

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements For The Year Ended 31 March 2022
for
Torishima Service Solutions Europe
Limited

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

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For The Year Ended 31 March 2022**

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Torishima Service Solutions Europe
Limited

Company Information
For The Year Ended 31 March 2022

DIRECTORS:

G Ashe
Mrs L M O'Neill
K Hirata
P P Van Der Meulen
T Ono

REGISTERED OFFICE:

30 Colliery Road
Clyde Gateway Business Park
London Road
Glasgow
G32 8SL

REGISTERED NUMBER:

SC376021 (Scotland)

INDEPENDENT AUDITORS:

Robb Ferguson
Chartered Accountants & Statutory Auditors
Regent Court
70 West Regent Street
Glasgow
G2 2QZ

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Group Strategic Report
For The Year Ended 31 March 2022**

The directors present their strategic report of the company and the group for the year ended 31 March 2022.

REVIEW OF BUSINESS

Throughout the year the company restructured the senior management team, creating a stronger team to drive the business forward. Part of our strategy was to ensure we maintained our high standards and quality of service provided to customers. The company continued to support Torishima Japan, providing repairs and service within our designated territory as well as having strategic synergies across all our revenue streams as follows:

As COVID-19 travel restrictions were eased, many customers (power, petrochemical, water, etc) decided to service their pumps, those services works were well over-due. Accordingly, Repair & Service dept was reasonably busy throughout FY2022, as we had to cover the customers not only in UK, but also in Central & South America as well as North Africa, Turkey, etc. As more new pumps were supplied & installed by Torishima Japan globally, we are now covering more countries than FY2021. As our pumps are critical to the operation of various plants, we committed to provide the quality & speedy service to the pumps, to ensure the satisfactory operation as well as to minimise the downtime.

Although coating business managed to secure some orders from our repeat customers, sales was down by 50% compared to FY2021 level. Towards the end of FY2022, new business opportunities in Defence, Nuclear & Marines started to materialize. These new opportunities are very important to move this business forward into next year.

Our spare parts are a key part of the business delivering good strong revenues and gross margins. Currency risks are mitigated as forward contracts are secured through our bankers.

The fluid power group continued to look at initiatives throughout the year with the aim of improving their internal processes and improving on gross margin. Fluid power were successful in securing orders and delivering them during the year whilst supporting Torishima Japan in the manufacture of lube oil systems for high energy pumps. This area of the business is looking to expand the facility and provide a service & repair centre for Central England.

Our cooling water system team experienced delays in the lead time of materials resulting in the 2 projects for the Middle East being delayed and not delivered by the end of our Financial Year. These projects are scheduled for delivering in August 2022. Order Intake for the year was lower than previous years, which was the result of COVID 19 and not been able to travel to the Middle East. However, opportunities remain very positive going into 2022/23.

Overall, it was a challenging year with order input and output lower than budget. However, the opportunities across all revenue streams are very positive for 2022/23.

PRINCIPAL RISKS AND UNCERTAINTIES

Our risks going into the next financial year are the reduced order backlog and recruitment of employees. We will continue to drive our business forward and focus on new business opportunities that will deliver profitability both in the UK and Overseas.

ON BEHALF OF THE BOARD:

T Ono - Director

22 December 2022

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Report of the Directors
For The Year Ended 31 March 2022**

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

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2021 to the date of this report.

G Ashe
Mrs L M O'Neill
K Hirata
P P Van Der Meulen

Other changes in directors holding office are as follows:

A J Ferrie - resigned 29 November 2021
T Ono - appointed 1 February 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Report of the Directors
For The Year Ended 31 March 2022**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

T Ono - Director

22 December 2022

Report of the Independent Auditors to the Members of
Torishima Service Solutions Europe
Limited

Opinion

We have audited the financial statements of Torishima Service Solutions Europe Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Torishima Service Solutions Europe
Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where 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 Statement of Directors' Responsibilities set out on page three, 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 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.

Report of the Independent Auditors to the Members of
Torishima Service Solutions Europe
Limited

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company and group through discussions with directors and other management, and from our wider knowledge and experience;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company and group, including the Companies Act 2006 and FRS 102.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

Audit response to risks identified

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

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates set out were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

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

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims; and
- Requesting correspondence with HMRC, Companies House and the company and group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Report of the Independent Auditors to the Members of
Torishima Service Solutions Europe
Limited

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 Report of the Auditors.

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 a Report of the Auditors 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.

Janice Alexander CA (Senior Statutory Auditor)
for and on behalf of Robb Ferguson
Chartered Accountants & Statutory Auditors
Regent Court
70 West Regent Street
Glasgow
G2 2QZ

22 December 2022

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Consolidated
Statement of Comprehensive
Income
For The Year Ended 31 March 2022**

	Notes	2022 £	£	2021 £	£
TURNOVER			9,543,298		14,302,387
Cost of sales			5,933,648		9,353,711
GROSS PROFIT			3,609,650		4,948,676
Distribution costs		94,480		98,560	
Administrative expenses		3,782,520		2,998,211	
			3,877,000		3,096,771
			(267,350)		1,851,905
Other operating income			82,558		65,051
OPERATING (LOSS)/PROFIT	5		(184,792)		1,916,956
Foreign exchange gains/ (losses)	6		(302,803)		544,752
			(487,595)		2,461,708
Interest payable and similar expenses	7		2,522		709
(LOSS)/PROFIT BEFORE TAXATION			(490,117)		2,460,999
Tax on (loss)/profit	8		(10,732)		478,560
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			(479,385)		1,982,439
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR			(479,385)		1,982,439
(Loss)/profit attributable to:					
Owners of the parent			(482,520)		1,996,152
Non-controlling interests			3,135		(13,713)
			(479,385)		1,982,439
Total comprehensive income attributable to:					
Owners of the parent			(482,520)		1,996,152
Non-controlling interests			3,135		(13,713)

The notes form part of these financial statements

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Consolidated
Statement of Comprehensive
Income
For The Year Ended 31 March 2022**

2022	2021
£	£
<u>(479,385)</u>	<u>1,982,439</u>

The notes form part of these financial statements

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Consolidated Statement of Financial Position
31 March 2022**

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Intangible assets	10		1,047,127		1,132,807
Tangible assets	11		1,194,808		1,042,871
Investments	12		-		-
			<u>2,241,935</u>		<u>2,175,678</u>
CURRENT ASSETS					
Stocks	13	452,576		840,025	
Debtors	14	3,462,640		5,591,724	
Cash at bank and in hand		<u>2,075,068</u>		<u>2,180,657</u>	
		5,990,284		8,612,406	
CREDITORS					
Amounts falling due within one year	15	<u>2,000,634</u>		<u>4,333,144</u>	
NET CURRENT ASSETS			<u>3,989,650</u>		<u>4,279,262</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,231,585		6,454,940
CREDITORS					
Amounts falling due after more than one year	16		(611,773)		(510,571)
PROVISIONS FOR LIABILITIES	18		<u>(230,475)</u>		<u>(75,647)</u>
NET ASSETS			<u>5,389,337</u>		<u>5,868,722</u>
CAPITAL AND RESERVES					
Called up share capital	19		10,000		10,000
Retained earnings	20		<u>5,404,864</u>		<u>5,887,384</u>
SHAREHOLDERS' FUNDS			5,414,864		5,897,384
NON-CONTROLLING INTERESTS			<u>(25,527)</u>		<u>(28,662)</u>
TOTAL EQUITY			<u>5,389,337</u>		<u>5,868,722</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2022 and were signed on its behalf by:

T Ono - Director

The notes form part of these financial statements

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Company Statement of Financial Position
31 March 2022**

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		1,165,481		1,032,521
Investments	12		<u>1,353,462</u>		<u>1,559,791</u>
			2,518,943		2,592,312
CURRENT ASSETS					
Stocks	13	388,731		710,055	
Debtors	14	3,278,570		5,386,763	
Cash at bank and in hand		<u>1,441,119</u>		<u>1,732,769</u>	
		5,108,420		7,829,587	
CREDITORS					
Amounts falling due within one year	15	<u>1,683,284</u>		<u>3,827,962</u>	
NET CURRENT ASSETS			3,425,136		4,001,625
TOTAL ASSETS LESS CURRENT LIABILITIES			5,944,079		6,593,937
CREDITORS					
Amounts falling due after more than one year	16		(611,773)		(506,051)
PROVISIONS FOR LIABILITIES	18		<u>(223,815)</u>		<u>(74,267)</u>
NET ASSETS			5,108,491		6,013,619
CAPITAL AND RESERVES					
Called up share capital	19		10,000		10,000
Retained earnings	20		<u>5,098,491</u>		<u>6,003,619</u>
SHAREHOLDERS' FUNDS			5,108,491		6,013,619
Company's (loss)/profit for the financial year			<u>(905,128)</u>		<u>2,052,589</u>

The financial statements were approved by the Board of Directors and authorised for issue on 22 December 2022 and were signed on its behalf by:

T Ono - Director

The notes form part of these financial statements

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Consolidated Statement of Changes in Equity
For The Year Ended 31 March 2022**

	Called up share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
Balance at 1 April 2020	10,000	3,891,232	3,901,232	(14,949)	3,886,283
Changes in equity					
Total comprehensive income	-	1,996,152	1,996,152	(13,713)	1,982,439
Balance at 31 March 2021	10,000	5,887,384	5,897,384	(28,662)	5,868,722
Changes in equity					
Total comprehensive loss	-	(482,520)	(482,520)	3,135	(479,385)
Balance at 31 March 2022	10,000	5,404,864	5,414,864	(25,527)	5,389,337

The notes form part of these financial statements

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Company Statement of Changes in Equity
For The Year Ended 31 March 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	10,000	3,951,030	3,961,030
Changes in equity			
Total comprehensive income	-	2,052,589	2,052,589
Balance at 31 March 2021	10,000	6,003,619	6,013,619
Changes in equity			
Total comprehensive loss	-	(905,128)	(905,128)
Balance at 31 March 2022	10,000	5,098,491	5,108,491

The notes form part of these financial statements

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Consolidated Statement of Cash Flows
For The Year Ended 31 March 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	500,298	3,385,938
Interest paid		(2,522)	(709)
Tax paid		(270,059)	(387,580)
Net cash from operating activities		<u>227,717</u>	<u>2,997,649</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(32,022)	(1,142,326)
Purchase of tangible fixed assets		(315,053)	(955,015)
Sale of tangible fixed assets		13,769	-
Net cash from investing activities		<u>(333,306)</u>	<u>(2,097,341)</u>
Cash flows from financing activities			
Capital grant receipt		-	128,645
Net cash from financing activities		<u>-</u>	<u>128,645</u>
(Decrease)/increase in cash and cash equivalents		<u>(105,589)</u>	<u>1,028,953</u>
Cash and cash equivalents at beginning of year	2	2,180,657	1,151,704
Cash and cash equivalents at end of year	2	<u>2,075,068</u>	<u>2,180,657</u>

The notes form part of these financial statements

Torishima Service Solutions Europe
Limited (Registered number: SC376021)

Notes to the Consolidated Statement of Cash Flows
For The Year Ended 31 March 2022

1. **RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2022	2021
	£	£
(Loss)/profit before taxation	(490,117)	2,460,999
Depreciation charges	277,897	156,511
Profit on disposal of fixed assets	(10,848)	-
Finance costs	<u>2,522</u>	<u>709</u>
	(220,546)	2,618,219
Decrease in stocks	387,449	870,282
Decrease in trade and other debtors	2,325,027	1,298,653
Decrease in trade and other creditors	<u>(1,991,632)</u>	<u>(1,401,216)</u>
Cash generated from operations	<u>500,298</u>	<u>3,385,938</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	<u>2,075,068</u>	<u>2,180,657</u>

Year ended 31 March 2021

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	<u>2,180,657</u>	<u>1,151,704</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.4.21	Cash flow	At 31.3.22
	£	£	£
Net cash			
Cash at bank and in hand	<u>2,180,657</u>	<u>(105,589)</u>	<u>2,075,068</u>
	<u>2,180,657</u>	<u>(105,589)</u>	<u>2,075,068</u>
Total	<u>2,180,657</u>	<u>(105,589)</u>	<u>2,075,068</u>

The notes form part of these financial statements

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Notes to the Consolidated Financial Statements
For The Year Ended 31 March 2022**

1. STATUTORY INFORMATION

Torishima Service Solutions Europe Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

Significant estimates relate to the valuation of costs in relation to long term contract work in progress. These are accrued at the margin rate in line with the stage of completion valuation method and costs are reallocated from work in progress (calculated) costs to the long term contract costs. Identified losses are recognised immediately in line with the company policy on long term contracts.

Other areas of estimation are in the fair value and depreciation policies set by the company. These are reviewed annually and are in line with industry standards.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill

Goodwill representing the excess of the cost of the acquisition of the subsidiary undertakings over the fair value of the assets acquired and other purchased goodwill, is capitalised in the year of acquisition and is being amortised evenly over its useful life of ten years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leaschold improvements	10% on cost
Property renovations	20% on cost and over the period of the lease
Plant & machinery	33.33% on cost, 20% on cost and 10% on cost
Fixtures and fittings	20% on cost
Hydro scheme	Over 22 years
IT/phone equipment	33% on cost

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Torishima Service Solutions Europe
Limited (Registered number: SC376021)**

**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

2. ACCOUNTING POLICIES - continued

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied.

Foreign currency hedging is applied against debts and contracts in foreign currencies to manage foreign currency risk over completion of the contract and until payment is made. These debts are valued at the contracted rate and amended where contracts are extended with losses and profits passing through the profit and loss account.

Derecognition of financial liabilities

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result. Where contracts for exchange (hedging) are held debtor balances are translated at the rate specified in the contract both at initial recognition and at the balance sheet date.

Where a foreign currency exchange contract is renewed at completion (in the event that the transaction with which the exchange contract is not completed within the option period) gains / losses on translation are recognised when the currency contract completes and the debtor asset is revalued at the rate of the new contract.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

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**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Long term contracts

Income and expenses on long term contracts are recognised in the profit and loss account based upon the stage of completion of the contract. All recognisable losses are released to the profit and loss account as they are identified with profits being released over the period of the contract based on stage and milestone payment agreements.

Assets in the course of construction

Improvements to leasehold properties incomplete at the balance sheet date are classified as work in progress and are valued at the costs incurred at the year end. Upon completion the assets are reallocated as leasehold improvement and written off over the term of the lease.

3. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	3,148,699	2,950,991
Social security costs	41,399	35,550
Other pension costs	104,024	110,082
	<u>3,294,122</u>	<u>3,096,623</u>

The average number of employees during the year was as follows:

	2022	2021
Directors	4	5
Service	30	33
Administration	25	25
	<u>59</u>	<u>63</u>

4. DIRECTORS' EMOLUMENTS

	2022	2021
	£	£
Directors' remuneration	502,410	280,372
Directors' pension contributions to money purchase schemes	9,544	11,522

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	290,442	194,254
Pension contributions to money purchase schemes	5,619	7,742

**Torishima Service Solutions Europe
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**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

5. OPERATING (LOSS)/PROFIT

The operating loss (2021 - operating profit) is stated after charging/(crediting):

	2022	2021
	£	£
Hire of plant and machinery	17,176	24,674
Depreciation - owned assets	160,195	147,002
Profit on disposal of fixed assets	(10,848)	-
Goodwill amortisation	117,702	9,519
Auditors' remuneration	16,972	16,989
Foreign exchange differences	<u>(4,872)</u>	<u>2,581</u>

6. EXCEPTIONAL ITEMS

	2022	2021
	£	£
Foreign exchange gains/ (losses)	<u>(302,803)</u>	<u>544,752</u>

During the year the group realised exchange rate gains and losses on forward contracts which they consider to be exceptional in nature.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest	<u>2,522</u>	<u>709</u>

8. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	(165,560)	438,889
Deferred tax	154,828	39,671
Tax on (loss)/profit	<u>(10,732)</u>	<u>478,560</u>

UK corporation tax has been charged at 19 % (2021 - 19 %).

**Torishima Service Solutions Europe
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**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

8. TAXATION - continued

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
(Loss)/profit before tax	<u>(490,117)</u>	<u>2,460,999</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19 % (2021 - 19 %)	(93,122)	467,590
Effects of:		
Expenses not deductible for tax purposes	2,593	3,432
Income not taxable for tax purposes	(2,465)	(1,848)
Capital allowances in excess of depreciation	(62,725)	(30,685)
Movement in deferred tax	154,828	39,671
Prior year adjustment	(9,841)	400
Total tax (credit)/charge	<u>(10,732)</u>	<u>478,560</u>

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 April 2021	1,142,326
Additions	<u>32,022</u>
At 31 March 2022	<u>1,174,348</u>
AMORTISATION	
At 1 April 2021	9,519
Amortisation for year	<u>117,702</u>
At 31 March 2022	<u>127,221</u>
NET BOOK VALUE	
At 31 March 2022	<u><u>1,047,127</u></u>
At 31 March 2021	<u><u>1,132,807</u></u>

**Torishima Service Solutions Europe
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**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

11. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements £	Property renovations £	Plant & machinery £
COST			
At 1 April 2021	8,552	500,233	737,344
Additions	-	8,000	294,429
Disposals	-	-	(85,788)
At 31 March 2022	<u>8,552</u>	<u>508,233</u>	<u>945,985</u>
DEPRECIATION			
At 1 April 2021	873	180,379	476,033
Charge for year	948	27,621	77,817
Eliminated on disposal	-	-	(82,866)
At 31 March 2022	<u>1,821</u>	<u>208,000</u>	<u>470,984</u>
NET BOOK VALUE			
At 31 March 2022	<u>6,731</u>	<u>300,233</u>	<u>475,001</u>
At 31 March 2021	<u>7,679</u>	<u>319,854</u>	<u>261,311</u>

	Fixtures and fittings £	Hydro scheme £	IT/Phone equipment £	Totals £
COST				
At 1 April 2021	89,350	351,764	133,509	1,820,752
Additions	2,018	-	10,606	315,053
Disposals	(8,385)	-	(60,199)	(154,372)
At 31 March 2022	<u>82,983</u>	<u>351,764</u>	<u>83,916</u>	<u>1,981,433</u>
DEPRECIATION				
At 1 April 2021	31,550	-	89,046	777,881
Charge for year	15,485	15,985	22,339	160,195
Eliminated on disposal	(8,385)	-	(60,200)	(151,451)
At 31 March 2022	<u>38,650</u>	<u>15,985</u>	<u>51,185</u>	<u>786,625</u>
NET BOOK VALUE				
At 31 March 2022	<u>44,333</u>	<u>335,779</u>	<u>32,731</u>	<u>1,194,808</u>
At 31 March 2021	<u>57,800</u>	<u>351,764</u>	<u>44,463</u>	<u>1,042,871</u>

**Torishima Service Solutions Europe
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**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

11. TANGIBLE FIXED ASSETS - continued

Company

	Property renovations £	Plant & machinery £	Fixtures and fittings £
COST			
At 1 April 2021	500,233	733,213	89,350
Additions	8,000	276,589	-
Disposals	-	(85,788)	(8,385)
At 31 March 2022	<u>508,233</u>	<u>924,014</u>	<u>80,965</u>
DEPRECIATION			
At 1 April 2021	180,379	474,573	31,550
Charge for year	27,621	76,749	15,485
Eliminated on disposal	-	(82,866)	(8,385)
At 31 March 2022	<u>208,000</u>	<u>468,456</u>	<u>38,650</u>
NET BOOK VALUE			
At 31 March 2022	<u>300,233</u>	<u>455,558</u>	<u>42,315</u>
At 31 March 2021	<u>319,854</u>	<u>258,640</u>	<u>57,800</u>
	Hydro scheme £	IT/Phone equipment £	Totals £
COST			
At 1 April 2021	351,764	133,509	1,808,069
Additions	-	9,471	294,060
Disposals	-	(60,199)	(154,372)
At 31 March 2022	<u>351,764</u>	<u>82,781</u>	<u>1,947,757</u>
DEPRECIATION			
At 1 April 2021	-	89,046	775,548
Charge for year	15,985	22,339	158,179
Eliminated on disposal	-	(60,200)	(151,451)
At 31 March 2022	<u>15,985</u>	<u>51,185</u>	<u>782,276</u>
NET BOOK VALUE			
At 31 March 2022	<u>335,779</u>	<u>31,596</u>	<u>1,165,481</u>
At 31 March 2021	<u>351,764</u>	<u>44,463</u>	<u>1,032,521</u>

**Torishima Service Solutions Europe
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**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

12. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 April 2021	1,559,791
Additions	32,022
Impairments	(238,351)
At 31 March 2022	<u>1,353,462</u>
NET BOOK VALUE	
At 31 March 2022	<u>1,353,462</u>
At 31 March 2021	<u>1,559,791</u>

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Cryo Pump Repairs Ltd

Registered office: 1 Barons Court Earls Gate Park, Roseland Hall, Grangemouth, Scotland, FK3 8BH

Nature of business: Repair and maintenance of ships and boats

	%
Class of shares:	holding
Ordinary	100.00

ICI Caldaie Limited

Registered office: 5 Berrington Road, Leamington Spa, England, CV31 1NB

Nature of business: Supply and fit of heating applications

	%
Class of shares:	holding
Ordinary	80.00

Torishima Pumps UK Ltd

Registered office: 30 Colliery Road Clyde Gateway Business Park, London Road, Glasgow, United Kingdom, G32 8SL

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

**Torishima Service Solutions Europe
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**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

13. STOCKS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Stocks	128,979	199,848	81,358	110,308
Work-in-progress	323,597	640,177	307,373	599,747
	<u>452,576</u>	<u>840,025</u>	<u>388,731</u>	<u>710,055</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	2,905,167	2,856,443	2,768,922	2,690,000
Tax	195,943	-	205,878	-
VAT asset	29,575	287,839	10,052	260,757
Prepayments and other debtors	331,955	2,447,442	293,718	2,436,006
	<u>3,462,640</u>	<u>5,591,724</u>	<u>3,278,570</u>	<u>5,386,763</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	1,415,050	2,436,539	1,217,071	2,124,209
Tax	-	239,676	-	98,536
Social security and other taxes	74,801	100,122	65,722	75,473
Accrued and other creditors	498,243	1,543,942	387,951	1,516,879
Deferred government grants	12,540	12,865	12,540	12,865
	<u>2,000,634</u>	<u>4,333,144</u>	<u>1,683,284</u>	<u>3,827,962</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Accruals and deferred income	518,370	404,520	518,370	400,000
Deferred government grants	93,403	106,051	93,403	106,051
	<u>611,773</u>	<u>510,571</u>	<u>611,773</u>	<u>506,051</u>

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

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**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

Group

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	288,497	300,038
Between one and five years	1,023,901	1,023,840
In more than five years	1,653,325	1,902,935
	<u>2,965,723</u>	<u>3,226,813</u>

Company

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	270,282	277,906
Between one and five years	1,023,901	1,005,624
In more than five years	1,653,325	1,902,935
	<u>2,947,508</u>	<u>3,186,465</u>

18. **PROVISIONS FOR LIABILITIES**

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Deferred tax	<u>230,475</u>	<u>75,647</u>	<u>223,815</u>	<u>74,267</u>

Group

	Deferred tax
	£
Balance at 1 April 2021	75,647
Provided during year	<u>154,828</u>
Balance at 31 March 2022	<u>230,475</u>

Company

	Deferred tax
	£
Balance at 1 April 2021	74,267
Provided during year	<u>149,548</u>
Balance at 31 March 2022	<u>223,815</u>

**Torishima Service Solutions Europe
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**Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2022**

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2022	2021
Number:	Class:		£	£
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>

20. RESERVES

Group

**Retained
earnings
£**

At 1 April 2021	5,887,384
Deficit for the year	(482,520)
At 31 March 2022	<u>5,404,864</u>

Company

**Retained
earnings
£**

At 1 April 2021	6,003,619
Deficit for the year	(905,128)
At 31 March 2022	<u>5,098,491</u>

21. SUBSIDIARY REPORTING DATE

ICI Caldaie Limited reporting date of 31 December 2021 is not aligned with the parent company. The impracticality exception has been taken given this date is no more than three months before the parent's reporting date.

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