site, allowing the Group to draw on green energy during the day and feed back surplus green energy into the National Grid. Further details of our carbon and energy reporting can be found in the Report of the Directors on page 71.

Group's reputation

The Board recognises the importance of maintaining high standards of business conduct and has appropriate policies in place, such as, employee Whistleblowing and Anti-Bribery and Corruption, to assist in setting a culture of ethical behaviour throughout the Group.

Corporate governance

The Board aims to ensure that good governance is maintained and that management operates the business in a responsible manner to a high standard of conduct.

As an AIM quoted company, the Company has adopted as far as practical for a group of its size, the April 2018 QCA Corporate Governance Code. The Company describes how it complies with the code and provides details of where it does not comply on pages 66 to 68 .

Shareholders

The composition of the Company's shareholders is predominantly directors, private investors, and one long-standing institutional investor. The AGM is the primary mechanism for the Board to engage with the shareholders, together with the publication of unaudited half year results, the publication of the full year audited Annual Report, and the inclusion of other regulatory announcements on the Company's website.

By order of the Board,

Shelley Ashcroft
Company Secretary

25th June 2024

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare such financial statements for each financial year. Under that law, the directors have prepared Group financial statements under UK adopted International Accounting Standards. The directors have elected to prepare Parent Company financial statements under UK adopted International Accounting Standards.

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 Group and Parent Company and of the profit or loss of the Group for that period. In preparing those 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;
- state whether UK adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware;
- the directors have taken all the steps that they as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

To the best of the directors knowledge:

- the Group financial statements, prepared in accordance with UK adopted International Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and Directors' report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Statement of directors' responsibilities was approved by the Board on 25th June 2024.

By ord M. O'Connell

Michael O'Connell
Group Finance Director

25th June 2024

Independent auditor's report to the members of MS INTERNATIONAL plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of MS INTERNATIONAL plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 April 2024, which comprise the Consolidated income statement, Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity, the Consolidated and company statements of financial position, the Consolidated and company cash flow statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 April 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group and the parent 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 as applied to listed entities, 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included challenging the underlying data and key assumptions used by the directors to make their going concern assessment, evaluating their plan for future actions in relation to that assessment and challenging the position of the business to assess their ability to meet obligations in a worst-case scenario. The worst-case scenario analysis corroborated the directors' assessment that there is no material uncertainty in relation to going concern. Our evaluation comprised the following procedures:

- Obtaining management's base case cash flow forecasts covering the period to 31 October 2025, and assessing how these cash flows forecasts were compiled;
- Assessing revenue growth and cost inflation assumptions, determining their appropriateness by applying relevant sensitivities to the underlying assumptions and challenging those assumptions;
- Assessing the accuracy of management's past forecasting by comparing their forecasts for the last two years to the actual results and considering the potential impact on the base case cash flow forecast;
- Assessing worst-case scenario sensitivities to determine the potential impact of possible changes in the assumptions regarding business performance and position. We evaluated the impact of no new business being secured on the level of forecast recurring revenue and on the overall performance and position of the business, including the impact on forecast cash headroom. We considered whether the assumptions are consistent with our understanding of the business derived from other detailed audit work undertaken;
- We confirmed the cash held by the group at 30 April 2024 and compared this to the cash requirements indicated in management's forecasts, noting that the balance held is significantly higher than forecasted costs;
- Assessing the Group's orderbook and corroborating to underlying contracts to verify the accuracy of the orderbook;
- Assessing the impact and feasibility of the mitigating factors available to management in respect of the ability to restrict cash impact, including the level of available facilities; and
- Assessing the adequacy of related disclosures within the annual report.

Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

Conclusions relating to going concern (continued)

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and rising interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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 group's and the parent 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.

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £1,367,000, which represents 10% of the Group's forecast profit before tax at the planning stage of the audit.

Parent company: £810,000, which represents 2.5% of the parent company's net assets at the planning stage of the audit.

Key audit matters were identified as:

- Defence revenue recognition (same as prior year)

The key audit matter relating to revenue recognition has been amended from the key audit matter identified in our audit report for the year ended 30 April 2023 to remove the risk related to Petrol Station Superstructure revenues due to their lower significance to the Group revenues in the current year.

Our auditor's report for the year ended 30 April 2023 included one other key audit matter that has not been reported as a key audit matter in our current year's report. This related to significant contract cancellations within the defence stream and has not been included due to a lack of similar contract cancellations in the period.

Scoping has been determined to ensure appropriate coverage of the significant risks as well as coverage of the key results in the financial statements; specifically, we performed the following audit work:

- Group revenue: 79%
- Group total assets: 88%
- Group profit before tax: 84%

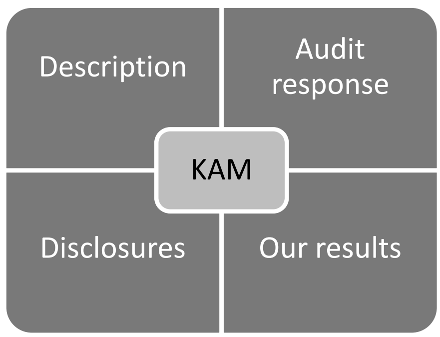
We performed an audit of the financial information of three components using component materiality (full-scope audit) and an audit of one or more account balances, classes of transactions or disclosures of the component (specific scope audit) for two components.

We then performed specified audit procedures on one component.

We performed analytical procedures at Group level (analytical procedures) on the financial information of all the remaining Group components and performed tests on material balances where appropriate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

Key audit matters (continued)

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.

Key Audit Matter - Group	How the matter was addressed in the audit - Group and parent

Defence revenue recognition

We identified Defence revenue recognition as one of the most significant assessed risks of material misstatement due to fraud.

Defence revenue is a major driver of the business and the most significant revenue stream for the group financial statements in the current year. There is judgement around the appropriate method of revenue recognition and the assessment as to whether revenue should be recognised over time or at a point in time.

The group generates total revenues of £109.6m, £67.2m of which can be attributed to the Defence division with £62.3m being recognised at a point in time and £4.9m being recognised over time.

There is a fraud risk that revenue recognised on significant contracts signed in the year may not be appropriately accounted for in accordance with International Financial Reporting Standards ('IFRS') 15 'Revenue from Contracts with Customers' (especially for the identification of performance obligations, the allocation of transaction price to these performance obligations and the assessment of whether control has passed).

For revenues recognised at a point in time, there is a risk that revenue may be inappropriately recognised in the last month of the year and that this might be material as contracts are significant in size.

In responding to the key audit matter, we performed the following audit procedures:

- Understood the design, and assessed the implementation effectiveness, of controls for the recording of revenue.
- Assessed the revenue recognition policies for compliance with IFRS 15 and consistency with previous years.
- Inspected the revenue recorded in the year for adherence to the policy adopted and assessed the adequacy of the disclosures made.
- Obtained management's assessment of new significant contracts signed in the year, including information from management's accounting specialists where relevant, to assess the application of IFRS 15 to these contracts and the conclusions reached.
- Selected a sample of contracts identified in line with our risk assessment and:
  - Obtained management's assessment of the revenue recognition under the contract and assessed for compliance with IFRS;
  - Challenged management on their IFRS 15 application and corroborated key judgements to supporting documentation;
  - Obtained the signed contract and supporting information to support the occurrence of revenue including sales invoices, customer orders and delivery information; and
  - Assessed the clauses in the contract to understand any penalties which may have been incurred and require provision.
- Assessed revenue recognised in the last month of the year to ensure it is reflected in the appropriate accounting period including selecting a sample of the revenue recognised in the last month of the year.
- Assessed the disclosures in the financial statements for appropriateness in accordance with IFRS 15

Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

Key audit matters (continued)

Key Audit Matter - Group	How the matter was addressed in the audit - Group and parent
Relevant disclosures in the Annual Report and Accounts 2024 ● Financial statements: Note 2, Accounting policies and Note 3, Revenue	**Our results** Based on the work we have undertaken we have not found any material misstatements in contract revenue recognition.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work..	
Materiality threshold	£1,367,000 (2023: £640,000), which represents 10% of forecast profit before tax at the planning stage of the audit. The range of component materialities used across the group was £486,000 to £648,000.	£810,000 (2023: £408,000) which represents 2.5% of the parent company's net assets at the planning stage of the audit.
Significant judgements made by auditor in determining the materiality	In determining materiality, we made the following significant judgements: ● The selection of an appropriate benchmark; and ● The selection of an appropriate percentage to apply to that benchmark. Profit before tax is considered to be the most appropriate benchmark because it is the most relevant performance measure to the stakeholders of the Group and is presented in the result highlights on page 2. Materiality for the current year is higher than materiality determined for the year ended 30 April 2023 due to a change in benchmark from revenue to profit before tax, combined with an increase in the Group's performance. Revenue was used as the benchmark for determining materiality in the prior year due to historic volatility in profit before tax for the Group. For 2024, we assessed profit before tax to be an appropriate benchmark as volatility has reduced and is forecast to remain so.	In determining materiality, we made the following significant judgements: ● The selection of an appropriate benchmark; and ● The selection of an appropriate percentage to apply to that benchmark. The parent company's net assets balance is considered the most appropriate benchmark because it is the most relevant measure of a company that is primarily a holding company. Materiality for the current year is higher than materiality determined for the year ended 30 April 2023 due to a 0.5% increase in the percentage applied to the net assets benchmark, combined with an increase in the Company's performance.

Independent auditor's report to the members of MS INTERNATIONAL plc

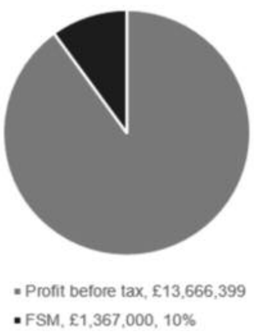
Continued

Our application of materiality (continued)

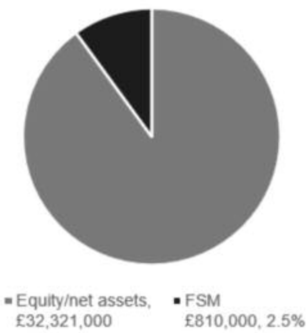
Materiality measure	Group	Parent
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£1,025,000 (2023: £480,000), which is 75% (2023: 75%) of financial statement materiality.	£608,000 (2023: £306,000), which is 75% (2023: 75%) of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we considered the following significant factors: ● The strength of the control environment based on our assessment of the design and implementation effectiveness of relevant controls; and ● The nature, size and volume of misstatements identified in the previous audit. .	In determining performance materiality, we considered the following significant factors: ● The strength of the control environment based on our assessment of the design and implementation effectiveness of relevant controls; and ● The nature, size and volume of misstatements identified in the previous audit.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality threshold	We determined a lower level of specific materiality for the following areas: ● Directors' remuneration; and ● Identified related party transactions outside of the normal course of business.	We determined a lower level of specific materiality for the following areas: ● Directors' remuneration; and ● Identified related party transactions outside of the normal course of business.
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£68,000 (2023: £32,000), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£41,000 (2023: £20,400), which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



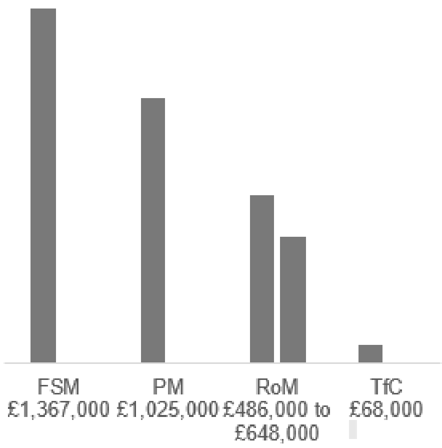
Overall materiality – Parent company

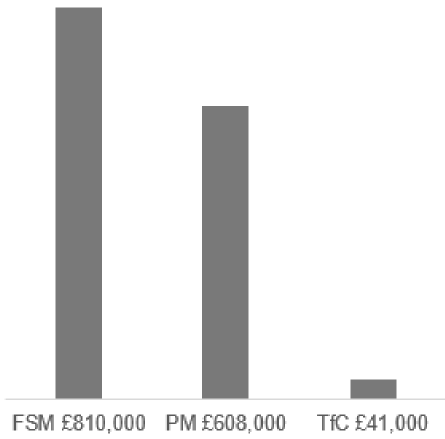


Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

Our application of materiality (continued)





FSM: Financial statement materiality, PM: Performance materiality, RoM: Range of component materiality at tested components, TfC: Threshold for communication to the audit committee

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the Group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- the engagement team obtained an understanding of the Group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level;
- the engagement team obtained an understanding of the individual components, including component-specific controls, and assessed the risks of material misstatement at the group level - to facilitate this, planning discussions were held between the engagement team and the Group's management team; and
- the engagement team performed walkthrough procedures on key areas of focus to understand the controls and assess the design and implementation effectiveness of these.

Identifying significant components

- the engagement team identified significant components, based on their significance to key performance and position measures within the financial information of the Group; and
- the engagement team did not identify any significant components based on qualitative factors, such as specific uses or concerns over specific components.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

- the engagement team performed full-scope audit procedures on the financial statements of the three significant components, being MSI-Defence Systems Ltd, Global-MSI plc and MSI-Forks Ltd.;
- the engagement team performed an audit of one or more classes of transactions and account balances on two components, being MSI-Defence Systems US LLC and the parent company;
- the engagement team performed specified audit procedures on one component which included significant risks or material balances, being MS INTERNATIONAL Estates Ltd; and
- the remaining eight components were subject to analytical procedures

Audit approach	**No of components**	**% coverage revenue**	**% coverage profit before tax**	**% coverage of total assets**
Full-scope audit	3 (2023: 2)	70 (2023: 59)	76 (2023: 90)	69 (2023: 42)
Audit of one or more classes of transaction	2 (2023: 3)	9 (2023: 25)	8 (2023: -)	6 (2023: 4)
Specified audit procedures	1 (2023: 2)	– (2023: -)	– (2023: -)	13 (2023: 28)
Analytical procedures	8 (2023: 6)	21 (2023: 16)	16 (2023: 10)	12 (2023: 26)
Total	**14 (2023: 13)**	**100 (2023:100)**	**100 (2023: 100)**	**100 (2023:100)**

Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

An overview of the scope of our audit (continued)

Changes in approach from previous periods

- We have performed procedures on specific classes of transactions and balances on MSI-Defence Systems US LLC due to its increased contribution and associated risk to the group financial statements which has not previously been subject to audit procedures;
- We have performed analytical procedures for the following components in the period due to their reduced relative contribution to the group compared to the prior period in which specific transactions were subject to procedures: Petrol Sign Ltd, MSI-Forks LLC and MSI-Sign Group B.V.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, set out on page 13, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

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

- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and parent company, and the industry in which it operates which include UK export and firearms legislation. We determined that the laws and regulations most significant to the financial statements are UK-adopted international accounting standards (for the Group and the Parent Company), the Companies Act 2006 and relevant tax regulations;
- We corroborated our understanding of the legal and regulatory framework applicable to the entity by discussing relevant frameworks with Group and component management, by seeking and obtaining correspondence with relevant parties, and by reviewing Board minutes;
- We assessed the susceptibility of the Group's and the parent company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - Journal entries that were posted by senior finance personnel;
  - Material transactions crediting the consolidated statement of profit or loss in the final quarter;
  - Material post-close journal entries; and
  - Judgements and estimates made by management relating to significant accounting estimates.
- We assessed whether laws and regulations in relation to the transport of restricted goods have been complied with for a sample of revenue items;
- Audit procedures performed by the engagement team included:
  - evaluating the design and implementation effectiveness of the processes and controls established to address the risks related to irregularities and fraud;
  - journal entry testing, in particular those journals determined to be in respect of our principal risks documented above; and
  - challenging assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the Group and parent company operate; and
  - understanding of the legal and regulatory requirements specific to the Group and the parent company.
- We issued engagement team communications in respect of potential non-compliance with laws and regulations and fraud.

Independent auditor's report to the members of MS INTERNATIONAL plc

Continued

Auditor's responsibilities for the audit of the financial statements (continued)

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Overfield BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Leeds

25th June 2024

Consolidated income statement

For the year ended 30th April 2024

Continuing operations	Notes	**2024 Total £'000**	2023 Total £'000
Revenue	3/4	**109,576**	83,956
Cost of sales		**(75,708)**	(60,556)
Gross profit		**33,868**	23,400
Distribution costs		**(4,092)**	(3,402)
Administrative expenses		**(16,232)**	(14,748)
Derivative gains	6	**1,207**	–
		(19,117)	(18,150)
Group operating profit	4/5	**14,751**	5,250
Share of net loss of joint venture	16	**–**	(36)
Interest received	8	**1,244**	134
Interest paid	8	**(104)**	(134)
Other finance costs - pensions	8	**(179)**	(136)
		961	(136)
Profit before taxation		**15,712**	5,078
Taxation	9	**(4,212)**	(963)
Profit for the year attributable to equity holders of the parent		**11,500**	4,115
Basic earnings per share	10	**71.0p**	25.6p
Diluted earnings per share	10	**67.5p**	24.2p

Consolidated statement of comprehensive income

For the year ended 30th April 2024

	Notes	**2024 Total £'000**	2023 Total £'000
Profit for the year attributable to equity holders of the parent		**11,500**	4,115
Exchange differences on retranslation of foreign operations		**(287)**	97
Net other comprehensive (loss)/gain to be reclassified to profit or loss in subsequent years		**(287)**	97
Remeasurement gains/(losses) on defined benefit pension scheme	24	**3,270**	(35)
Deferred tax on remeasurement on defined benefit pension scheme	9	**(817)**	9
Deferred tax on revaluation surplus on land and buildings	9	**–**	(252)
Net other comprehensive income/(loss) not being reclassified to profit or loss in subsequent years		**2,453**	(278)
Total comprehensive income for the year attributable to equity holders of the parent		**13,666**	3,934

Consolidated and company statement of changes in equity

For the year ended 30th April 2024

	Share capital £'000	Capital redemption reserve £'000	Other reserves £'000	Revaluation reserve £'000	Special reserve £'000	Currrency translation reserve £'000	Treasury shares £'000	Retained earnings £'000	**Total shareholders' funds £'000**
(a) Group									
At 30th April 2022	1,784	957	2,815	9,923	1,629	(417)	(2,789)	24,673	**38,575**
Profit for the year	–	–	–	–	–	–	–	4,115	**4,115**
Other comprehensive income/(loss)	–	–	–	–	–	97	–	(278)	**(181)**
Total comprehensive income	–	–	–	–	–	97	–	3,837	**3,934**
Equity settled share-based payment expense	–	–	–	–	–	–	–	86	**86**
Exercise of share options (note 23)	–	–	–	–	–	–	408	(408)	**–**
Dividends paid (note 11)	–	–	–	–	–	–	–	(1,520)	**(1,520)**
Transactions with owners recognised directly in equity	–	–	–	–	–	–	408	(1,842)	**(1,434)**
At 30th April 2023	1,784	957	2,815	9,923	1,629	(320)	(2,381)	26,668	**41,075**
Profit for the year	–	–	–	–	–	–	–	11,500	**11,500**
Other comprehensive (loss)/income	–	–	–	–	–	(287)	–	2,453	**2,166**
Total comprehensive (loss)/income	–	–	–	–	–	(287)	–	13,953	**13,666**
Equity settled share-based payment expense	–	–	–	–	–	–	–	65	**65**
Purchase of own shares (note 23)	–	–	–	–	–	–	(1,676)	–	**(1,676)**
Exercise of share options (note 23)	–	–	–	–	–	–	355	(40)	**315**
Deferred tax on share option expense	–	–	–	–	–	–	–	(38)	**(38)**
Dividends paid (note 11)	–	–	–	–	–	–	–	(2,610)	**(2,610)**
Transactions with owners recognised directly in equity	–	–	–	–	–	–	(1,321)	(2,623)	**(3,944)**
At 30th April 2024	**1,784**	**957**	**2,815**	**9,923**	**1,629**	**(607)**	**(3,702)**	**37,998**	**50,797**
(b) Company									
At 30th April 2022	1,784	957	7,620	–	1,629	–	(2,789)	19,859	**29,060**
Profit for the year	–	–	–	–	–	–	–	305	**305**
Other comprehensive loss	–	–	–	–	–	–	–	(1)	**(1)**
Total comprehensive income	–	–	–	–	–	–	–	304	**304**
Equity settled share-based payment expense	–	–	–	–	–	–	–	86	**86**
Exercise of share options (note 23)	–	–	–	–	–	–	408	(408)	**–**
Dividends paid (note 11)	–	–	–	–	–	–	–	(1,520)	**(1,520)**
Transactions with owners recognised directly in equity	–	–	–	–	–	–	408	(1,842)	**(1,434)**
At 30th April 2023	1,784	957	7,620	–	1,629	–	(2,381)	18,321	**27,930**
Profit for the year	–	–	–	–	–	–	–	2,753	**2,753**
Other comprehensive income	–	–	–	–	–	–	–	2,215	**2,215**
Total comprehensive income	–	–	–	–	–	–	–	4,968	**4,968**
Equity settled share-based payment expense	–	–	–	–	–	–	–	65	**65**
Purchase of own shares (note 23)	–	–	–	–	–	–	(1,676)	–	**(1,676)**
Exercise of share options (note 23)	–	–	–	–	–	–	355	(40)	**315**
Dividends paid (note 11)	–	–	–	–	–	–	–	(2,610)	**(2,610)**
Transactions with owners recognised directly in equity	–	–	–	–	–	–	(1,321)	(2,585)	**(3,906)**
At 30th April 2024	**1,784**	**957**	**7,620**	**–**	**1,629**	**–**	**(3,702)**	**20,704**	**28,992**

Consolidated and company statements of financial position

At 30th April 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**27,953**	24,886	**1,389**	1,161
Right-of-use assets	13	**760**	1,162	**6,099**	4,571
Intangible assets	14	**2,448**	2,396	**–**	–
Investments in subsidiaries	15	**–**	–	**15,669**	15,669
Investment in joint venture	16	**–**	–	**–**	–
Deferred income tax asset	17	**16**	1,677	**–**	1,216
Derivative asset	6	**309**	–	**309**	–
		31,486	30,121	**23,466**	22,617
Current assets					
Inventories	18	**25,250**	24,764	**1,823**	2,765
Derivative asset	6	**898**	–	**898**	–
Trade and other receivables	19	**28,304**	9,031	**11,529**	14,344
Contract assets	26	**100**	144	**–**	–
Cash and cash equivalents	20	**35,509**	12,336	**9,936**	8,016
Restricted cash held in Escrow	20	**7,170**	2,917	**–**	–
		97,231	49,192	**24,186**	25,125
TOTAL ASSETS		**128,717**	79,313	**47,652**	47,742
EQUITY AND LIABILITIES					
Equity					
Share capital	22	**1,784**	1,784	**1,784**	1,784
Capital redemption reserve	23	**957**	957	**957**	957
Other reserves	23	**2,815**	2,815	**7,620**	7,620
Revaluation reserve	23	**9,923**	9,923	**–**	–
Special reserve	23	**1,629**	1,629	**1,629**	1,629
Currency translation reserve	23	**(607)**	(320)	**–**	–
Treasury shares	23	**(3,702)**	(2,381)	**(3,702)**	(2,381)
Retained earnings		**37,998**	26,668	**20,704**	18,321
TOTAL EQUITY SHAREHOLDERS' FUNDS		**50,797**	41,075	**28,992**	27,930
Non-current liabilities					
Defined benefit pension liability	24	**–**	4,216	**–**	4,216
Contract liabilities	27	**10,019**	–	**–**	–
Deferred income tax liability	17	**3,132**	2,943	**163**	–
Lease liabilities	13	**422**	829	**5,771**	4,388
		13,573	7,988	**5,934**	8,604
Current liabilities					
Trade and other payables	25	**21,349**	15,286	**10,312**	9,933
Contract liabilities	27	**42,616**	14,585	**1,784**	856
Lease liabilities	13	**382**	379	**630**	419
		64,347	30,250	**12,726**	11,208
TOTAL EQUITY AND LIABILITIES		**128,717**	79,313	**47,652**	47,742

No profit and loss account is presented for the Company, as permitted by section 408 of the Companies Act 2006. The Company's profit for the financial year amounted to £2,753,000 (2023 – £305,000).

The financial statements on page 23 to 64 of MS INTERNATIONAL plc, registered number 00653735, were approved by the Board of Directors on 25th June 2024 and signed on its behalf by:

Michael Bell
Executive Chairman

Michael O'Connell
Finance Director

Consolidated and company cash flow statements

For the year ended 30th April 2024

		Group		Company	
		2024	2023	**2024**	2023
	Note	**£'000**	£'000	**£'000**	£'000
Profit/(loss) before taxation		**15,712**	5,078	**266**	(1,233)
Adjustments to reconcile profit/(loss) before taxation to cash generated from operating activities:					
Depreciation charge of owned assets and right-of-use assets	12/13	**2,144**	2,044	**1,273**	965
Amortisation charge	14	**61**	239	**–**	–
Impairment of goodwill	14	**–**	390	**–**	–
Impairment of investment	15	**–**	–	**–**	2,457
Profit on disposal of property, plant and equipment		**(214)**	(107)	**(93)**	(66)
Equity settled share-based payment expense		**65**	86	**65**	86
Share of net loss of joint venture	16	**–**	36	**–**	–
Profit on disposal of joint venture	16	**(9)**	–	**–**	–
Finance (income)/costs	8	**(961)**	136	**(47)**	246
Foreign exchange movements		**–**	(369)	**–**	–
(Increase)/decrease in inventories		**(608)**	(8,326)	**942**	(173)
(Increase)/decrease in receivables		**(19,259)**	5,510	**2,814**	1,268
Increase in derivatives	6	**(1,207)**	–	**(1,207)**	–
Increase/(decrease) in payables		**6,637**	(5)	**547**	2,194
Increase/(decrease) in contract liabilities		**37,985**	(3,726)	**928**	234
Pension fund deficit reduction payments	24	**(1,125)**	(675)	**(1,125)**	(675)
Cash generated from operating activities		**39,221**	311	**4,363**	5,303
Net interest received		**1,177**	50	**449**	44
Taxation paid		**(3,796)**	(758)	**(597)**	(363)
Net cash inflow/(outflow) from operating activities		**36,602**	(397)	**4,215**	4,984
Investing activities					
Dividends received from subsidiaries		**–**	–	**3,224**	2,439
Purchase of property, plant and equipment	12	**(4,898)**	(1,971)	**(832)**	(705)
Purchase of intangible assets	14	**(142)**	–	**–**	–
Proceeds on disposal of property, plant and equipment		**314**	237	**101**	120
Increase in cash held in the Escrow account maturing in more than 90 days	20/21	**(4,253)**	(1,759)	**–**	–
Net cash (outflow)/inflow from investing activities		(8,979)	(3,493)	**2,493**	1,854
Financing activities					
Buy back of own shares	23	**(1,676)**	–	**(1,676)**	–
Money received from the exercise of share options	23	**315**	–	**315**	–
Lease payments		**(409)**	(415)	**(817)**	(560)
Dividends paid	11	**(2,610)**	(1,520)	**(2,610)**	(1,520)
Net cash outflow from financing activities		**(4,380)**	(1,935)	**(4,788)**	(2,080)
Increase/(decrease) in cash and cash equivalents		**23,243**	(5,825)	**1,920**	4,758
Opening cash and cash equivalents		**12,336**	18,092	**8,016**	3,258
Exchange differences on cash and cash equivalents		**(70)**	69	**–**	–
Closing cash and cash equivalents	20	**35,509**	12,336	**9,936**	8,016

Notes to the financial statements

For the period ended 30th April 2024

1 Authorisation of financial statements and statement of compliance with UK adopted International Accounting Standards

MS INTERNATIONAL plc (the 'Company') is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on the Alternative Investment Market (AIM) market of the London Stock Exchange.

The financial statements of the Company and its subsidiaries (together referred to as the 'Group') for the year ended 30th April 2024 were authorised for issue by the Board of Directors on 25th June 2024 and the statements of financial position were signed on the Board's behalf by Michael Bell and Michael O'Connell.

The Group's and Company's financial statements for the year ended 30th April 2024 have been prepared in accordance with UK adopted International Accounting Standards.

2 Accounting policies

Basis of preparation

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated.

The principal accounting policies have been applied consistently to all years presented in these Group financial statements, unless otherwise stated. The consolidated financial statements have been prepared on a going concern basis.

Going concern

The financial statements have been prepared on a going concern basis. The Group's business activities, together with factors likely to affect its future development, performance, and position are set out in the Chairman's statement and Strategic report on pages 3 to 5 and 8 to 12.

At 30th April 2024, the Group held cash and cash equivalents of £35.51m with a further £7.17m of restricted cash held in an Escrow account maturing in greater than 90 days. The Group also has a number of large long-term contracts and a healthy order book. As such, the directors are satisfied that the Group has sufficient liquidity to meet both its current liabilities and future working capital requirements.

The performance of the Group is dependent on a number of external factors and the wider economic environment. The increase in inflation, the cost and supply of raw materials, and soaring energy prices are among the biggest challenges and uncertainties facing the Group. However, management remain vigilant and are regularly monitoring the impact of these external factors in order to mitigate any impact upon the business.

Forecasts have been prepared up to 31st October 2025, which the directors believe reflect a reasonable expectation, based on the information available at the date of signing these financial statements. The forecasts have been assessed for the potential impact of possible sensitivities, including a 10% fall in the forecasted revenue across the Group and a 10% increase in material prices. In all scenarios the Group has sufficient headroom to be able to continue to meet its liabilities as they fall due.

In addition, management have carried out reverse stress tests to 31st October 2025 under various scenarios, all of which are considered severe but implausible by management. In all tested scenarios, the Group would continue as a going concern throughout the assessment period.

As a result, in making the going concern assessment the directors consider there to be no material uncertainties that could cast significant doubt on the Group's ability to continue to operate as a going concern. They believe that the Group has sufficient financial resources with a healthy orderbook to continue operating for the foreseeable future, being at least to 31st October 2025. As a result, the directors continue to adopt the going concern basis of accounting in preparation of these financial statements.

Critical accounting estimates and assumptions

In preparation of the financial statements, the Group's management are required to make estimates, judgements and assumptions that affect the reported amounts of amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and any other factors considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions are recognised in the period in which they are revised.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Critical accounting estimates and assumptions (continued)

The following estimates and judgements have a risk of causing material adjustments to the amounts recognised in these financial statements:

Judgements

(a) Contract revenue

Judgement is required in determining the recognition of revenue either at a point in time or over time. Where contracts contain multiple performance obligations, revenue is measured over time only if the group's performance does not create an asset with an alternative use to the Group or if the customer simultaneously receives and consumes the benefits provided by the group's performance as the group performs. The majority of contracts within the Group do not meet this criteria and therefore revenue recognition is judged to be at a point in time (note 3). This assessment is detailed further in the accounting policy for revenue.

b) Capitalisation of development costs

Development costs are expensed to the consolidated income statement as incurred where they do not meet the criteria for capitalisation. Judgement is required in determining if and when costs directly attributable to a project's development phase should be capitalised, particularly when assessing the point at which an asset will generate probable future economic benefits (see note 5).

(c) Share-based payments

Judgement is required in determining the most appropriate valuation model for a grant of equity instruments, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield (note 32).

Estimates

(a) Pension

Measurement of defined benefits obligations requires estimation of future changes in salaries and inflation, as well as mortality rates and the selection of a suitable discount rate (see note 24).

(b) Impairment of non-financial assets

The Group's impairment test for intangible assets with indefinite useful lives and goodwill is based on the higher of the fair value less costs to sell and a value-in-use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model (see note 14).

(c) Leased assets

Leased assets and liabilities are measured at the present value of total lease payments, discounted using the interest rate implicit in the lease, or if that cannot be determined, the Group's incremental borrowing rate. Management is therefore required to make an estimate to determine the discount rate for each individual lease (see note 13).

(d) Fair value of derivative instruments

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value at the reporting date. An estimation of the changes in marking the outstanding forward currency forward contracts to fair value is required (note 6).

(e) Inventory provisions

The level of inventory provisions carried within the financial statements is reviewed annually. The recoverability of the cost of the inventory is assessed by considering the nature and condition of the inventory, as well as applying assumptions about the future saleability or usage of items. The level of inventory provisions is disclosed in note 18 to the financial statements.

(f) Valuation of land and buildings

Land and buildings are held at fair value less depreciation and impairment. Fair value is an area of judgement as it is based on periodic valuations by external independent valuers, which are determined from market-based evidence (see note 12).

Notes to the financial statements

Continued

2 Accounting policies (continued)

Critical accounting estimates and assumptions (continued)

Estimates (continued)

(g) Warranty provision

Provisions for the expected cost of warranty obligations are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. In determining the most appropriate warranty prevision the Group makes use of management experience, historic precedents, and contract specific considerations (note 26).

Basis of consolidation

The Group financial statements incorporate the results of MS INTERNATIONAL plc and the results of its subsidiary undertakings. Subsidiaries are those entities over which the Company has control. The Company holds, directly or indirectly, 100% of the share capital and 100% of the voting rights of all subsidiaries. All subsidiaries have a reporting date of 30th April.

All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full on consolidation.

Subsidiaries are fully consolidated from the effective date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Exemption from audit

For the year ended 30th April 2024, MS INTERNATIONAL plc has provided a parental guarantee for MS INTERNATIONAL Estates Ltd (company number 11218853). MS INTERNATIONAL Estates Ltd is entitled to exemption from audit under section 479A if the Company's Act 2006 relating to subsidiary companies.

The Company's investments in subsidiaries

In its separate financial statements the Company's investments in subsidiaries are carried at cost less provision for impairment.

Investment in joint venture

Joint ventures are entities over which the Group has joint control. Investments in joint ventures are accounted for using the equity method. Under the equity method of accounting, interest in joint ventures is initially recognised at cost, and the carrying amount is subsequently increased or decreased to recognise the Group's share of the profit or loss of the joint venture after the date of acquisition.

Foreign currency translation

The consolidated financial statements are presented in pounds sterling, which is the Company's functional and presentational currency. Each entity in the Group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the Group's overseas subsidiaries are the US Dollar, the Euro, the Polish Zloty, the Brazilian Real and the Argentinean Peso. The assets and liabilities of the overseas subsidiaries are translated into the presentational currency of the Group at the rate of exchange ruling at the statement of financial position date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Property, plant and equipment (continued)

Land and buildings are recognised initially at cost and thereafter carried at fair value less depreciation and impairment charged subsequent to the date of the revaluation. Fair value is based on periodic valuations by an external independent valuer and is determined from market-based evidence by appraisal. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any revaluation surplus is credited to the revaluation reserve in equity except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in profit or loss, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the statement of financial position date, of each asset evenly over its expected useful life as follows:

Property other than freehold land – over 50 years

Plant and equipment – over 3 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction by transaction basis. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. Assets acquired and liabilities assumed in transactions separate to the business combinations, such as the settlement of pre-existing relationships or post-acquisition remuneration arrangements are accounted for separately from the business combination in accordance with their nature and applicable IFRSs. Identifiable intangible assets, meeting either the contractual-legal or separability criterion are recognised separately from goodwill. Contingent liabilities representing a present obligation are recognised if the acquisition-date fair value can be measured reliably.

If the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) is lower than the fair value of the assets, liabilities and contingent liabilities and the fair value of any pre-existing interest held in the business acquired, the difference is recognised in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Business combinations (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible assets

Intangible assets acquired separately are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The amortisation period and the amortisation method are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The useful economic lives of each intangible asset with finite lives are as follows:

Tradename – over 10 to 20 years

Design database – over 10 years

Non-compete agreement – over 3 years

Customer relationships – over 8 to 10 years

Order backlog – over 1 year

Development costs – over 5 years

Software costs – over 3 to 5 years

Goodwill arising on acquisition of subsidiaries is the only intangible asset with an indefinite useful life.

For impairment assessment purposes, intangible assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and others are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Impairment losses are recognised at the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Leased assets

For any new contracts entered into, the Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. New leases are then recognised in the Consolidated statement of financial position as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

Lease liabilities are measured at the present value of the lease payments unpaid at the recognition date, discounted using the interest rate implicit in the lease, or, if that rate cannot be determined, the Group's incremental borrowing rate. Lease payments include fixed payments, variable lease payments that are based on an index or rate, less any lease incentives receivable. Following initial measurement, the liability will be reduced for payments made and increased for interest. Interest will be charged to profit or loss as an interest expense.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Leased assets (continued)

The liability will be remeasured to reflect any reassessment of or modification to the lease contract when applicable. When the lease liability is remeasured, the corresponding adjustment is also reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Right-of-use assets are measured at cost, which comprises the following:

- the amount of the initial measurement of lease liability,
- any lease payments (net of any incentives received) made in advance of the lease commencement date,
- any initial direct costs incurred,
- an estimate of any costs to dismantle or remove the asset at the end of the lease.

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the useful economic life or the end of the lease term.

Payments associated with short-term leases, defined as a lease with a term of 12 months or less, and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at their fair value including remeasurement at the reporting date. The Group has decided not to apply hedge accounting with respect to forward exchange contracts and as a result changes in the fair values are recognised immediately within the Consolidated income statement within the Derivative gains or losses line.

Research and development

Costs relating to research are charged to the income statement as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably.
- the project is technically and commercially feasible.
- the Group intends to and has sufficient resources to complete the project.
- the Group has the ability to use or sell the asset.
- the asset will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials — purchase cost on a first-in, first-out basis.
- Finished goods and work in progress — cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Contract costs relating to non-prototype research and development expenditure are capitalised within work in progress when the costs are expected to be recovered.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts based on expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the lifetime of the receivable. The Group uses its historical experience, external indicators and forward looking information to make this assessment. Trade receivables are classified as financial assets measured as amortised cost.

Treasury shares

Own shares held by the Company and Group are classified in equity and are recognised at cost. No gain or loss is recognised on the purchase, sale, issue, or cancellation of the Group's own equity instruments.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, on short-term deposit, and in hand.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding overdrafts which are repayable on demand.

Restricted cash held in Escrow

Cash held in Escrow provides security to both Lloyds Bank plc and Barclays Bank plc in respect of any guarantees, indemnities, and performance bonds given by the Group in the ordinary course of business. In the statement of financial position amounts not maturing within 90 days of the deposit date are separately disclosed in restricted cash held in Escrow.

Trade and other payables

Trade and other payables are initially regarded at their fair value and thereafter at amortised cost using the effective interest rate method. Trade payables are classified as financial liabilities at amortised cost.

Warranty provisions

Provisions for the expected cost of warranty obligations are recognised in the Consolidated income statement when it becomes probable that the Group will be required to settle that obligation. Warranty related provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

Pension schemes

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the income statement immediately. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. Remeasurement gains and losses are recognised in full in the Consolidated income statement and expensed in the period in which they occur. Actual gains/losses less amount included in net interest costs are included in other comprehensive income.

The defined benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds) less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of the present value of any amount the Group expects to recover by way of refunds from the plan or reductions in the future contributions.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Pension schemes (continued)

The value of a net pension liability is restricted to the sum of the present value of contracted deficit reduction contributions. Where the present value of contracted deficit reduction contributions exceeds the net pension liability, the surplus is recognised as a further liability within the financial statements in accordance with IFRIC 14.

Contributions to defined contribution schemes are recognised in the income statement in the year in which they become payable.

Equity settled share-based payments

The Group issues equity-settled share based payments to certain employees. The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The cost is recognised as an expense over the vesting period on a straight line basis, ending on the date on which the relevant employees become fully entitled to the award. Judgement is required in determining the most appropriate valuation model for a grant of equity instruments, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield.

The cost of equity settled share-based payments is charged to the income statement with the corresponding credit applied to equity.

Cash settled share-based payments

Cash settled share-based payments result in the recognition of a liability, which is an obligation to make a payment in cash, based on the price of the underlying equity instrument. As the cash settled share-based payments awarded carry no market based vesting criteria or non-vesting criteria, the value of the awards at each respective valuation date equals the share price prevailing at that date, adjusted for any dividend leakage (on a compounded basis) over their expected life. The fair value of recognised liability is remeasured at each reporting date and the full amount is remeasured from vesting date to settlement date. Remeasurements are recognised immediately to the extent that they relate to past services and recognition is spread over the remaining vesting period to the extent they relate to future services.

The cost of cash settled share-based payments is charged to the income statement with the corresponding credit applied to liabilities.

Revenue

Revenue is attributable to the principal activities of the four divisions within the Group:

- The design and manufacture of defence and security equipment (‘Defence and Security’).
- The manufacture of fork-arms and open die forgings (‘Forgings’).
- The design, manufacture, construction, and maintenance of petrol station superstructures (‘Petrol Station Superstructures’).
- The design, manufacture, installation, and service of corporate branding, including media facades, way-finding signage, public illumination, creative lighting solutions, and the complete appearance of petrol station superstructures and forecourts (‘Corporate Branding’).

To determine whether to recognise revenue, the Group follows the five steps required when applying IFRS 15:

1. Identify the contract with the customer.
2. Identify the separate performance obligations specified within each contract.
3. Determine the transaction price specified within each contract.
4. Allocate the transaction price to the performance obligation identified.
5. Recognise revenue once the performance obligation have been satisfied.

Revenue is recognised either at a point in time or over time depending on when the performance obligations are satisfied.

The Group recognises contract liabilities (progress payments) for consideration received in respect of unsatisfied performance obligations and reports these within current and non-current liabilities in the Statement of financial position.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Revenue (continued)

'Defence and Security'

The 'Defence and Security' division enters into contracts with its customers to provide defence equipment and related services. The division undertakes to manufacture, pack and supply equipment as well as provide onsite commissioning, firing trials and training services where required. As a result, contracts contain multiple performance obligations that are either recognised at a point in time or over time.

Upon signing a contract, the contract is assessed to identify each performance obligation. Revenue is recognised as performance obligations are satisfied, which is when control of goods and services has transferred to the customer.

Performance obligations, and therefore revenue, are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously creates or enhances the benefits provided by the Group's performance obligations as it performs;
- the Groups performance creates or enhances an asset that a customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

If none of the above criteria for recognising revenue over time are met, the performance obligation is satisfied at a point in time.

The division provides warranties to its customers to give them assurance that its products and services will function in line with specifications determined within the contract. As warranties within these contracts represent an assurance type warranty, they are therefore not accounted for as a separate performance obligation.

Occasionally revenue is recognised in accordance with a bill-and-hold arrangement when requested by the customer. Under these instances revenue is recognised before delivery of the goods when the following criteria are met:

- the buyer requests a bill-and-hold arrangement
- the goods must be ready for physical transfer to the customer and must be separately identified as belonging to the customer
- the goods cannot be used or directed to another customer.

As part of the contracts entered into, customers may make payments to the division in advance of the goods being delivered. These are classified as contract liabilities, which are only recognised as revenue once the performance obligation has been satisfied. Where the contract is denominated in foreign currency, contract liabilities are translated at the rate prevailing on the date of receipt and are recognised in revenue at this rate.

'Forgings'

Revenue from the sale of fork-arms and open die forgings is recognised at a point in time upon delivery of the products, either when or as the 'Forgings' division transfers control of the products to the customer. Customers are invoiced once control of the product has transferred to the customer.

'Petrol Station Superstructures'

The 'Petrol Station Superstructures' division enters into contracts with its customers to provide petrol station superstructures. The contracts contain a single performance obligation for the delivery of the product.

The division assesses each contract to determine whether revenue should be recognised at a point in time when the product is delivered to the customer, or recognised over time when the contracts stipulate that the division is entitled to reward for performance to date. In order to establish the entitlement for performance to date, the division considers if it has an enforceable right to payment for performance completed to date and the division's performance to date does not create an asset with an alternative use to the Group. The majority of contracts have revenue which is measured at a point in time.

As part of the contracts entered into, customers may make payments to the division in advance of the delivery of the product. These are classified as contract liabilities, which are only recognised as revenue once the performance obligation has been satisfied.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Revenue (continued)

'Corporate Branding'

The 'Corporate Branding' division enters into contracts with its customers to perform the re-imaging of corporate branding and signage for various industries. Additional engagements include the repair and maintenance of images on petrol station forecourts.

Control of the goods does not pass to the customer until either the goods are delivered to site for material only projects, or upon completion of the installation for materials and installation projects. Accordingly, revenue is recognised at the point in time when this occurs.

As part of some of the contracts entered into, customers may make payments to the division in advance of the goods being delivered. These are classified as contract liabilities and are only recognised as revenue once the performance obligation has been satisfied.

Taxes

Income tax is charged or credited directly to other comprehensive income or equity if it relates to items that are credited or charged to, respectively, other comprehensive income or equity. Otherwise income tax is recognised in the income statement.

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised;

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date. Increases/decreases in deferred income tax assets and liabilities arising from changes to tax rates enacted or substantively enacted at the statement of financial position date are recognised immediately in the Consolidated income statement or the Consolidated statement of comprehensive income.

Dividends payable

Dividends are recognised when they become legally payable. In the case of interim dividends this is when paid. In the case of final dividends this is when approved by the shareholders at the AGM.

Notes to the financial statements

Continued

2 Accounting policies (continued)

Earnings per share

Basic earnings per share is calculated by dividing:

- the profit for the year attributable to the equity holders of the parent
- by the weighted average number of ordinary shares in issue, excluding the weighted average number of shares held in the ESOT and the weighted average number of treasury shares.

Diluted earnings per share is calculated by dividing:

- the profit for the year attributable to the equity holders of the parent, less the share option expense
- by the weighted average number of ordinary shares in issue adjusted for the dilutive potential ordinary shares, excluding the weighted average number of shares held in the ESOT and the weighted average number of treasury shares.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, there are no new, but not yet effective, standards, amendments to existing standards, or interpretations that have been published by the IASB that will have a material impact on these financial statements.

3 Revenue

The Group's revenue disaggregated by pattern of revenue recognition and category is as follows:

	2024	2023
	£'000	£'000
Revenue recognised at a point in time	**104,638**	81,816
Revenue recognised over time	**4,938**	2,140
Total revenue	**109,576**	83,956

During the year the Group recognised £9,797,000 (2023 – £14,562,000) of revenue that was included in the contract liability balance at 30th April 2023 (note 27).

4 Segment information

For management and reporting purposes, the Group operated through four trading divisions during the years ended 30th April 2024 and 30th April 2023. This includes 'Defence and Security', 'Forgings', 'Petrol Station Superstructures', and 'Corporate Brandings' divisions. These divisions are the basis on which the Group reports its primary business segment information. The Board, which includes the chief operating decision maker, considers each trading division as a separate operating segment and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are therefore not allocated to operating segments.

The principal activities of the trading divisions are described in the Strategic report.

	'Defence and Security'		'Forgings'		'Petrol Station Superstructures'		'Corporate Branding'		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Segmental revenue										
Total revenue	**67,228**	32,433	**17,627**	23,266	**16,355**	16,336	**8,957**	12,412	**110,167**	84,447
Revenue from other segments	**–**	–	**–**	–	**(309)**	(316)	**(282)**	(175)	**(591)**	(491)
Revenue from external customers	**67,228**	32,433	**17,627**	23,266	**16,046**	16,020	**8,675**	12,237	**109,576**	83,956

Notes to the financial statements

Continued

4 Segment information (continued)

	'Defence and Security'		'Forgings'		'Petrol Station Superstructures'		'Corporate Branding'		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Segment result										
Operating profit/(loss)	**13,009**	2,023	**1,137**	3,864	**2,011**	2,053	**(1,406)**	(2,690)	**14,751**	5,250
Share of net loss of joint venture									**–**	(36)
Net finance income/(expense)									**961**	(136)
Profit before taxation									**15,712**	5,078
Taxation									**(4,212)**	(963)
Profit for the year									**11,500**	4,115
Segmental assets										
Assets attributable to segments	**78,990**	28,145	**7,776**	9,394	**12,874**	10,732	**4,627**	6,744	**104,267**	55,015
Unallocated assets*									**24,450**	24,298
Total assets									**128,717**	79,313
Segmental liabilities										
Liabilities attributable to segments	**63,320**	19,012	**2,255**	3,942	**4,711**	3,402	**2,455**	3,391	**72,741**	29,747
Unallocated liabilities*									**5,179**	8,491
Total liabilities									**77,920**	38,238
Other segmental information										
Capital expenditure	**3,513**	1,065	**569**	213	**545**	353	**271**	340	**4,898**	1,971
Depreciation	**499**	322	**637**	644	**740**	728	**268**	350	**2,144**	2,044
Amortisation	**18**	18	**–**	–	**43**	43	**–**	178	**61**	239
Impairment	**–**	–	**–**	–	**–**	–	**–**	390	**–**	390

* Unallocated assets include certain fixed assets (including all UK properties), current assets and deferred income tax assets. Unallocated liabilities include the defined pension benefit scheme liability, the deferred income tax liability, and certain current liabilities.

Assets and liabilities attributable to segments comprise the assets and liabilities of each segment adjusted to reflect the elimination of the cost of investment in subsidiaries and the provision of financing loans provided by MS INTERNATIONAL plc.

Revenue between segments is determined on an arm's length basis. Segment results, assets, and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Notes to the financial statements

Continued

4 Segment information (continued)

Geographical analysis

The following table presents revenue and expenditure and certain assets and liabilities information by geographical segment for the years ended 30th April 2024 and 30th April 2023. The Group's geographical segments are based on the location of the Group's assets.

	United Kingdom		Europe		USA		South America		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
External revenue by origin	**79,893**	51,424	**8,101**	12,333	**19,450**	17,270	**2,132**	2,929	**109,576**	83,956
Non-current assets	**23,029**	20,529	**2,899**	3,365	**5,476**	6,107	**82**	120	**31,486**	30,121
Current assets	**82,260**	40,269	**3,559**	5,158	**10,631**	2,844	**781**	921	**97,231**	49,192
Liabilities	**42,639**	23,281	**2,739**	3,345	**32,254**	11,380	**288**	232	**77,920**	38,238
Capital expenditure	**4,817**	1,569	**56**	162	**25**	240	**–**	–	**4,898**	1,971

Revenue disaggregated by destination is shown as follows:

	2024		2023	
	£'000	**%**	£'000	%
United Kingdom	**48,974**	**45%**	28,354	34%
Asia	**24,350**	**22%**	13,578	16%
USA	**19,450**	**18%**	17,270	21%
Europe	**13,708**	**12%**	21,158	25%
South America	**3,086**	**3%**	3,036	3%
Rest of World	**8**	**0%**	560	1%
Total revenue	**109,576**	**100%**	83,956	100%

The Group's largest customer, which is reported in the 'Defence and Security' division, contributed 27.4% to the Group's revenue (2023 – 12.6% from the same customer). The Group's second largest customer, also reported in the 'Defence and Security' division, was the only other customer that contributed more than 10% to the Group's revenue with a total of 21.6% (2023 – nil).

5 Group operating profit

	2024	2023
Profit before taxation is stated after charging/(crediting):	**£'000**	£'000
Depreciation of tangible assets – owned assets	**1,773**	1,668
Depreciation of right-of-use assets	**371**	376
Amortisation of intangible assets	**61**	239
Impairment of intangible assets	**–**	390
Profit on disposal of property, plant and equipment	**(215)**	(107)
Profit on disposal of joint venture	**(9)**	–
Short-term and low value leases	**112**	105
Foreign exchange gains	**(166)**	(423)
Exchange gain relating to derivative assets	**(1,207)**	–
Cost of inventories recognised as an expense	**64,594**	43,027
Research and development costs	**1,174**	1,908
Defined benefit pension expense	**359**	371
Equity settled share-based payment expense	**65**	30
Cash settled share-based payment provision	**134**	–
Fees payable to the Group's auditor and associates:		
For the audit of the Group's financial statements	**125**	100
For the audit of the Group's subsidiary companies' financial statements	**105**	95
For audit related services	**29**	18

Total administrative expenses are included within Group operating profit.

Notes to the financial statements

Continued

6 Derivative financial instruments

During the year the Group and Company entered into a number of forward currency contracts in respect of USD denominated cash inflows in the 'Defence and Security' division. In total $99,000,000 was hedged in the year at an average exchange rate of 1.2330. By 30th April 2024 a total of $25,000,000 of contracts had matured at an average rate of 1.2381, leaving a balance of $74,000,000 at an average rate of 1.2312.

The Group and Company has chosen not to adopt hedge accounting with respect to forward exchange contracts and as a result a gain of £1,207,000 arising from the change in the fair value of the contracts has been included within operating profit.

Group and Company	**US Dollar $'000**	**Sterling £'000**	**Average forward rate**	**Change in fair value £'000**
Non-current derivative asset	20,000	16,134	1.2396	309
Current derivative asset	54,000	43,968	1.2282	898
Total	**74,000**	**60,102**	**1.2312**	**1,207**

7 Employee Information

The average number of employees, including executive directors, during the year was as follows:

	Group		**Company**	
	2024 Number	2023 Number	**2024 Number**	2023 Number
Production	**261**	263	**74**	78
Technical	**77**	71	**21**	21
Distribution	**28**	26	**2**	2
Administration	**89**	94	**37**	39
	455	454	**134**	140

(a) Staff costs

Including executive directors, employment costs were as follows:

	Group		**Company**	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Wages and salaries	**23,757**	21,024	**8,782**	7,415
Social security costs	**3,718**	3,853	**1,058**	822
Pension costs	**830**	667	**469**	423
Redundancy costs	**160**	–	**–**	–
Share options expense	**65**	30	**65**	30
	28,530	25,574	**10,374**	8,690

(b) Directors' emoluments

	2024 £'000	2023 £'000
Aggregate directors' emoluments (note 31)	**3,517**	2,072
Pension contributions	**115**	65
Gain on exercise of share options (note 32)	**1,043**	1,042
	4,675	3,179

In October 2023 two directors exercised LTIP share options totalling 100,000 (2023 – 250,000) at an exercise price of £0 (2023 – £0) per share. The gain on these options is the difference between the market price at the date of exercise, which ranged from £7.20 per share to £7.30 per share (2023 – £4.17), and the exercise price of £0 (2023 – £0) per share.

Between June 2023 and October 2023 four directors exercised CSOP share options totalling 63,335 (2023 – nil) at an exercise price of £1.41 per share. The gain on these options is the difference between the market price at the date of exercise, which ranged from £5.88 per share to £7.15 per share, and the exercise price of £1.41 per share.

Directors' emoluments are considered further within the Directors' remuneration report presented on pages 76 to 78.

Notes to the financial statements

Continued

8 Finance income and expense

	2024 £'000	2023 £'000
Bank interest income	**1,244**	134
Finance income	**1,244**	134
Bank overdraft interest	**(60)**	(81)
Interest on leases (note 13)	**(37)**	(51)
Other interest	**(7)**	(2)
Interest paid	**(104)**	(134)
Pension scheme interest (note 24)	**(179)**	(136)
Finance expense	**(283)**	(270)
Net finance income/(expense)	**961**	(136)

9 Taxation

(a) Tax expense

The charge for taxation comprises:

	2024 £'000	2023 £'000
Current tax		
United Kingdom corporation tax	**3,187**	860
Foreign corporation tax	**188**	311
Adjustments in respect of previous years	**(152)**	(76)
Group current tax expense	**3,223**	1,095
Deferred tax (note 17)		
Origination and reversal of temporary differences	**857**	(122)
Adjustments in respect of previous years	**132**	(2)
Adjustments in respect of difference in applicable tax rate	**–**	(8)
Group deferred tax expense/(credit)	**989**	(132)
Total tax expense on profit	**4,212**	963

Tax relating to items charged to other comprehensive income:

	2024 £'000	2023 £'000
Deferred tax charged through other comprehensive income		
Deferred tax on measurement gains on pension scheme current year	**817**	(9)
Deferred tax on revaluation surplus on land and buildings	**–**	252
Deferred tax expense in the Consolidated statement of comprehensive income	**817**	243

Notes to the financial statements

Continued

9 Taxation (continued)

(b) Factors affecting the tax charge for the year

The tax charge assessed for the year is higher than (2023: lower than) the standard rate of corporation tax in the UK of 25% (2023 – 19.5%). The differences are explained below:

	2024	2023
	£'000	£'000
Profit before tax	**15,712**	5,078
Profit multiplied by standard rate of corporation tax of 25% (2023 – 19.5%)	**3,928**	990
Effects of:		
Expenses not deductible for tax purposes	**102**	35
R&D tax credit	**(322)**	(293)
Adjustments in respect of overseas tax rates	**5**	160
Unrecognised tax losses	**390**	(35)
Dual residency tax	**129**	232
Current tax adjustment in respect of previous years	**(152)**	(76)
UK deferred tax not previously recognised	**–**	(40)
Deferred tax adjustment in respect of previous years	**132**	(2)
Deferred tax adjustment in respect of different applicable rates	**–**	(8)
Total taxation expense for the year	**4,212**	963

(c) Factors affecting future tax charge

At the reporting date, there are no factors that would affect the future tax charge and therefore deferred income taxation has been provided at the rate at the reporting date of 25%.

10 Earnings per share

The calculation of basic earnings per share of 71.0p (2023 – 25.6p) is based on the profit for the year attributable to equity holders of the parent of £11,500,000 (2023 – £4,115,000) and on a weighted average number of ordinary shares in issue of 16,186,103 (2023 – 16,045,581). At 30th April 2024 there were 1,068,693 (2023 – 1,270,000) dilutive shares on option with a weighted average effect of 845,288 (2023 – 980,875) giving a diluted earnings per share of 67.5p (2023 – 24.2p).

	2024	2023
	£'000	£'000
Number of ordinary shares in issue at start of the year	**17,841,073**	17,841,073
Cancellation of ordinary shares during the year	**–**	–
Number of ordinary shares in issue at the end of the year	**17,841,073**	17,841,073
Weighted average number of shares in issue	**17,841,073**	17,841,073
Less weighted average number of shared held in the ESOT	**(163,021)**	(245,048)
Less weighted average number of shares purchased by the Company	**(1,491,949)**	(1,550,444)
Weighted average number of shares to be used in basic EPS calculation	**16,186,103**	16,045,581
Weighted average number of the 1,068,693 (2023 – 1,270,000) dilutive shares	**845,288**	980,875
Weighted average diluted shares	**17,031,391**	17,026,456
Profit for the year attributable to equity holders of the parent in £	**11,500,000**	4,115,000
Basic earnings per share	**71.0p**	25.6p
Diluted earnings per share	**67.5p**	24.2p

Notes to the financial statements

Continued

11 Dividends paid and proposed

	2024 £'000	2023 £'000
Declared and paid during the year:		
Final dividend for 2023: 13p (2022 – 7.5p)	**2,123**	1,196
Interim dividend for 2024: 3p (2023 – 2p)	**487**	324
	2,610	1,520
Proposed for approval by shareholders at the AGM:		
Final dividend for 2024: 16.5p (2023 – 13p)	**2,679**	2,123

12 Property, plant and equipment

(a) Group

	Freehold property £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 30th April 2022	21,368	16,106	**37,474**
Additions	421	1,550	**1,971**
Disposals	–	(488)	**(488)**
Exchange differences	141	130	**271**
At 30th April 2023	21,930	17,298	**39,228**
Additions	1,405	3,493	**4,898**
Disposals	–	(676)	**(676)**
Exchange differences	52	(25)	**27**
At 30th April 2024	**23,387**	**20,090**	**43,477**
Accumulated depreciation			
At 30th April 2022	–	12,937	**12,937**
Depreciation charge for the year	400	1,268	**1,668**
Disposals	–	(358)	**(358)**
Exchange differences	(5)	100	**95**
At 30th April 2023	395	13,947	**14,342**
Depreciation charge for the year	408	1,365	**1,773**
Disposals	–	(578)	**(578)**
Exchange differences	2	(15)	**(13)**
At 30th April 2024	**805**	**14,719**	**15,524**
Net book value at 30th April 2024	**22,582**	**5,371**	**27,953**
Net book value at 30th April 2023	21,535	3,351	24,886
Analysis of cost or valuation			
At professional valuation	**21,561**	**–**	**21,561**
At cost	**1,826**	**20,090**	**21,916**
At 30th April 2024	**23,387**	**20,090**	**43,477**
Analysis of cost or valuation			
At professional valuation	21,509	–	21,509
At cost	421	17,298	17,719
At 30th April 2023	21,930	17,298	39,228

Notes to the financial statements

Continued

12 Property, plant and equipment (continued)

(b) Company

	Plant and equipment £'000	**Total £'000**
Cost or valuation		
At 30th April 2022	8,444	**8,444**
Additions	705	**705**
Disposals	(243)	**(243)**
At 30th April 2023	8,906	**8,906**
Additions	832	**832**
Disposals	(262)	**(262)**
At 30th April 2024	**9,476**	**9,476**
Accumulated depreciation		
At 30th April 2022	7,427	**7,427**
Depreciation charge for the year	508	**508**
Disposals	(190)	**(190)**
At 30th April 2023	7,745	**7,745**
Depreciation charge for the year	596	**596**
Disposals	(254)	**(254)**
At 30th April 2024	**8,087**	**8,087**
Net book value at 30th April 2024	**1,389**	**1,389**
Net book value at 30th April 2023	1,161	1,161
Analysis of cost or valuation		
At professional valuation	**–**	**–**
At cost	**9,476**	**9,476**
At 30th April 2024	**9,476**	**9,476**
Analysis of cost or valuation		
At professional valuation	–	–
At cost	8,906	8,906
At 30th April 2023	8,906	8,906

(c) Within the Group depreciation has not been charged on freehold land which is included at a book value of £5,888,000 (2023 - £5,870,000) at 30th April 2024. The Company does not hold any freehold land.

(d) The last formal valuation of the Group's land and buildings, which consists of manufacturing and office facilities in the UK, the USA and Poland, was carried out in April 2022 by Dove Haigh Phillips (UK), Real Estate & Appraisal Services Inc (USA), and KonSolid-Nieruchomosci (Poland). Management determined that these constitute one class of asset under IFRS 13 (designated as level 3 fair value assets), based on the nature, characteristics and risks of the properties.

The properties in the UK were valued on the basis of an existing use value in accordance with the Appraisal and Valuation Standards (5th Edition) published by the Royal Institution of Chartered Surveyors. The Polish property was valued based on the income approach, converting anticipated future benefits in the form of rental income into present value. The US property was valued on an income and market value basis. For all properties, there is no difference between current use and highest and best use.

During the year management have made an assessment of the Group's land and buildings and believe that carrying value is materially accurate so no adjustments to reflect the fair value are required.

If land and buildings were valued using the cost method, carrying amounts would be £15,338,000 (2023 - £14,109,000) at 30th April 2024.

Notes to the financial statements

Continued

13 Leases

(a) Right-of-use assets

Group

	Freehold property £'000	Plant and equipment £'000	**Total £'000**
Cost or valuation			
At 30th April 2022	2,218	10	**2,228**
Additions	–	–	**–**
Disposals	–	(10)	**(10)**
Exchange differences	94	–	**94**
At 30th April 2023	2,312	–	**2,312**
Additions	–	–	**–**
Disposals	–	–	**–**
Exchange differences	(69)	–	**(69)**
At 30th April 2024	**2,243**	**–**	**2,243**
Accumulated depreciation			
At 30th April 2022	741	8	**749**
Depreciation charge for the year	374	2	**376**
Disposals	–	(10)	**(10)**
Exchange differences	35	–	**35**
At 30th April 2023	1,150	–	**1,150**
Depreciation charge for the year	371	–	**371**
Disposals	–	–	**–**
Exchange differences	(38)	–	**(38)**
At 30th April 2024	**1,483**	**–**	**1,483**
Net book value at 30th April 2024	**760**	**–**	**760**
Net book value at 30th April 2023	1,162	–	1,162

Notes to the financial statements

Continued

13 Leases (continued)

(a) Right-of-use assets (continued)

Company

	Freehold property £'000	Plant and equipment £'000	**Total £'000**
Cost or valuation			
At 30th April 2022	6,400	–	**6,400**
Additions	–	–	**–**
At 30th April 2023	6,400	–	**6,400**
Additions	2,205	–	**2,205**
At 30th April 2024	**8,605**	**–**	**8,605**
Accumulated depreciation			
At 30th April 2022	1,371	–	**1,371**
Depreciation charge for the year	458	–	**458**
At 30th April 2023	1,829	–	**1,829**
Depreciation charge for the year	677	–	**677**
At 30th April 2024	**2,506**	**–**	**2,506**
Net book value at 30th April 2024	**6,099**	**–**	**6,099**
Net book value at 30th April 2023	4,571	–	4,571

(b) Lease liabilities

Group

The Group has entered into commercial leases on certain properties. The remaining duration of these leases are from 1 year up to 3 years (2023 - 1 to 4 years) from the Statement of financial position date.

The future minimum lease payments are as follows:

	Within one year £'000	**One to five years £'000**	**Total £'000**
At 30th April, 2024			
Lease payments	**405**	**432**	**837**
Finance charges	**(23)**	**(10)**	**(33)**
Net present values	**382**	**422**	**804**
At 30th April 2023			
Lease payments	417	863	1,280
Finance charges	(38)	(34)	(72)
Net present values	379	829	1,208

The Group has elected not to recognise a lease liability for short-term or low value leases. Payments for such leases are expensed to profit or loss on a straight-line basis.

Notes to the financial statements

Continued

13 Leases (continued)

(b) Lease liabilities (continued)

Group (continued)

Lease expenses have been charged to the Consolidated income statement as follows:

	2024	2023
	£'000	£'000
Expenses relating to lease payments not classified as a lease liability:		
Short-term leases	**94**	70
Leases of low value assets	**18**	35
Total	**112**	105
Expenses relating to lease payments classified a lease liability:		
Depreciation on right-of-use assets	**371**	376
Interest on leases (note 8)	**37**	51
	408	427

Company

The Company has entered into three property leases with 'MS INTERNATIONAL Estates Ltd'. The remaining duration of these leases is 9 years (2023 – 10 years).

The future minimum lease payments are as follows:

	Within one year £'000	**One to five years £'000**	**After five years £'000**	**Total £'000**
At 30th April, 2024				
Lease payments	**817**	**3,267**	**3,267**	**7,351**
Finance charges	**(187)**	**(553)**	**(210)**	**(950)**
Net present values	**630**	**2,714**	**3,057**	**6,401**
At 30th April 2023				
Lease payments	560	2,240	2,800	5,600
Finance charges	(141)	(434)	(218)	(793)
Net present values	419	1,806	2,582	4,807

Notes to the financial statements

Continued

14 Intangible assets

Group

	Goodwill £'000	Trade name £'000	Design database £'000	Non-complete agreement £'000	Customer relationships £'000	Order backlog £'000	Development costs £'000	Software costs £'000	**Group £'000**
Cost									
At 30th April 2022	3,025	1,036	1,370	49	2,567	318	279	384	**9,028**
Additions	–	–	–	–	–	–	–	–	**–**
Exchange differences	33	8	–	2	75	10	–	–	**128**
At 30th April 2023	3,058	1,044	1,370	51	2,642	328	279	384	**9,156**
Additions	–	–	–	–	–	–	142	–	**142**
Exchange differences	(21)	(5)	–	(2)	(48)	(6)	(29)	–	**(111)**
At 30th April 2024	**3,037**	**1,039**	**1,370**	**49**	**2,594**	**322**	**392**	**384**	**9,187**
Amortisation									
At 30th April 2022	961	632	1,370	49	2,077	318	279	340	**6,026**
Amortisation during the year	–	61	–	–	160	–	–	18	**239**
Impairment	–	39	–	–	351	–	–	–	**390**
Exchange differences	33	6	–	2	54	10	–	–	**105**
At 30th April 2023	994	738	1,370	51	2,642	328	279	358	**6,760**
Amortisation during the year	–	43	–	–	–	–	–	18	**61**
Exchange differences	(21)	(5)	–	(2)	(48)	(6)	–	–	**(82)**
At 30th April 2024	**973**	**776**	**1,370**	**49**	**2,594**	**322**	**279**	**376**	**6,739**
Net book value at 30th April 2024	**2,064**	**263**	**–**	**–**	**–**	**–**	**113**	**8**	**2,448**
Net book value at 30th April 2023	2,064	306	–	–	–	–	–	26	2,396

Goodwill acquired through business combinations and licences has been allocated for impairment testing purposes to the 'Petrol Station Superstructures' division and the 'Corporate Branding' division, which are both operating segments.

Impairment testing

Goodwill considered significant in comparison to the Group's total carrying amount of such assets has been allocated to cash-generating units or groups of cash-generating units as follows:

	Goodwill 2024 £'000	Goodwill 2023 £'000
'Petrol Station Superstructures' division	**2,064**	2,064
'Corporate Branding' division	**–**	–
	2,064	2,064

The performance of the 'Petrol Station Superstructures' division is the lowest level at which goodwill is monitored for internal management purposes.

Notes to the financial statements

Continued

14 Intangible assets (continued)

Impairment testing (continued)

At the reporting date, value-in-use was determined by discounting the future cash flows generated from the continuing operations of the divisions over the next 5 years and was based on the following key assumptions, which are consistent with the prior year:

- Detailed 2 year management forecast.
- A growth in cashflows estimated for 2 years, and a growth rate of 2% assumed from year 3.
- Cash flows were discounted at a rate of 12.2%.

The growth rates used in the value-in-use calculation reflect management's expectations for the business based upon previous experience and taking into consideration recent sales wins.

Based on the above assumptions, the value-in-use calculated at the reporting date for the 'Petrol Station Superstructures' division did not indicate the need for impairment and no reasonably possible changes in any of the key assumptions used would cause the carrying value of the unit to exceed its recoverable amount.

Company

There were no intangible assets (2023 – £nil) included in the Company statement of financial position.

15 Investment in subsidiary undertakings

Principal subsidiary undertakings are set out on pages 79 and 80.

Company	Cost	Impairment	**Net book value**
At 30th April 2022	20,088	(1,962)	**18,126**
Impairment of 'MSI-Sign Group B.V.'	–	(2,438)	**(2,438)**
Impairment of 'MSI-Sign Group GmbH'	–	(19)	**(19)**
At 30th April 2023	20,088	(4,419)	**15,669**
Impairment	–	–	**–**
At 30th April 2024	**20,088**	**(4,419)**	**15,669**

16 Investment in joint venture

During the year 'MSI-Sign Group B.V.' divested of its investment in the joint venture 'Consorzio Archigia-Petrol Sign', a company registered in Italy. The Group previously held a 50% shareholding with 50% of the voting rights in 'Consorzio Archigia-Petrolsign'. The Group made a profit on disposal of the joint venture of £9,000, which has been recognised within administrative expenses within the Consolidated income statement.

	Group £'000
At 30th April 2022	34
Equity accounted share of net losses	(36)
Exchange differences	2
At 30th April 2023	–
Equity accounted share of net losses	–
At 30th April 2024	**–**

Prior to the disposal, the Group made sales to 'Consorzio Archigia-Petrolsign' of £37,000 (2023 - £1,082,000).

Notes to the financial statements

Continued

17 Deferred income tax

(a) Deferred income tax in the Consolidated income statement

The deferred income tax included in the Consolidated income statement is:

	2024	2023
	£'000	£'000
Taxation deferred by capital allowances	**393**	317
Taxation on other temporary differences	**70**	(277)
Taxation on losses carried forward	**140**	(121)
Taxation on intangibles	**20**	(144)
Taxation on defined benefits pension	**237**	105
Taxation on revaluation	**(3)**	(2)
Adjustments in respect of prior year	**132**	(2)
Adjustment in respect of change in rate	**–**	(8)
Deferred income tax expense/(credit) (note 9)	**989**	(132)

(b) Deferred income tax assets

The deferred income tax assets included in the Consolidated and Company statements of financial position are:

	Group		**Company**	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Taxation deferred by capital allowances	**–**	90	**–**	90
Taxation on other temporary differences	**16**	412	**–**	72
Taxation on losses carried forward	**–**	121	**–**	–
Taxation on pension liability	**–**	1,054	**–**	1,054
Deferred tax asset	**16**	1,677	**–**	1,216

The movements on the deferred income tax asset are:

Group	Taxation deferred by capital allowances £'000	Taxation on other temporary differences £'000	Taxation on losses carried forward £'000	Taxation on pension liability £'000	**Total £'000**
At 30th April 2022	183	119	–	1,133	**1,435**
Included in the Consolidated income statement	(93)	293	121	(88)	**233**
Included in the Consolidated statement of comprehensive income	–	–	–	9	**9**
At 30th April 2023	90	412	121	1,054	**1,677**
Reclass to deferred tax liability	(90)	(411)	–	–	**(501)**
Deferred tax included in the Consolidated income statement	–	16	(121)	(237)	**(342)**
Deferred tax included in the Consolidated statement of comprehensive income	–	–	–	(817)	**(817)**
Exchange differences on retranslation included in the Consolidated statement of comprehensive income	–	(1)	–	–	**(1)**
At 30th April 2024	**–**	**16**	**–**	**–**	**16**

Notes to the financial statements

Continued

17 Deferred income tax (continued)

(b) Deferred income tax assets (continued)

Company

	Taxation deferred by capital allowances £'000	Taxation on other temporary differences £'000	Taxation on pension liability £'000	**Total £'000**
At 30th April 2022	183	58	1,133	**1,374**
Deferred tax included in the Consolidated income statement	(93)	14	(88)	**(167)**
Deferred tax included in the Consolidated statement of comprehensive income	–	–	9	**9**
At 30th April 2023	90	72	1,054	**1,216**
Reclass to deferred tax liability	(90)	(72)	–	**(162)**
Deferred tax included in the Consolidated income statement	–	–	(237)	**(237)**
Deferred tax included in the Consolidated statement of comprehensive income	–	–	(817)	**(817)**
At 30th April 2024	**–**	**–**	**–**	**–**

(c) Deferred income tax liabilities

The deferred tax liabilities included in the Consolidated and Company statements of financial position are:

	Group		**Company**	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Taxation deferred by capital allowances	**1,134**	795	**(33)**	–
Taxation on other temporary differences	**(171)**	–	**196**	–
Taxation on intangible assets	**66**	45	**–**	–
Taxation on buildings revaluation	**2,103**	2,103	**–**	–
Deferred tax liability	**3,132**	2,943	**163**	–

The movements on the deferred income tax liability are:

Group	Taxation deferred by capital allowances £'000	Taxation on other temporary differences £'000	Taxation on intangible assets £'000	Taxation on buildings revaluation £'000	**Total £'000**
At 30th April 2022	549	–	184	1,845	**2,578**
Deferred tax included in the Consolidated income statement	246	–	(143)	(2)	**101**
Deferred tax included in the Consolidated statement of comprehensive income	–	–	–	252	**252**
Exchange differences on retranslation included in the Consolidated statement of comprehensive income	–	–	4	8	**12**
At 30th April 2023	795	–	45	2,103	**2,943**
Reclass from deferred tax asset	(90)	(411)	–	–	**(501)**
Deferred tax included in the Consolidated income statement	429	202	19	(3)	**647**
Deferred tax included in the Consolidated statement of comprehensive income	–	38	–	–	**38**
Exchange differences on retranslation included in the Consolidated statement of comprehensive income	–	–	2	3	**5**
At 30th April 2024	**1,134**	**(171)**	**66**	**2,103**	**3,132**

Notes to the financial statements

Continued

17 Deferred income tax (continued)

(b) Deferred income tax liabilities (continued)

Company

	Taxation deferred by capital allowances	Taxation on other temporary differences	**Total**
At 30th April 2023	–	–	**–**
Reclass from deferred tax asset	(90)	(72)	**(162)**
Deferred tax included in the Consolidated income statement	57	268	**325**
At 30th April 2024	**(33)**	**196**	**163**

Deferred income taxation has been provided at the rate at the reporting date of 25%.

18 Inventories

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Raw materials	**13,771**	8,172	**593**	1,678
Work in progress	**9,001**	16,306	**1,151**	1,009
Finished goods	**2,478**	286	**79**	78
	25,250	24,764	**1,823**	2,765

Details of the Group and Company's inventory provisions are as follows:

	Group	**Company**
	£'000	**£'000**
At 30th April 2022	562	4
Inventory provision accrued during the year	13	21
Exchange differences	6	–
At 30th April 2023	581	25
Inventory provision accrued during the year	188	40
Exchange differences	(1)	–
At 30th April 2024	**768**	**65**

19 Trade and other receivables

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Trade receivables (net of allowance for expected credit losses)	**14,705**	6,931	**2,690**	2,756
Amounts owed by subsidiary undertakings	**–**	-	**8,502**	11,356
Prepayments	**6,061**	1,027	**313**	228
Other receivables (*)	**7,429**	1,071	**24**	4
Income tax receivable	**109**	2	**–**	–
	28,304	9,031	**11,529**	14,344

(*) Included in Other receivables in the Group is £5,661,000 (2023 – £23,000) of costs in relation to obtaining a contract. There are no costs in relation to obtaining a contract within the Company (2023 – nil).

Notes to the financial statements

Continued

19 Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are denominated in the following currencies.

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Sterling	**12,222**	3,946	**2,220**	1,739
Euro	**1,084**	1,973	**470**	1,017
US dollar	**867**	736	**–**	–
Other currencies	**532**	276	**–**	–
	14,705	6,931	**2,690**	2,756

Trade receivables are non-interest bearing, generally have 30 day terms, and are shown net of provision for expected credit losses. The aged analysis of trade receivables after provision for expected credit losses is as follows:

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Not past due	**13,504**	5,059	**2,555**	2,282
< 30 days	**396**	1,745	**83**	482
30-60 days	**92**	90	**47**	18
60-90 days	**50**	37	**5**	–
> 90 days	**663**	–	**–**	(26)
Total	**14,705**	6,931	**2,690**	2,756

In the Group, trade receivables with a nominal value of £15,000 (2023 – £36,000) were impaired and fully provided as at 30th April 2024. During the year, expected credit losses of £21,000 (2023 – £42,000) were recovered and expected credit losses of £nil (2023 – £26,000) were incurred.

In the Company, trade receivables with a nominal value of £5,000 (2023 – £16,000) were impaired and fully provided as at 30th April 2024. During the year, expected credit losses of £11,000 (2023 – £30,000) were recovered and expected credit losses of £nil (2023 – £13,000) were incurred.

(b) Amounts owed by subsidiary undertakings

All amounts due from Group companies are repayable on demand and are not charged interest. The majority of intercompany balances are to group entities with liquid assets and are capable of being repaid on demand. An impairment charge of £1,686,000 relating to 'MSI-Sign Group B.V.' and 'MSI-Sign Group GmbH' has been recognised on intercompany receivables in the company during the year to give a cumulative impairment charge of £3,113,000 (2023 – £1,470,000).

There are loans to 'MS INTERNATIONAL Estates Limited' and 'MS INTERNATIONAL Estates LLC', which although repayable on demand, are supported by properties, which will not be immediately realisable. The directors have assessed the likelihood of default and the loss in the event of default as well as the balance at the reporting date and conclude that there is no material impairment of the receivable.

The amounts receivable at the reporting date can be categorised as:

	2024	2023
	£'000	£'000
Amounts due from companies backed by liquid assets	**1,898**	3,607
Amounts due from 'MS INTERNATIONAL Estates Limited'	**5,207**	5,461
Amounts due from 'MS INTERNATIONAL Estates LLC'	**1,397**	2,288
	8,502	11,356

Notes to the financial statements

Continued

20 Cash and cash equivalents

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Cash and cash equivalents	**35,509**	12,336	**9,936**	8,016
Restricted cash held in Escrow – maturing in more than 90 days	**7,170**	2,917	**–**	-
Total cash	**42,679**	15,253	**9,936**	8,016

The balance held in Escrow provides security to both Lloyds Bank plc and Barclays Bank plc in respect of certain guarantees, indemnities, and performance bonds totalling £7,170,000 (2023 – £360,000) given by the Group in the ordinary course of business.

The Company is party to a cross guarantee between 'MS INTERNATIONAL plc' and 'MSI-Defence Systems Ltd' which has been put in place to ensure compliance with banking operations.

21 Net funds

(a) Analysis of net funds

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Cash and cash equivalents (note 20)	**35,509**	12,336	**9,936**	8,016
Restricted cash held in Escrow (note 20)	**7,170**	2,917	–	-
Lease liabilities (note 13)	**(804)**	(1,208)	**(6,401)**	(4,807)
	41,875	14,045	**3,535**	3,209

(b) Group movement in net funds

	Cash and cash equivalents (note 20)	Restricted cash held in escrow (note 20)	Lease liabilities (note 13)	**Total**
At 30th April 2022	18,092	1,158	(1,511)	**17,739**
Cash flows	(5,825)	1,759	415	**(3,651)**
Foreign exchange adjustments	69	–	(61)	**8**
Interest (note 8)	–	–	(51)	**(51)**
At 30th April 2023	12,336	2,917	(1,208)	**14,045**
Cash flows	23,243	4,253	409	**27,905**
Foreign exchange adjustments	(70)	–	32	**(38)**
Interest (note 8)	–	–	(37)	**(37)**
At 30th April 2024	**35,509**	**7,170**	**(804)**	**41,875**

(c) Company movement in net funds

	Cash and cash equivalents (note 20)	Lease liabilities (note 13)	**Total**
At 30th April 2022	3,258	(5,214)	**(1,956)**
Cash flows	4,758	560	**5,318**
Interest	–	(153)	**(153)**
At 30th April 2023	8,016	(4,807)	**3,209**
Cash flows	1,920	817	**2,737**
New leases (note 13)	–	(2,205)	**(2,205)**
Interest	–	(206)	**(206)**
At 30th April 2024	**9,936**	**(6,401)**	**3,535**

Notes to the financial statements

Continued

22 Issued capital

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Ordinary shares at 10p each				
Authorised – 35,000,000 (2023 – 35,000,000)	**3,500**	3,500	**3,500**	3,500
Allotted, issued and fully paid – 17,841,073 (2023 – 17,841,073)	**1,784**	1,784	**1,784**	1,784

The balance classified as share capital includes the nominal value on issue of the Company's equity share capital, comprising 10p ordinary shares.

23 Reserves

Capital redemption reserve

The balance classified as capital redemption reserve represents the nominal value of issued share capital of the Company, repurchased.

Other reserves

Following the transfer of assets held at valuation by the Company to a subsidiary company, a reserve has been created which is non-distributable. This is equal to the revaluation reserve previously arising.

Additionally, it includes the non-distributable retained reserve for the revaluation reserve previously showing in the Company for properties now transferred to other members of the Group.

Revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same assets previously recognised in equity.

Special reserve

The special reserve is a distributable reserve created following the cancellation of a share premium account by way of court order in March 1993.

Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

Treasury shares

The treasury shares reserve is detailed as follows:

	2024	2023
	£'000	£'000
Employee Share Ownership Trust (a)	**37**	100
Shares in treasury (b)	**3,665**	2,281
	3,702	2,381

(a) The Employee Share Ownership Trust ("ESOT")

The Employee Share Ownership Trust ("ESOT") provides for the issue of options over ordinary shares in the Company to Group employees, including executive directors, at the discretion of the Remuneration Committee. The trustee of the ESOT is Ocorian Ltd, an independent company registered in Jersey.

At 30th April 2024 the ESOT held 91,048 shares (2023 – 245,048), which represents 0.56% (2023 – 1.49%) of the issued share capital of the Company excluding treasury shares. The market value of these shares was £829,000 (2023 – £1,250,000) at 30th April 2024.

Notes to the financial statements

Continued

23 Reserves (continued)

Treasury shares (continued)

A reconciliation of the movement in the number of shares held by the ESOT is as follows:

	Number	£'000
ESOT shares at 30th April 2022	245,048	100
Exercise of share options	–	–
ESOT shares at 30th April 2023	245,048	100
Exercise of LTIP share options	(100,000)	(41)
Exercise of CSOP share options	(54,000)	(22)
ESOT shares at 30th April 2024	**91,048**	**37**

During the year, 324,007 (2023 – 250,000) share options were exercised by Group employees, of which 154,000 (2023 – nil) were satisfied by the transfer of shares from the ESOT. These shares have been valued at a weighted average cost of £0.41 per share.

The assets, liabilities, income, and costs of the ESOT have been incorporated into the Company's financial statements. Total ESOT costs charged to the income statement in the year amounts to £29,000 (2023 – £8,000). The Company has not made any payments (2023 – nil) into the ESOT bank accounts during the year. Details of the outstanding share options for directors are included in the Directors' remuneration report.

(b) Shares in treasury

A reconciliation of the movement in the Company's own 10p ordinary shares held in treasury is shown below:

	Number	£'000
Treasury shares at 30th April 2022	1,646,334	2,689
Exercise of LTIP share options	(250,000)	(408)
Treasury shares at 30th April 2023	1,396,334	2,281
Purchase of 290,000 shares from pension scheme	290,000	1,676
Exercise of CSOP share options	(170,007)	(292)
Treasury shares at 30th April 2024	**1,516,327**	**3,665**

On 7th July 2023 the Company purchased 290,000 (2023 – nil) shares from the Group's pension scheme at a price of £5.78 per share, totalling £1,676,000. During the year, 324,007 (2023 – 250,000) share options were exercised, of which 170,007 (2023 – 250,000) were satisfied by the transfer of shares held in treasury by the Company. The share options issued from treasury have been valued at a weighted average cost of £1.72 (2022 – £1.63) per share totalling £293,000.

24 Pension liability

The Company operates an employee defined benefits scheme called the MS INTERNATIONAL plc Retirement and Death Benefits Scheme (the Scheme). IAS 19 requires disclosure of certain information about the Scheme as follows:

- Until 5th April 1997 the Scheme provided defined benefits and these liabilities remain in respect of service prior to 6th April 1997. From 6th April 1997 until 31st May 2007 the Scheme provided future service benefits on a defined contribution basis.
- From 1st June 2007 the Company has operated a defined contributions scheme for its UK employees which is administered by a UK pension provider.
- The last formal valuation of the Scheme was performed at 5th April 2023 by a professionally qualified actuary.
- In the Interim Actuarial Report at 5th April 2024, the past service liabilities on a Technical Provisions basis were £20.61m (2023 – £23.033m) and the market value of the assets was £20.656m (2023 – £20.099m), giving a past service surplus of £0.046m (2023 – deficit of £2.934m).
- The Company directly pays the expenses of the Scheme. The total pension scheme expenses incurred by the Company during the year were £359,000 (2023 – £371,000).

Notes to the financial statements

Continued

24 Pension liability (continued)

- Deficit reduction contributions paid into the Scheme by the Company were £900,000 per annum. The deficit reduction contributions are paid on a quarterly basis with the first having been paid on or after 1st July 2021 and the last being due for payment on or before 1st April 2028. However, due to the improved funding of the Scheme on a Technical Provisions basis, the last quarterly deficit contribution was made in April 2024. Therefore, the current Schedule of Contributions requires no further deficit reduction payments to be made. The total deficit reduction payments made in the year were £1,125,000 (2023 – £675,000). The deficit reduction payments to be made in the upcoming year will be £nil.
- At 30th April 2024 the present value of the contracted future deficit reduction contributions was £nil (2023 – £4,216,000), which was less than the net scheme surplus of £596,000 (2023 – deficit £1,349,000). As the Company does not have an unconditional right to the economic benefits arising from this surplus, a liability of £nil (2023 – £2,867,000) has been recognised within the financial statements in accordance with IFRIC 14.

Members contributions are paid in line with this Scheme's documentation over the accounting period and the Company has no further payment obligations once the contributions have been made.

The Company's policy for recognising remeasurement gains and losses is to recognise them immediately through the Statement of comprehensive income.

Assumptions	2024	2023
Discount rate at year-end	**5.25%**	4.90%
Pension increases – RPI inflation	**3.35%**	3.25%
Pension increases – CPI inflation	**2.65%**	2.45%
Future salary increases	**3.85%**	3.75%
Life expectancy for male currently aged 65	**20.7 years**	21.2 years
Life expectancy for female currently aged 65	**23.2 years**	23.6 years

- **Discount rate** – The discount rate of 5.25% is based on the Aon GBP Single Agency AA (corporates) curve, as was the case in the prior year. A 0.5% reduction in the discount rate would lead to an increase in past service liabilities of around £0.85m (2023 – £1.05m).
- **Inflation assumptions** – The RPI inflation assumption of 3.80% per annum was based on an underlying 'break even' RPI assumption of 3.55%, derived consistently to the discount rate using the Aon UK Government Gilt Prices Only (GPO) curve with an inflation premium (IRP) of 0.25% per annum. The CPI inflation assumption of 2.45% was derived by assuming an RPI-CPI gap of 0.8% based on Aon's best estimate assumption. A 0.5% decrease in the inflation assumptions would lead to a decrease in past service liabilities of around £0.19m (2023 – £0.29m).
- **Future salary increases** – The assumption is 0.5% per annum above RPI inflation, which is consistent with prior years. Members living around 1 year longer than expected would lead to an increase in past service liabilities of around £0.69m (2023 – £0.70m).

In relation to the other assumptions there is no sensitivity analysis as small changes in these assumptions will not have a material impact.

The average duration of the scheme is 9 years (2023 – 10 years).

Statement of financial position

	2024 £'000	2023 £'000
Present value of obligations	**(19,562)**	(21,260)
Fair value of plan assets	**20,158**	19,911
Liability arising from IFRIC 14	**–**	(2,867)
Surplus restriction	**(596)**	–
Net liability	**–**	(4,216)

Notes to the financial statements

Continued

24 Pension liability (continued)

Income statement

	2024 £'000	2023 £'000
Interest on net liabilities (note 8)	**179**	136
Administration expenses	**359**	371
Total income statement cost	**538**	507

Change in defined benefit obligation

	2024 £'000	2023 £'000
Opening defined benefit obligation	**(21,260)**	(26,164)
Interest expense	**(1,006)**	(789)
Actuarial gains/(losses) on liabilities arising from experience	**346**	(404)
Actuarial gains on liabilities arising from changes in demographic assumptions	**–**	–
Actuarial gains on scheme liabilities arising from changes in financial assumptions	**862**	4,646
Net benefits paid	**1,496**	1,451
Defined benefit obligation	**(19,562)**	(21,260

Change in fair value of plan assets

	2024 £'000	2023 £'000
Opening fair value of plan assets	**19,911**	22,570
Interest income on assets	**966**	688
Remeasurement losses on scheme assets	**(348)**	(2,571)
Deficit reduction contributions by employer	**1,125**	675
Net benefits paid	**(1,496)**	(1,451)
Fair value of plan assets	**20,158**	19,911

Statement of other comprehensive income

	2024 £'000	2023 £'000
Return on plan assets below that recognised in net interest	**(348)**	(2,571)
Remeasurement gains	**1,208**	4,242
Change due to irrecoverable surplus	**(596)**	–
Remeasurement gain/(loss) arising from IFRIC 14 liability	**3,006**	(1,706)
Total remeasurement gains/(losses) credited to Statement of other comprehensive income	**3,270**	(35)

	2024 £'000	2023 £'000
Expected deficit reduction contributions into the Scheme during next accounting year:	**–**	1,125

Breakdown of plan assets

Breakdown of assets at 30th April, 2024	Plan assets £'000	Asset allocation
Fixed interest government bonds	**13,567**	**68.0%**
Index linked government bonds	**3,797**	**19.0%**
Bond fund	**1,279**	**6.0%**
LDI	**1,279**	**6.0%**
Cash/other	**236**	**1.0%**
	20,158	**100%**

Notes to the financial statements

Continued

24 Pension liability (continued)

Breakdown of plan assets (continued)

Breakdown of assets at 30th April 2023	Plan assets £'000	Asset allocation
Growth Fund	10,230	51.0%
Credit Investment Fund	3,966	20.0%
Bond fund	2,811	14.0%
Equities – UK market	1,465	8.0%
LDI	1,380	7.0%
Cash/other	59	0.0%
	19,911	100%

The Scheme exposes the company to some risks, the most significant of which are:

- **Asset volatility** – the defined benefit obligation is calculated using a discount rate related to corporate bond yields. If the assets of the scheme underperform against the yield, this will create a deficit. The scheme holds a significant proportion of growth assets which, although are expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate.
- **Changes in bond yields** – a decrease in the bond yields will increase the value placed on the scheme's defined benefit obligations for accounting purposes, although this may be partially offset by an increase in the value of the scheme's bond holdings.
- **Inflation risk** – a proportion of the scheme's defined benefit obligation is linked to inflation, and higher inflation leads to a higher obligation. However, in most cases there are caps on the level of inflationary increases to protect against extreme inflation. Most of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit. Given the duration and age profile of the scheme, the exposure to inflationary risk is relatively small.
- **Life expectancy** – the majority of the scheme's obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the obligation.

25 Trade and other payables

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Trade payables	**6,240**	8,460	**2,385**	3,654
Amounts owed to subsidiary undertakings	**–**	–	**4,036**	3,259
Amounts owed to joint venture	**–**	9	**–**	–
Accruals	**11,781**	4,802	**2,876**	1,925
Warranty provision (note 26)	**1,317**	474	**–**	–
Cash settled share-based payments	**134**	–	**134**	–
Other payables	**1,372**	524	**608**	399
Income tax payable	**505**	1,017	**274**	696
	21,349	15,286	**10,313**	9,933

In the Company the amounts due to subsidiary undertakings are repayable on demand and are not charged interest.

Notes to the financial statements

Continued

26 Provisions

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Warranty provision	**1,317**	474	**–**	–
	1,317	474	**–**	–

Warranty provisions are measured at management's best estimate of the expenditure required to settle the warranty obligation at the the balance sheet date.

A reconciliation of the movements in warranty provisions during the year is shown below:

	Group	Company
	£'000	**£'000**
Warranty provision as at 30th April 2023	474	–
Recognised during the year	846	–
Exchange differences	(3)	–
Warranty provision as at 30th April 2024	**1,317**	**–**

27 Contracts with customers

The Group and Company have recognised the following assets and liabilities relating to contracts with customers:

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Current contract assets	**100**	144	**–**	–
Current contract liabilities	**(42,616)**	(14,585)	**(1,784)**	(856)
Non-current contract liabilities	**(10,019)**	–	**–**	–
Net contract liabilities	**(52,535)**	(14,441)	**(1,784)**	(856)

At 30th April 2024 there was no provision for expected credit losses relating to contract assets (2023 – nil).

A reconciliation of the movements in contract liabilities during the year is shown below:

	Group	Company
	£'000	**£'000**
Contract liabilities as at 30th April 2023	14,585	856
New contract liabilities	105,443	5,448
Revenue recognised in the year:		
– that was included in the contract liability balance as at 30th April 2023	(9,667)	(856)
– relating to new contract liabilities in the year	(57,505)	(3,664)
Other movements	(22)	–
Exchange differences	(199)	–
Contract liabilities as at 30th April 2024	**52,635**	**1,784**

Included in the contract liabilities balance at 30th April 2024 is £6,987,000 relating to unpaid invoices.

Of the existing contracts that were unsatisfied or partially unsatisfied at 30th April 2024, revenue is expected to be recognised as follows:

	Group	Company
	£'000	**£'000**
2025	42,616	1,784
2026	9,892	–
2027	127	–
Total	**52,635**	**1,784**

Notes to the financial statements

Continued

28 Financial instruments

Management of financial risks

The major financial risks faced by the Group and Company are funding risks, interest rate risks, currency risks, and credit risks.

Funding risk

At the reporting date the Group had a cash and cash equivalents balance of £35,509,000 with a further £7,170,000 of restricted cash held in Escrow (2023 – £12,336,000 with £2,917,000 in Escrow). The Company had a cash and cash equivalents balance of £9,936,000 (2023 – £8,016,000).

Interest rate risk

Although not currently in use, the Group has available for use a multicurrency bank overdraft facility at a floating rate of interest, based on the base rate of each respective currency. The Group's cash position is monitored daily by the Board to ensure the risk of requiring the overdraft facility is minimised.

This position is monitored daily by the Board to ensure any risk is minimised. The Group has also secured favourable interest rates on positive cash balances, which are also linked to respective base rates. The Board believe that the main interest rate risk relates to not maximising interest income on cash balances.

Management has secured favourable interest rates on positive cash balances, which are also linked to the respective base rates, and have worked to optimise bank interest income across the Group (note 8). The Board believe that the main interest rate risk to the Group is the risk of not fully maximising interest income on positive balances.

If interest rates had been 0.5% higher/lower and all other variables were held constant, there would have been £125,000 impact on the profit before tax (2023 – £6,500).

Foreign currency risk

The Group and Company buy and sell in multiple currencies, mainly Euros and US Dollars and as a result have an exposure to foreign currencies.

This exposure is minimised by the following:

(1) invoicing in sterling where practicable.

(2) hedging currency received against foreign currency purchases, where appropriate.

(3) where the group is unhedged and surplus currency is generated, foreign exchange contracts are taken out to minimise currency exposures.

Currency exposures

The table below shows the Group's currency exposures i.e., those transactional exposures that give rise to the net currency gains and losses recognised in the income statement. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating (or "functional") currency of the operating unit involved.

As at 30th April 2024 these currency exposures are as follows:-

Group	**Sterling**	**US Dollar**	**Euro**	**Others**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
2024					
Cash and cash equivalents	**8**	**18,035**	**1,838**	**19**	**19,900**
Trade and other receivables	**–**	**1**	**525**	**–**	**526**
Trade and other payables	**–**	**(1,058)**	**(592)**	**–**	**(1,650)**
Total	**8**	**16,978**	**1,771**	**19**	**18,776**
2023					
Cash and cash equivalents	8	2,938	1,851	32	4,829
Trade and other receivables	–	–	1,107	–	1,107
Trade and other payables	–	(172)	(1,112)	(3)	(1,287)
Total	8	2,766	1,846	29	4,649

Notes to the financial statements

Continued

28 Financial instruments (continued)

Currency exposures (continued)

Company	Sterling £'000	US Dollar £'000	Euro £'000	Others £'000	Total £'000
2024					
Cash and cash equivalents	**–**	**(311)**	**447**	**–**	**136**
Trade and other receivables	**–**	**1,536**	**3,175**	**–**	**4,711**
Trade and other payables	**–**	**(2,966)**	**(316)**	**–**	**(3,282)**
Total	**–**	**(1,741)**	**3,306**	**–**	**1,565**
2023					
Cash and cash equivalents	–	1,204	912	13	2,129
Trade and other receivables	–	2,356	5,552	–	7,908
Trade and other payables	–	(2,179)	(1,106)	–	(3,285)
Total	–	1,381	5,358	13	6,752

The Group and Company's exposure to a 5% exchange rate fluctuation on its foreign currency monetary assets and liabilities would be as follows:

	Sterling £'000	US Dollar £'000	Euro £'000	Others £'000	Total £'000
Group	–	809	79	2	890
Company	–	(83)	152	–	69

Fair values

No significant differences exist between the book value and the fair value of the financial assets and liabilities as at 30th April 2024 and 30th April 2023.

Credit risk

There are no significant concentrations of credit risk within the Group or Company. The maximum credit risk exposure relating to financial assets is represented by carrying values at the Statement of financial position date.

The Group and Company have established procedures to minimise the risk of default by trade debtors including credit checks undertaken before a customer is accepted and credit insurance where available and appropriate. Historically these procedures have proved effective in minimising the level of impaired and past due receivables.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. The expected loss rates are based on the payment profile for sales over the recent reporting periods as well as the corresponding historical credit losses during that period.

Trade receivables and contract assets are written off (i.e. derecognised) when there is no reasonable expectation of recovery.

Detailed credit risks disclosure for trade receivables and contract assets has not been included as it is immaterial.

29 Capital commitments

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Contracted but not provided in the financial statements	**591**	–	**–**	–

30 Contingent liabilities

The Group is contingently liable in respect of guarantees, indemnities, and performance bonds given in the ordinary course of business amounting to £7,170,000 at 30th April 2024 (2023 – £360,000). The cash held in Escrow of £7,170,000 (2023 – £360,000) provides security to both Lloyds Bank plc and Barclays Bank plc in respect of these guarantees, indemnities and performance bonds.

Notes to the financial statements

Continued

31 Related party transactions

The following transactions took place, during the year, between the Company and other subsidiaries in the Group.

Purchases of goods and services £1,232,000 (2023 – £1,285,000)
Sales of goods and services £5,152,000 (2023 – £5,585,000)

The following balances between the Company and other subsidiaries in the Group are included in the Company statement of financial position as at 30th April 2024.

Amounts owed to the Company £8,502,000 (2023 – £11,356,000)
Amounts owed by the Company £4,036,000 (2023 – £3,259,000)

Key management personnel (main board directors) compensation.

	Group		**Company**	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Short-term employee benefits	**3,517**	2,072	**3,379**	1,934
Pension contributions	**115**	65	**115**	65
Social security costs	**475**	232	**458**	213
Gain on exercise of share options (note 32)	**1,043**	1,042	**899**	1,042
Cash settled share-based payment provision	**134**	–	**134**	–
Equity settled share-based payment expense	**15**	13	**12**	11
See Directors' remuneration report on pages 76 to 78	**5,299**	3,424	**4,997**	3,265

During the year Michael Bell utilised his company credit card for personal expenses. All transactions have been reimbursed at the year end with the balance on the account being nil. During the year, the maximum amount on his balance was £73,000.

32 Share-based payments

(a) Equity settled share-based payments

During the year, a total of 122,700 (2023 – 20,000) share options have been granted to executive directors, non-executive directors, and employees under the MS INTERNATIONAL plc Company Share Option Plan. These options are exercisable in three equal amounts at three, four and five years after the date of grant and are not subject to any share price performance conditions. Of the options, 4,800 have been granted at an exercise price of £6.24 and the remaining 117,900 have been granted at an exercise price of £7.20 per share (2023 – £3).

Share options totalling 324,007 (2023 – 250,000) have been exercised during the period. This includes 100,000 (2023 – 250,000) options exercised under the MS INTERNATIONAL plc Long Term Incentive Plan at an exercise price of £0 (2023 – £0) per share, and a further 224,007 (2023 – nil) options exercised under the MS INTERNATIONAL Plc Company Share Option Scheme at an exercise price of £1.41 per share.

170,007 (2023 – 250,000) of the options were satisfied by transferring shares from treasury and the remaining 154,000 (2023 – nil) options were satisfied by transferring shares from The Employee Share Ownership Trust ("ESOT").

The contractual life of all of the options is 10 years and there are no cash settlement alternatives. The weighted average remaining contractual life is 6.44 years (2023 – 7.03 years).

Notes to the financial statements

Continued

32 Share-based payments (continued)

(a) Equity settled share-based payments (continued)

The following tables illustrate the number and weighted average exercise prices (WAEP) of share options during the year:

	Long Term Incentive Plan		Company Share Option Plan		**Total**	
	Number	WAEP	Number	WAEP	**Number**	**WAEP**
Outstanding at 30th April 2022	500,000	£0.00	1,000,000	£1.41	1,500,000	£0.94
Granted in year	–	–	20,000	£3.00	20,000	£3.00
Exercised in year	(250,000)	£0.00	–	–	(250,000)	£0.00
Outstanding at 30th April 2023	250,000	£0.00	1,020,000	£1.44	1,270,000	£1.16
Granted in year	–	–	122,700	£7.16	122,700	£7.16
Exercised in year	(100,000)	£0.00	(224,007)	£1.41	(324,007)	£0.97
Outstanding at 30th April 2024	**150,000**	**£0.00**	**918,693**	**£2.21**	**1,068,693**	**£1.90**

The Group recognised a total charge of £65,000 (2023 – £86,000) in relation to equity-settled share-based payment transactions. At 30th April 2024 there were 150,000 (2023 – 250,000) and 442,677 (2023 – 333,345) share options exercisable in the LTIP and CSOP share option schemes respectively.

The fair value of awards granted under these share plans are determined using the Black Scholes and Monte Carlo valuation models. The fair value of share options and the assumptions used are shown in the table below:

	Long Term Incentive Plan	**Company Share Option Plan - type 1**	**Company Share Option Plan - type 2**
Valuation model	Monte Carlo	Monte Carlo	Black Scholes
Number of shares remaining under option	150,000	382,761	535,932
Fair value	£0.06	£0.09	£0.12 to £1.97
Share price at grant	£1.38	£1.38	£1.38 to £7.28
Exercise price	£0.00	£1.41	£1.41 to £7.20
Dividend yield	5.9%	5.9%	2.5% to 5.9%
Expected volatility	25%	25%	26% to 31%
Expected life	6.0 years	5.0 years	3.0 – 5.0 years
Risk-free interest rate	0.06%	0.09%	0.04% to 4.38%

The weighted average fair value of options outstanding at the end of the year is £0.29 (2023 – £0.10).

(b) Cash settled share-based payments

In October 2023 the Group has granted a phantom award in respect of 100,000 notional options, exercisable at nil value, to one non-executive director. The phantom award will be cash settled in reference to the share price on the date of exercise. The vesting of the phantom option is subject to continued service and will only vest in the event of a future change of control in the Company. The awards will lapse if they have not vested within 10 years of grant.

At the reporting date the phantom award has been measured at fair value with reference to the prevailing share price at that date, adjusted for dividend leakage over the expected life of the award. The aggregate charge period has been measured at 3 years with an expense of £134,000, being in relation to the six months of service since the date of grant, charged to the Consolidated income statement within the year.

33 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 30th April 2024 and 30th April 2023.

Capital comprises equity attributable to the equity holders of the parent company £50,797,000 (2023 – £41,075,000).

Summary of Group results 2020 – 2024

CONSOLIDATED INCOME STATEMENT

	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Group revenue	**109,576**	83,956	74,524	61,539	61,153
Group operating profit/(loss)	**14,751**	5,250	6,187	1,786	(3,119)
Share of joint venture (loss)/profit	**–**	(36)	–	28	–
Finance income/(expense)	**961**	(136)	(220)	(222)	(134)
Profit/(loss) before taxation	**15,712**	5,078	5,967	1,592	(3,253)
Taxation	**(4,212)**	(963)	(1,035)	(415)	762
Profit/(loss) for the year	**11,500**	4,115	4,932	1,177	(2,491)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2024	2023	2022	2021	2020
Assets employed:					
Intangible assets	**2,448**	2,396	3,002	3,558	4,140
Property, plant and equipment	**27,953**	24,886	24,537	19,113	20,111
Right-of-use assets	**760**	1,162	1,479	530	1,214
Investments	**–**	–	34	36	–
Derivative asset	**309**	–	–	–	–
Other net current (liabilities)/assets	**(9,795)**	3,689	(2,706)	(8,334)	(2,240)
Cash, cash equivalents, and restricted cash	**42,679**	15,253	19,250	23,555	16,125
Current net assets employed	**64,354**	47,386	45,596	38,458	39,350
Financed by:					
Ordinary share capital	**1,784**	1,784	1,784	1,784	1,840
Reserves	**49,013**	39,291	36,791	29,252	28,288
Shareholders' funds	**50,797**	41,075	38,575	31,036	30,128
Net non-current liabilities	**13,557**	6,311	7,021	7,422	9,222
	64,354	47,386	45,596	38,458	39,350

Corporate governance statement

As an AIM quoted company MSI INTERNATIONAL plc, under AIM Rule 26, is required to adopt a recognised corporate governance code, describe how it complies with that code and provide details of where it does not comply with its chosen corporate governance code.

MS INTERNATIONAL plc has chosen to adopt as far as practical for a Group of its size the April 2018 QCA Corporate Governance Code with effect from 28th September 2018. The Chairman assumes principal responsibility for corporate governance.

The Board

The Board is responsible for ensuring that MS INTERNATIONAL plc has the strategy, people, structure, and culture in place to deliver value over the medium to long-term to shareholders and other stakeholders of the Group and is committed to high standards of governance, as is appropriate for a company of its size and structure.

The Board is chaired by the Executive Chairman Michael Bell, who has no other significant commitments and is responsible for the operation, strategic focus, and direction of the business. The executive directors include Michael O'Connell and Nicholas Bell. There are two non-executive directors, Roger Lane-Smith and David Hansell, with Roger Lane-Smith being designated as Senior Independent Director.

The two non-executive directors devote sufficient time to fulfil their responsibilities to the Company. The Board has considered their length of service as directors and employees and has determined that in terms of interest, experience, and judgement they all remain independent. Consequently, the Board considers itself to be compliant with the QCA code in having two or more independent non-executive directors.

The Board meets at least quarterly throughout the year to direct and assess the overall strategy and operating performance of the Group. All directors have full and timely access to all relevant information to allow them to carry out their responsibilities. Executive directors, except for Company business trips and holidays, meet on a daily basis when possible. Additionally, each of the divisional operations have monthly review meetings which are attended by the Executive Chairman and the Group Financial Director.

The Board is supported by an Audit Committee and a Remuneration Committee. Roger Lane-Smith and David Hansell are members of both committees, with Roger Lane-Smith serving as Chairman.

The Audit Committee normally meets two or three times a year and has the responsibility for reviewing the interim statements, the annual report, and the effectiveness of the system of internal controls with the Group's external auditor. The external auditor has direct access to the Committee without the executive directors being present. The ultimate responsibility for reviewing and approving the Group financial statements remains with the Board.

The Remuneration Committee, which meets as required, has the responsibility for making recommendations to the Board on the remuneration packages, including share option schemes and bonuses, of each of the executive directors.

Due to the size of the Group there is no Nominations Committee. The Chairman discusses the appointment or replacement of directors with the Board as a whole. The Board are aware of the age profile of the directors, and this is under review.

The number of meetings and members attendance of Board and Committee meetings during the financial year ended 30th April 2024 was as follows:

	Audit	Remuneration	
	Board	**Committee**	**Committee**
Number of meetings in the year	6	3	1
Attended by:			
Michael Bell	6	–	–
Michael O'Connell	6	3	–
Nicholas Bell	6	–	–
Roger Lane-Smith	4	3	1
David Hansell	4	3	1

Board experience, skills, and evaluation

Due to the size of the Group, and the nature of its operations and strategic demands, there is no formal Board performance evaluation process in place. However, the Chairman periodically meets with the executive and non-executive directors to ensure they are committed, their respective contributions are effective and productive and, where relevant, they have maintained their independence.

Corporate governance statement

Continued

Board experience, skills, and evaluation (continued)

The Board has considered its structure and composition and believes it to be appropriate having taken into account the nature and characteristics of the Group.

As the directors have all served the Group as employees and directors over many years, the Board believes it is not necessary to give any further details of their experience other than that shown in the list of directors and the Notice of Annual General Meeting.

In the opinion of the Board, the directors as a whole have the appropriate balance of skills and experience necessary to ensure that the Group is managed for the long-term benefit of all stakeholders.

Internal control systems

The Board is responsible for establishing and maintaining the Group's system of internal control. Internal control systems are designed to meet the particular needs of the operating company concerned bearing in mind the resources available and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the directors have established with a view to providing effective internal control are set out below.

The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decisions by the Board which covers the key areas of the Group's affairs, including dividend policy, acquisitions and divestment policy, approval of budgets, capital expenditure, major buying and selling contracts and general treasury and risk management policies. There is a clearly decentralised structure which delegates authority, responsibility, and accountability, including responsibility for internal financial controls, to management of the operating companies.

Responsibility levels and delegation of authority and authorisation levels throughout the Group are set out in the Group's corporate accounting and procedures manual.

There is a comprehensive system for reporting financial results. Monthly accounts are prepared on a timely basis. They include income statement, balance sheet, cash flow and capital expenditure reporting with comparisons to budget and forecast. The budget is prepared annually and revised forecasts are provided monthly.

There is an investment evaluation process to ensure Board approval for all major capital expenditure commitments.

There is also a contract evaluation process to ensure directors approval for all major sales contracts.

QCA Code

Details of how the Company has addressed the ten principles of the QCA Code in compliance with AIM Rule 26 are set out below:

1 Establish a strategy and business model which promotes long-term value for shareholders

The Group's long-term strategy is to invest in people, products, and processes to seek continuous improvement in its four diverse operating divisions: 'Defence', 'Forgings', 'Petrol Station Superstructures' and 'Corporate Branding', each holding a leading position in its specialist market.

2 Seek to understand and meet shareholder needs and expectations

The shareholding structure of the Company is set out on the 'Securities' page on the Company's website: msiplc.com/securities. The composition of the shareholders, including the directors, is currently primarily weighted towards private investors, with a significant institutional shareholder.

The AGM is the main forum for dialogue and discussion with private investors and the Board. The directors routinely attend the AGM and are available to answer any questions raised by shareholders. Shareholders can engage with the Company between AGMs by contacting the Company Secretary, Shelley Ashcroft (shelley.ashcroft@msiplc.com). The Board also contacts significant institutional investors as and when appropriate.

3 Take into account wider stakeholder needs and expectations

The Group is aware of its corporate social responsibilities and the need to maintain effective relationships with all of the stakeholders in the business including shareholders, employees, customers, suppliers and regulatory authorities. The Group's operations, processes, and procedures are monitored and adapted to take account of changing stakeholder relationships whilst maintaining focus on the Board's strategic objective of delivering value over the medium to long-term for the benefit of all stakeholders.

The Board aims to do what is in the best interests of the Company and seeks to maintain the highest standards of integrity in the conduct of the Group's operations.

Corporate governance statement

Continued

QCA Code (continued)

3 Take into account wider stakeholder needs and expectations (continued)

The requirement for regular disclosure of directors' other interests and compliance to share dealing regulations all require high standards of behaviour.

The Group's employment policies, such as Whistleblowing and Anti-Bribery and Corruption assist in setting a culture of ethical behaviour throughout the Group.

Through the various procedures and processes the Group has adopted, each diverse operating division ensures full compliance with the health and safety and environmental legislation applicable to each division.

4 Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board reviews the effectiveness of the system of internal controls, and together with operational management, identifies and evaluates the critical business and financial risks of the Group. These risks are reviewed continually by both the directors and operational and divisional management. Where appropriate, action is taken to manage risks facing the business.

The Group's corporate governance environment and its embedded procedures and systems will be updated and adapted to future changes in stakeholder relationships when considered appropriate by the Board.

5 Maintain the Board as a well-functioning, balanced team led by the chair

Details of how the Board functions and its members are included in the 'The Board' section of this Corporate Governance statement.

The Board is supported by an Audit Committee and a Remuneration Committee, both chaired by Roger Lane-Smith. David Hansell, a non-executive director, also serves on both the Audit Committee and the Remuneration Committee. The Board as a whole operates as the Nominations Committee as and when required.

6 Ensure that between them the directors have the necessary up-to-date experience, skills, and capabilities

Details of the directors' experience, skills and capabilities can be found in the 'Board experience, skills, and evaluation' section of this Corporate Governance report.

7 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

While there is no formal evaluation process in place, the Chairman periodically meets with executive and non-executive directors to discuss their performance and ensure that their respective contributions remain effective.

8 Promote a corporate culture that is based on ethical values and behaviours

The Group's four operating divisions hold leading positions within their specialist markets and have long-standing reputations as being highly competent and professional organisations with innovation and quality being integral to this. This reputation has been established over many years through leadership and the reinforcement of ethical principles by directors, managers, and employees.

9 Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The Board maintains corporate governance policies and processes that are appropriate to the size and structure of the Group. The responsibility for corporate governance rests with the Board as a whole, with the Chairman assuming principal responsibility. The effectiveness of policies and processes are reviewed and adapted as necessary.

10 Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board communicates its corporate governance policies through the Annual Report and through the Group website (www.msiplc.com).

The AGM is the main forum for dialogue and discussion with private investors and the Board. The Notice of Annual General Meeting is sent to shareholders at least 21 days before the meeting and all of the directors routinely attend the AGM and are available to answer any questions raised by shareholders. The results of each AGM are published on the website and by way of an RNS when the meeting has concluded. Copies of notice of meetings and Annual Reports from the last five years are kept on the Company's website.

Shareholders can engage with the Company between AGMs by contacting the Company Secretary, Shelley Ashcroft (shelley.ashcroft@msiplc.com). The Board also contacts significant institutional investors as and when appropriate.

Audit Committee report

Committee governance

Roger Lane-Smith and David Hansell were members of the Audit Committee throughout the year under review, with Roger Lane-Smith serving as Chairman. Both have considerable experience in senior financial and commercial operational roles with extensive knowledge of the Group's operations, related financial risks and internal control.

The committee meets three times a year. The meetings are held with the external auditor at which representatives of the Group's financial management team are present.

Key responsibilities

The committee is required to:

- Monitor the integrity of the Group's financial statements and external announcements of both the interim and full year results;
- Advise on the clarity of disclosures and information contained in the Annual Report and accounts;
- In conjunction with the Group's Executive Board and external auditor, ensure compliance with applicable accounting standards and the consistency of methodologies applied;
- Review the adequacy and effectiveness of the Group's internal control and risk management systems;
- Oversee the relationship with the external auditors, review their performance and independence, and advise the Board on their appointment and remuneration.

The Audit Committee has undertaken the following during the year under review:

Internal control and risk management

The Audit Committee has worked with the Board in the continued evaluation of the critical business and financial risks of the Group and where appropriate supported actions to manage the risks facing the business.

External audit

The services performed by Grant Thornton UK LLP relate only to the Group's external audit and the review of the Group's Interim Report. All other non-audit work is performed by independent accountancy firms which will enhance the Group's governance.

The Audit Committee has reviewed the services provided and work undertaken by Grant Thornton UK LLP and is satisfied with their performance in carrying out and completing the external audit.

There is no formal policy in respect of the rotation of the external auditor. This will be reviewed and taken into consideration if the AIM listed company rules are changed so that the rotation of the external auditor becomes a requirement.

Significant reporting issues and judgements

The Audit Committee considered whether the 2024 Annual Report is fair, balanced, and understandable and whether it provides the necessary information for shareholders and other stakeholders to assess the Group's financial performance, business model and strategy.

The committee was satisfied that, as a whole, the 2024 Annual Report met these requirements.

The key issues and accounting policies considered by the Audit Committee in relation to the 2024 Annual Report were:

- The revenue recognition of contract accounting.
- Pension scheme accounting
- Management override of controls

The Audit Committee has assessed these specific issues and is satisfied that the methodologies adopted in the Annual Report are appropriate and satisfy the relevant IFRS standards.

Roger Lane-Smith
Chairman
Audit Committee
25th June 2024

Remuneration Committee report

Committee governance

Roger Lane-Smith and David Hansell were members of the Remuneration Committee throughout the year under review, with Roger-Lane Smith serving as Chairman. Both have considerable experience in senior financial and commercial operational roles with extensive knowledge of the Group's operations.

The committee meets as required, with only one meeting being held during the financial year.

Key responsibilities

The committee has the responsibility for making recommendations to the Board on the remuneration packages, including share option schemes and bonuses, of each executive director.

Review of directors' remuneration packages

The Remuneration Committee believes that the current basic salaries and bonus award system for the executive directors remain appropriate, and no changes were proposed.

The Remuneration Committee has approved the award of bonuses in line with the executive directors' bonus scheme rules. Total bonus to be paid to the executive directors for the year ended 30th April 2024 amounts to £1,664,000.

Share options

There are currently two share options plans in place in which the executive directors hold share options: MS INTERNATIONAL plc Long Term Incentive Plan (LTIP) and MS INTERNATIONAL plc Company Share Option Plan (CSOP).

In April 2020 two executive directors were granted a combined total of 500,000 shares at an exercise price of £nil under the LTIP scheme. These options are exercisable in two equal amounts at two and three years after the date of grant, subject to meeting a share price performance target of £3 per share for 90 consecutive days, which was achieved on 13th November 2022. Following the exercise of 250,000 LTIP shares in the prior year, a further 100,000 were exercised during the year ended 30th April 2024. At the reporting date, 150,000 LTIP shares are still outstanding, all of which are currently exercisable.

In April 2020 three executive directors were granted a total of 60,000 tax advantaged share options and 190,000 non-tax advantaged share options under the CSOP scheme at a price of £1.41. The options are exercisable in three equal instalments at three, four and five years after the date of grant. The non-tax advantaged share options were subject to meeting a share price target of £2 per share for 90 consecutive days, which was achieved on 29th October 2021. The tax advantaged share options were not subject to share price performance targets. During the year, 38,335 CSOP share options were exercised by three executive directors, of which 20,001 were tax-advantaged and 18,334 were non-tax advantaged.

In October 2023 12,450 tax advantaged CSOP share options were granted to three executive directors at a price of £7.20 per share. These options are not subject to a share price performance target and are exercisable in three equal instalments at three, four and five years after the date of grant. At the reporting date a total of 224,115 CSOP shares were outstanding, of which 128,335 were exercisable.

Roger Lane-Smith
Chairman
Remuneration Committee
25th June 2024

Report of the directors

The directors present their report together with the Group financial statements for the year ended 30th April 2024. The directors present their Corporate governance statement on pages 66 to 68 of this report.

1 Principal activities and business review

The principal activities of the divisions within the Group are:

- 'Defence and Security': the design and manufacture of defence equipment.
- 'Forgings': the manufacture of fork-arms and open die forgings
- 'Petrol Station Superstructures': the design, manufacture, and construction of petrol station superstructures
- 'Corporate Branding': the design, manufacture, installation, and service of corporate branding, including media facades, way-finding signage, public illumination, creative lighting solutions, and the complete appearance of petrol station superstructures and forecourts.

The Group has subsidiary companies in overseas locations but the Company does not have any overseas branches.

A review of the Group's trading, performance and future prospects are contained in the Chairman's statement and Strategic report on pages 3 to 5 and pages 8 to 12.

2 Results and dividends

The profit for the year attributable to shareholders amounted to £11,500,000 (2023 – £4,115,000). The directors recommend a final dividend of 16.5p pence per share (2023 – 13 pence per share), making a total of 19.5p pence per share (2023 – 15 pence per share).

3 Going concern

The financial statements have been prepared on a going concern basis. The Group's business activities, together with factors likely to affect its future development, performance, and position are set out in the Chairman's statement and Strategic report on pages 3 to 5 and pages 8 to 12.

At 30th April 2024, the Group held cash and cash equivalents of £35.51m with a further £7.17m of restricted cash held in an Escrow account maturing in greater than 90 days. The Group also has a number of large long-term contracts and a healthy order book. As such, the directors are satisfied that the Group has sufficient liquidity to meet both its current liabilities and future working capital requirements.

The performance of the Group is dependent on a number of external factors and the wider economic environment. The increase in inflation, the cost and supply of raw materials, and soaring energy prices are among the biggest challenges and uncertainties facing the Group. However, management remain vigilant and are regularly monitoring the impact of these external factors in order to mitigate any impact upon the business.

Forecasts have been prepared up to 31st October 2025, which the directors believe reflect a reasonable expectation, based on the information available at the date of signing these financial statements. The forecasts have been assessed for the potential impact of possible sensitivities, including a 10% fall in the forecasted revenue across the Group and a 10% increase in material prices. In all scenarios the Group has sufficient headroom to be able to continue to meet its liabilities as they fall due.

In addition, management have carried out reverse stress tests to 31st October 2025 under various scenarios, all of which are considered severe but implausible by management. In all tested scenarios, the Group would continue as a going concern throughout the assessment period.

As a result, in making the going concern assessment the directors consider there to be no material uncertainties that could cast significant doubt on the Group's ability to continue to operate as a going concern. They believe that the Group has sufficient financial resources with a healthy orderbook to continue operating for the foreseeable future, being at least to 31st October 2025. As a result, the directors continue to adopt the going concern basis of accounting in preparation of these financial statements.

4 Financial risk management and exposure

The main financial risks faced by the Group include currency risks, funding risks, interest rate risks, and credit risks. Details of these exposures can be found in note 28 to the financial statements.

Report of the directors

Continued

5 Research and development

During the year the Group has incurred research and development costs of £1,174,000 (2023 – £1,908,000).

6 Post balance sheet events

There are no material post balance sheet events to note.

7 Directors

The names of the directors of the Company at 25th June 2024 are shown on page 6.

All of the directors served throughout the year and up to the date of this report.

8 Substantial interests in shares

The directors had been advised of the following notifiable interests:-

	% of share capital held at 30th April, 2024	% of share capital held at 25th June 2024
Michael Bell	17.7%	17.7%
Ms Adrienne Bell	17.5%	17.5%
Michael O'Connell	10.2%	10.2%
Stonehage Fleming Investment Management	10.0%	9.9%
David Pyle	9.9%	9.9%

Apart from these, the directors have not been formally notified of any other notifiable shareholdings in excess of 3% of share capital held on 25th June 2024.

9 Employee involvement

The directors have continued their commitment to the development of employee involvement and communication throughout the Group.

Regular meetings are held with employees to provide and discuss information of concern to them as employees, including financial and economic factors affecting the performance of the Company in which they are employed.

10 Employment of disabled persons

The policy of the Group is to offer the same opportunities to disabled people as to all others in respect of recruitment and career advancement. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who may become disabled, to promote their career development within the organisation.

11 Carbon and energy reporting

As an AIM listed company, MS INTERNATIONAL plc has to report on its UK energy usage and carbon emissions. This includes all companies within the Group that reside in the United Kingdom.

Energy consumption in the UK includes electricity, natural gas, LPG, production gases, and fuel for transport directly purchased by the Group within the UK.

The total UK energy use for the base year, being the year ended 30th April 2023, and the financial year ended 30th April 2024 were collated in kilowatt hours and converted to tCO_2e using government 2022 standard conversion factors published on 22nd June 2022. In the year ended 30th April 2023 6.67m kilowatt hours were consumed within the UK, which is the equivalent of 1,401 tonnes of CO_2 emissions. In the year ended 30th April 2024 the number of kilowatt hours consumed within the UK has reduced by 1.40m to 5.27m. Similarly, there has also been an overall reduction in CO_2 emissions of 282 tonnes during the year to 1,119 tonnes of CO_2 emissions. This is mainly as a result of reductions in the use of natural gas and electricity of 123 tonne and 95 tonne respectively.

The Company has adopted CO_2 tonnes consumed per £ of UK sales as its key energy intensity ratio. The ratio has reduced from 24.36 CO_2 tonnes per £1m of UK sales in the year ended 30th April 2023 to 12.13 CO_2 tonnes per £1m of UK sales in the year ended 30th April 2024.

Report of the directors

Continued

11 Carbon and energy reporting (continued)

As a result of ongoing energy reduction plans and efficiency improvements, consumption measured in tCO_2e has reduced by 20.1%, despite an increase in UK sales of 60.3%. This reduction in consumption has largely been due to projects undertaken at both the Doncaster and Norwich sites. At both the Doncaster and Norwich sites solar panels have been installed sites and are now fully operational, allowing the factories to draw on green energy during sunlight hours with any surpluses being fed back into the National Grid. At the Doncaster site the roof of the main office building has been replaced and the heating system replaced with a heat recovery system, both of which have improved the building's thermal efficiency. Additionally, there has been improvements to factory processes that have reduced energy consumption, for example, installing timers or foot pedals on machines to turn them off when out of use.

At the Norwich site, there has been a significant increase in manufacturing capacity following the opening of a new production facility, which has ultimately increased overall consumption at the site. However, ongoing projects to improve the energy efficiency in the buildings have continued, including the replacement of sodium halide and fluorescent lighting with LED lighting, the replacement of inefficient air-conditioning units, and the installation of infra-red PIR sensors to lighting. Across both sites the use of video conferencing has reduced the number of journeys taken.

The planned energy saving projects for the year commencing 1st May 2024 include improved electricity monitoring which will allow the Company to identify energy output and highlight energy saving opportunities. In the 'Forgings' division the monitoring of gas and electricity while forging will allow the Company to identify how and when would be best to forge. In addition, hybrid and fully electric vehicles will continue to be purchased to replace existing company owned vehicles where practical.

12 Additional information for shareholders

On 7th July 2023 the company purchased 290,000 of its ordinary shares of 10p each from the MS INTERNATIONAL Retirement and Death Benefits Scheme at a price of £5.725 per share for a total consideration of £1,676,000. During the year, the Company satisfied 170,007 share options exercised by certain employees by way of transfer from the Company's treasury share holding for a total consideration of £315,000. Further details can be found in Note 23 to the Accounts.

The following provides the additional information required for shareholders as a result of the implementation of the Takeover Directive into UK Law.

At 25th June 2024 the Company's issued share capital comprised:

	Number	£'000	% of total share
Ordinary shares of 10p each	17,841,073	1,784	100.0
Ordinary shares of 10p each held in treasury	1,516,327	139	8.5
Ordinary shares of 10p each not held in treasury	16,324,746	1,645	91.5

The above figure (16,324,746 ordinary shares of 10p) is the number of ordinary shares to be used as a denominator for the calculation of a shareholder's interest for the determination of any notification requirement in respect of their interest(s) or change of interest(s).

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights.

Ordinary shares

On a show of hands at a general meeting of the Company every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the general meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- Certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and;
- Pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's securities.

Report of the directors

Continued

12 Additional information for shareholders (continued)

Ordinary shares (continued)

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders. Directors are reappointed by ordinary resolution at a general meeting of the shareholders. The Board can appoint a director but anyone so appointed must be elected by an ordinary resolution at the next general meeting.

Any director, other than the Chairman, who has held office for more than three years since their last appointment must offer themselves up for re-election at the annual general meeting.

Company share schemes

The Employee Share Ownership Trust holds 0.56% of the issued share capital of the Company (excluding treasury shares) in trust for the benefit of employees of the Group and their dependants. The voting rights in relation to these shares are exercised by the trustee.

Change of control

The Company is not party to any agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

13 Special business at the Annual General Meeting

Resolution 9: Purchase by the Company of its own shares

Resolution 9, which will be proposed as a special resolution renews a similar authority given at last year's AGM. If passed, it will allow the Company to purchase up to 1,632,475 ordinary shares in the market (which represents approximately 10 per cent of the issued ordinary share capital of the Company excluding treasury shares) as at 25th June 2024. The minimum and maximum prices for such a purchase are set out in the resolution. If given, this authority will expire at the conclusion of the Company's next AGM or on 25th October 2025 whichever is the earlier. It is the directors' intention to renew this authority each year.

The directors have no current intention to exercise the authority sought under resolution 9 to make market purchases.

The Company is permitted to hold shares in treasury as an alternative to cancelling them. Shares held in treasury may be subsequently cancelled, or sold for cash or used to satisfy options under the Company's share schemes. While held in treasury, the shares are not entitled to receive any dividends or dividend equivalents (apart from any issue of bonus shares) and have no voting rights. The directors believe it is appropriate for the Company to have the option to hold its own shares in treasury, if, at a future date, the directors exercise this authority in order to provide the Company with additional flexibility in the management of its capital base. The directors will have regard to institutional shareholder guidelines which may be in force at the time of such purchase, holding or re-sale of shares held in treasury. At 25th June 2024, the Company holds 1,516,327 ordinary shares of 10p each in treasury which represents 8.5% of the total number of ordinary shares of 10p each issued.

Resolution 10: Notice period for general meetings

Resolution 10 will be proposed as a special resolution to allow the Company to call general meetings (other than an AGM) on 14 clear days notice.

Changes made to the 2006 Act by the Companies (Shareholders' Rights) Regulations 2009 increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. AGMs will continue to be held on at least 21 clear days notice.

Before the Regulations came into force, the Company was able to call general meetings other than an AGM on 14 clear days notice without obtaining shareholder approval. Resolution 10 seeks such approval in order to preserve this flexibility. The shorter notice period would not however be used as a matter of routine for such meetings, but only where it is merited by the business of the meeting and is considered to be in the interests of shareholders as a whole. If given, the approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed.

Note that the changes to the 2006 Act mean that, in order to be able to call a general meeting on less than 21 clear days notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

Report of the directors

Continued

14 Auditors

Resolutions to reappoint the auditor, Grant Thornton UK LLP, and authorise the directors to determine the remuneration of the auditor, will be proposed at the Annual General Meeting.

15 Directors' indemnities

Directors' and officers' insurance is in place for all directors to provide cover for their reasonable actions on behalf of the Group. No further directors' indemnities are in place.

15 Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the Report of the directors are listed on page 6. Having made enquiries of fellow directors and of the Company's auditors, each of the directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

16 We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with UK adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the business review, together with the Chairman's statement, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board,

Company Secretary

25th June 2024

Directors' remuneration report

Information not subject to audit

Policy on remuneration of executive directors

The Remuneration Committee currently comprises Roger Lane-Smith and David Hansell. It aims to ensure that remuneration packages and service contracts are competitive and are designed to retain, attract, and motivate executive directors of the right calibre.

The salary for each director is determined by the Remuneration Committee by reference to a range of factors including experience appropriate to the Group, length of service, and salary rates for similar jobs in comparative companies. In view of the size and nature of the Group and the continuing need to optimise subordinate management structures particular emphasis is given to the advantages which flow from the long-term continuity of the executive directors. The contracts of service are reviewed from time to time and consideration given to whether any amendment is appropriate. The Remuneration Committee has not sought any external advice during the year.

The main components of the remuneration package for the executive directors are as follows:-

Basic salary	Salaries for executive directors are reviewed annually by the Remuneration Committee and were last amended in November 2022, with increases being in effect from 1st May 2022.
Performance related annual bonus	An annual bonus is paid to executive directors upon the achievement of profitability targets. Total bonus payments achieved for the year ended 30th April 2024 amounted to 123.3% (2023 – 23.8%) of total executive basic salaries. The Remuneration Committee consider the £1,207,000 gain recognised in the Consolidated income statement for the gain on derivative instruments be outside of the definition of "usual working and management expenses and outgoings" as set out in clause 1.2 of the executive directors' bonus scheme. Consequently, the bonus for the directors for the year ended 30th April 2024 has been based on an adjusted Group profit before impairment and taxation of £14,505,000
Share options	Executive directors are eligible to participate in the MS INTERNATIONAL plc Long Term Incentive Plan (LTIP) and the MS INTERNATIONAL plc Company Share Option Plan (CSOP). The Remuneration Committee is responsible for granting options. In April 2020 500,000 share options were granted to two executive directors under the terms of the LTIP share scheme at an exercise price of £nil per share and 250,000 share options were granted to three executive directors under the terms of the CSOP share scheme at an exercise price of £1.41 per share. In October 2023 a further 12,450 share options were granted to three executive directors under the terms of the CSOP scheme at an exercise price of £7.20 per share. As at 30th April 2024 there were 150,000 LTIP share options outstanding and 224,115 CSOP share options outstanding.
Pension contributions	Pension contributions are calculated as a percentage of basic pay and bonus only. The executive directors have full discretion as to how they choose to invest their pension contributions. All pension contributions for executive directors over the age of 65 ceased from 30th April 2015.
Other benefits	Other benefits are provided in the form of company cars, death in service benefit cover, and medical and disability insurance.

Non-executive directors

The level of the non-executive directors' remuneration has been determined by the Board as an annual fee and is paid monthly. The Board takes into account any proposals made by the Remuneration Committee in determining the annual fee for non-executive directors. There are no formal service contracts between the Company and any of the non-executive directors.

In October 2023 the Group has granted a phantom award in respect of 100,000 notional options, exercisable at nil value, to Roger Lane-Smith. The Company has granted this award to Roger Lane-Smith to reflect his significant contribution to the Board, and the Company's progress and international development, and in order to retain and incentivise future service to the Company. The phantom award will be cash settled in reference to the share price on the date of exercise. The vesting of the phantom option is subject to continued service and will only vest in the event of a future change of control in the Company. The awards will lapse if they have not vested within 10 years of grant.

Directors' remuneration report

Continued

Information subject to audit

Emoluments of directors

Directors' remuneration in respect of the year to 30th April, 2023.

	Basic salary and fees		Additional salary		Other benefits		Bonus		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	£	£	**£**	£	**£**	£	**£**	£	**£**	£
Michael Bell	**600,000**	600,000	**–**	–	**63,409**	67,238	**831,980**	160,979	**1,495,389**	828,217
Michael O'Connell	**400,000**	400,000	**–**	–	**11,008**	10,929	**415,990**	80,489	**826,998**	491,418
Nicholas Bell	**350,000**	350,000	**–**	–	**8,802**	7,676	**415,990**	80,489	**774,792**	438,165
David Hansell	**75,000**	75,000	**138,700**	138,700	**1,480**	881	**–**	–	**215,180**	214,581
Roger Lane-Smith	**100,000**	100,000	**105,000**	–	**–**	–	**–**	–	**205,000**	100,000
Total	**1,525,000**	1,525,000	**243,700**	138,700	**84,699**	86,724	**1,663,960**	321,957	**3,517,359**	2,072,38

In addition to their roles as non-executive directors, David Hansell and Roger Lane-Smith have carried out additional executive services during the year for the 'Defence' division and Group respectively. Their remuneration during the year for these services is shown as additional salary.

Other benefits represent the provision of company cars, death in service benefit, and medical and disability insurance.

Pension contributions	**2024 Total £**	2023 Total £
Michael Bell	**–**	–
Michael O'Connell	**–**	–
Nicholas Bell	**114,899**	64,573
Roger Lane-Smith	**–**	–
David Hansell	**–**	–
Total	**114,899**	64,573

Share options

(a) Equity settled share options

The directors have the following outstanding interests in share options granted in the Long Term Incentive Plan and Company Share Option Plan:

		Long Term Incentive Plan			Company Share Option Plan			Total		
Director	**Date granted**	**Exercise Price**	**Number Outstanding**	**Number exercisable**	**Exercise Price**	**Number Outstanding**	**Number exercisable**	**WAEP**	**Number Outstanding**	**Number exercisable**
Michael Bell	30th April 2020	£nil	100,000	100,000	£1.41	93,333	60,001	**£0.68**	**193,333**	**160,001**
	31st October 2023	–	–	–	£7.20	4,150	–	**£7.20**	**4,150**	**–**
Michael O'Connell	30th April 2020	£nil	50,000	50,000	£1.41	68,333	43,334	**£0.81**	**118,333**	**93,334**
	31st October 2023	–	–	–	£7.20	4,150	–	**£7.20**	**4,150**	**–**
Nicholas Bell	30th April 2020	–	–	–	£1.41	49,999	25,000	**£1.41**	**49,999**	**25,000**
	31st October 2023	–	–	–	£7.20	4,150	–	**£7.20**	**4,150**	**–**
David Hansell *	30th April 2020	–	–	–	£1.41	50,000	25,001	**£1.41**	**50,000**	**25,001**
	31st October 2023	–	–	–	£7.20	4,150	–	**£7.20**	**4,150**	**–**
Total		**£nil**	**150,000**	**150,000**	**£1.76**	**278,265**	**153,336**	**£1.14**	**428,265**	**303,336**

* in relation to his additional executive duties carried out on behalf of the 'Defence' division.

All outstanding share options granted under the Long Term Incentive Plan ("LTIP") are fully exercisable after meeting the share price performance target of £3 per share for 90 consecutive days on 13th November 2022. In October 2023 100,000 (2023 – 150,000) LTIP share options were exercised at an exercise price of £nil, leaving a further 150,000 (2023 – 250,000) LTIP options outstanding.

Directors' remuneration report

Continued

Information subject to audit

Directors' share options (continued)

(a) Equity settled share options (continued)

The share options granted under the Company Share Option Plan ("CSOP") are either tax-advantaged or non-tax advantaged, with the later being subject to a share price performance target of £2 per share which was achieved on 29th October 2021. During the year 63,335 (2023 – nil) CSOP share options were exercised by the directors at a price of £1.41 per share and a further 16,600 (2023 – nil) were granted on 31st October 2023 at a price of £7.20 per share. A total 428,265 (2023 – 350,000) CSOP share options remain outstanding at 30th April 2024, of which 153,336 (2023 – 108,337) are exercisable.

(b) Cash settled share options

The directors have the following outstanding interests in cash settled share options.

Director	Date granted	Exercise Price	Number granted	Number exercisable
Roger Lane-Smith	31st October 2023	£nil	100,000	–
Total		**£nil**	**100,000**	**–**

The vesting of the cash settled share options is subject to continued service and the options will only vest in the event of a future change of control in the Company. The awards will lapse if they have not vested within 10 years of grant.

QCA code

The Remuneration Committee is of the opinion that the disclosures required by the code are contained within this report.

By order of the Board,

Shelley Ashcroft
Company Secretary

25th June 2024

List of subsidiaries

(1) Principal operating subsidiaries by division

Company	Registered address	Description	Country of incorporation
'Defence and Security'			
MSI-Defence Systems Ltd.	Salhouse Road, Norwich, NR7 9AY England	Design, manufacture and service of defence equipment.	England & Wales
MSI-Defence Systems US LLC	1298 Galleria Boulevard, Rock Hill, SC 29730 USA	Design, manufacture and service of defence equipment.	USA
'Forgings'			
MSI-Forks Ltd.	Balby Carr Bank, Doncaster, DN4 8DH England	Manufacture of fork-arms for the fork lift truck, construction, agricultural and quarrying equipment industries.	England & Wales
MSI-Quality Forgings Ltd.	Balby Carr Bank, Doncaster, DN4 8DH England	Manufacture of open die forgings.	England & Wales
MSI-Forks LLC	1298 Galleria Boulevard, Rock Hill, SC 29730 USA	Manufacture of fork-arms for the fork lift truck, construction, agricultural and quarrying equipment industries.	USA
MSI-Forks Garfos Industriais Ltda.	Rua Professor Campos de Oliveira, 310 São Paulo Brazil	Manufacture of fork-arms for the fork lift truck, construction, agricultural and quarrying equipment industries.	Brazil
'Petrol Station Superstructures'			
Global-MSI plc	Balby Carr Bank, Doncaster DN4 8DH England	Design, manufacture and construction of petrol station superstructures.	England & Wales
Global-MSI Sp. z o.o.	Ul. Działowskiego 13, 30-339 Krakow Poland	Design, manufacture and construction of petrol station superstructures.	Poland
'Corporate Branding'			
MSI-Sign Group B.V.	De Hoef 8 5311 GH Gameren The Netherlands	The design, manufacture, installation and service of corporate branding, including media facades, way-finding signage, public illumination, creative lighting solutions and the complete appearance of petrol station superstructures.	The Netherlands
MSI-Sign Group GmbH	Wohlenbergstrasse 6 30179 Hannover, Germany	Design, restyling, production and installation of the complete appearance of petrol station superstructures and forecourts.	Germany
Petrol Sign Ltd.	Balby Carr Bank, Doncaster DN4 8DH England	Design, restyling, production and installation of the complete appearance of petrol station superstructures and forecourts.	England & Wales

List of subsidiaries

Continued

(1) Principal operating subsidiaries by division (continued)

'Estates'

MS INTERNATIONAL Estates Ltd.	Balby Carr Bank, Doncaster DN4 8DH England	Property holding company of the Group's UK properties.	England & Wales
MS INTERNATIONAL Estates LLC	1298 Galleria Boulevard, Rock Hill, SC 29730 USA	Property holding company of the Group's USA property.	USA

NOTES

1. 100% of the ordinary shares are held in all cases.

(2) Non-trading subsidiaries

Conder Ltd.

Global-MSI (Overseas) Ltd.

M D M Investments Ltd.

Mechforge Ltd.

MS INTERNATIONAL Inc

MSI – Petrol Sign Ltd.

Petrol Sign – MSI Ltd.

NOTES

1. 100% of the ordinary share capital of each entity is held in all cases.
2. All non-trading companies are registered in England and Wales with the exception of MS INTERNATIOANAL Inc, which is registered in the USA.
3. All companies are dormant and non-operating, with the exception of MDM Investments Ltd, which is the trustee company of the MS INTERNATIONAL plc Retirement and Death Benefits Scheme and MS INTERNATIONAL Inc, which is a holding company for the trading companies within the USA.