REGISTERED NUMBER: SC376021 (Scotland)

Group Strategic Report, Report of the Directors and Consolidated Financial Statements For The Year Ended 31 March 2023

for

Torishima Service Solutions Europe Limited

Torishima Service Solutions Europe Limited (Registered number: SC376021)

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Torishima Service Solutions Europe Limited

Company Information For The Year Ended 31 March 2023

DIRECTORS:	G Ashe L M O'Neill K Hirata P P Van Der Meulen S McColl
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

Group Strategic Report For The Year Ended 31 March 2023

The directors present their strategic report of the company and the group for the year ended 31 March 2023.

REVIEW OF BUSINESS

Throughout the year the company focused on driving improvement in our internal processes and services to our customers. Part of our strategy was to ensure we maintained our high standards and in turn deliver a quality service to our 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:

Pump Repair & Service were busy throughout FY2023, covering customers not only in UK, but also in Central & South America as well as North Africa, Turkey, etc. Sales were 27% up on FY2022 which was helped by the lift in Covid travel restrictions as well as securing new customers in the UK. Torishima Pump Japan posted record revenue and profit figures in the last financial year which will have a positive impact for our business. 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.

Surface coatings had a strong year with sales up by 214% on FY22. As well as maintaining our current customer base, new customers were also secured with orders received on projects within the nuclear industry. Towards the end of FY2023, business opportunities continue to grow in Defence, Nuclear & Marines Industries. These are very important to move this business forward into next year.

Our Spare Parts revenue was strong throughout the year resulting in a 45% growth on prior year. This revenue stream is a key part of the business delivering strong revenues and gross margins. Currency risks are mitigated by managing our currency and selling forward with the support of our Bankers. We do face a risk on increased shipping costs and shipping delays but continue to work with our established logistics companies to overcome and manage these associated risks.

The Fluid Power Division had a challenging year with sales down 54% on prior year. The focus was to look at new initiatives throughout the year with the aim of improving their internal processes and improve gross margin. Fluid power continued to work with Torishima Japan to secure orders for the manufacture of Lube Oil Systems required for high energy pumps. Despite FY23 being a challenge, this part of the business maintains a strong order book and good business opportunities going into the new financial year.

Our cooling water system team remained stable throughout the year delivering good revenues and maintaining a strong order backlog. We saw a 30% reduction in revenue from the previous year, however this was mainly due to approvals and shipping release being delayed. Travel to the Middle East commenced as Covid restrictions were relaxed which allowed us to visit customers creating more business opportunities in this region.

The CPR business has continued to go from strength to strength throughout the year. The spare parts sales remains the biggest source of revenue, with an increase of 27% on the prior year, whilst also maintaining a strong Gross margin. There has also been a 6% increase in the service revenue. This can be attributed to the engagement of the various Torishima service centres around the world. By utilising this additional source of labour, CPR has been able to accept and execute additional orders, which was not possible prior to the acquisition of the business. With the addition of a dedicated sales resource supported by local management and administration staff, we expect to see continued growth in all aspects of the CPR business for years to come.

During the financial year we opened a new workshop in Turkey (TSSTR) which is 100% owned by Torishima Service Solutions Europe Ltd. This subsidiary was established on 27 December 2022 but due to the extremely complicated requirement for obtaining the operation licence & completing registration, the business started slower than originally expected. However, going into the new Financial Year 2023/24, we have invested in a local team and work has commenced. TSSTR's focus is to develop more pump repair & service business within Turkey, and subsequently creating more opportunities for Spare Parts, which is profitable. TSSTR sales team have engaged with our existing & new customers, and the opportunity for future work remains very positive.

Overall, from a group perspective it was a challenging year across some of our business streams but order input was strong, building a healthy order backlog going into the new financial year and business opportunities across the group remain very positive for 2023/24.

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:

G Ashe - Director

18 December 2023

Report of the Directors For The Year Ended 31 March 2023

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2023.

DIVIDENDS
No dividends will be distributed for the year ended 31 March 2023.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

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

Other changes in directors holding office are as follows:

S McColl - appointed 31 December 2022

T Ono ceased to be a director after 31 March 2023 but prior to the date of this report.

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.

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:

G Ashe - Director

18 December 2023

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 2023 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 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

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 five, 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.

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.

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:
- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our 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, 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's 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;
- Enquiring of management as to actual and potential litigation and claims; and
- Requesting correspondence with HMRC and 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.

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.

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

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

19 December 2023

Torishima Service Solutions Europe Limited (Registered number: SC376021)

Consolidated Statement of Comprehensive Income For The Year Ended 31 March 2023

	Notes	2023 £	£	2022 £	£
TURNOVER			**11,399,929**		9,543,298
Cost of sales			**6,598,338**		5,933,648
GROSS PROFIT			**4,801,591**		3,609,650
Distribution costs		**101,806**		94,480	
Administrative expenses		**4,553,809**		3,782,520	
			4,655,615		3,877,000
			145,976		(267,350)
Other operating income			**52,966**		82,558
OPERATING PROFIT/(LOSS)	5		**198,942**		(184,792)
Foreign exchange gains/ (losses)	6		**-**		302,803
			198,942		(487,595)
Interest payable and similar expenses	7		**-**		2,522
PROFIT/(LOSS) BEFORE TAXATION			**198,942**		(490,117)
Tax on profit/(loss)	8		**101,168**		(10,732)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR			**97,774**		(479,385)
OTHER COMPREHENSIVE INCOME			**-**		-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR			**97,774**		(479,385)
Profit/(loss) attributable to:					
Owners of the parent			**86,346**		(482,520)
Non-controlling interests			**11,428**		3,135
			97,774		(479,385)
Total comprehensive income attributable to:					
Owners of the parent			**86,346**		(482,520)

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 2023

	2023	2022
	£	£
Non-controlling interests	**11,428**	3,135
	97,774	(479,385)

The notes form part of these financial statements

Torishima Service Solutions Europe Limited (Registered number: SC376021)

Consolidated Statement of Financial Position
31 March 2023

	Notes	2023 £	£	2022 £	£
FIXED ASSETS					
Intangible assets	10		**929,692**		1,047,127
Tangible assets	11		**1,488,280**		1,194,808
Investments	12		**-**		-
			2,417,972		2,241,935
CURRENT ASSETS					
Stocks	13	**1,143,715**		452,576	
Debtors	14	**3,434,444**		3,462,640	
Cash at bank and in hand		**2,354,478**		2,075,068	
		6,932,637		5,990,284	
CREDITORS					
Amounts falling due within one year	15	**3,418,820**		2,000,634	
NET CURRENT ASSETS			**3,513,817**		3,989,650
TOTAL ASSETS LESS CURRENT LIABILITIES			**5,931,789**		6,231,585
CREDITORS					
Amounts falling due after more than one year	16		**(188,508)**		(611,773)
PROVISIONS FOR LIABILITIES	19		**(256,170)**		(230,475)
NET ASSETS			**5,487,111**		5,389,337
CAPITAL AND RESERVES					
Called up share capital	20		**10,000**		10,000
Retained earnings	21		**5,491,210**		5,404,864
SHAREHOLDERS' FUNDS			**5,501,210**		5,414,864
NON-CONTROLLING INTERESTS			**(14,099)**		(25,527)
TOTAL EQUITY			**5,487,111**		5,389,337

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2023 and were signed on its behalf by:

G Ashe - Director

The notes form part of these financial statements

Torishima Service Solutions Europe Limited (Registered number: SC376021)

Company Statement of Financial Position
31 March 2023

	Notes	2023 £	£	2022 £	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		**1,302,547**		1,165,481
Investments	12		**1,539,462**		1,353,462
			2,842,009		2,518,943
CURRENT ASSETS					
Stocks	13	**875,847**		388,731	
Debtors	14	**3,323,194**		3,278,570	
Cash at bank and in hand		**1,665,375**		1,441,119	
		5,864,416		5,108,420	
CREDITORS					
Amounts falling due within one year	15	**2,766,660**		1,683,284	
NET CURRENT ASSETS			**3,097,756**		3,425,136
TOTAL ASSETS LESS CURRENT LIABILITIES			**5,939,765**		5,944,079
CREDITORS					
Amounts falling due after more than one year	16		**(188,508)**		(611,773)
PROVISIONS FOR LIABILITIES	19		**(238,424)**		(223,815)
NET ASSETS			**5,512,833**		5,108,491
CAPITAL AND RESERVES					
Called up share capital	20		**10,000**		10,000
Retained earnings	21		**5,502,833**		5,098,491
SHAREHOLDERS' FUNDS			**5,512,833**		5,108,491
Company's profit/(loss) for the financial year			**404,342**		(905,128)

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2023 and were signed on its behalf by:

G Ashe - 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 2023

	Called up share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
Balance at 1 April 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
Changes in equity					
Total comprehensive income	-	86,346	86,346	11,428	97,774
Balance at 31 March 2023	10,000	5,491,210	5,501,210	(14,099)	5,487,111

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 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 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
Changes in equity			
Total comprehensive income	-	404,342	404,342
Balance at 31 March 2023	10,000	5,502,833	5,512,833

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 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	**646,124**	500,298
Interest paid		**-**	(2,522)
Tax paid		**90,249**	(270,059)
Net cash from operating activities		**736,373**	227,717
Cash flows from investing activities			
Purchase of intangible fixed assets		**-**	(32,022)
Purchase of tangible fixed assets		**(471,258)**	(315,053)
Sale of tangible fixed assets		**14,295**	13,769
Net cash from investing activities		**(456,963)**	(333,306)
Increase/(decrease) in cash and cash equivalents		**279,410**	(105,589)
Cash and cash equivalents at beginning of year	2	**2,075,068**	2,180,657
Cash and cash equivalents at end of year	2	**2,354,478**	2,075,068

The notes form part of these financial statements

Notes to the Consolidated Statement of Cash Flows For The Year Ended 31 March 2023

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

	2023	2022
	£	£
Profit/(loss) before taxation	**198,942**	(490,117)
Depreciation charges	**286,876**	277,897
Profit on disposal of fixed assets	**(5,950)**	(10,848)
Finance costs	**-**	2,522
	479,868	(220,546)
(Increase)/decrease in stocks	**(691,139)**	387,449
(Increase)/decrease in trade and other debtors	**(137,526)**	2,325,027
Increase/(decrease) in trade and other creditors	**994,921**	(1,991,632)
Cash generated from operations	**646,124**	500,298

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 2023

	31.3.23	**1.4.22**
	£	**£**
Cash and cash equivalents	**2,354,478**	**2,075,068**

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	2,075,068	2,180,657

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.22	**Cash flow**	**At 31.3.23**
	£	**£**	**£**
Net cash			
Cash at bank and in hand	**2,075,068**	**279,410**	**2,354,478**
	2,075,068	**279,410**	**2,354,478**
Total	**2,075,068**	**279,410**	**2,354,478**

The notes form part of these financial statements

Notes to the Consolidated Financial Statements
For The Year Ended 31 March 2023

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.

Leasehold 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.

continued...

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.

continued...

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 intial 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.

continued...

2. ACCOUNTING POLICIES - continued

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.

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

	2023	2022
	£	£
Wages and salaries	**3,117,417**	3,148,699
Social security costs	**23,305**	41,399
Other pension costs	**106,194**	104,024
	3,246,916	3,294,122

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

	2023	2022
Directors	**4**	4
Service	**30**	30
Administration	**25**	25
	59	59

4. DIRECTORS' EMOLUMENTS

	2023	2022
	£	£
Directors' remuneration	**211,078**	502,410
Directors' pension contributions to money purchase schemes	**4,388**	9,544

Information regarding the highest paid director is as follows:

	2023	2022
	£	£
Emoluments etc	**90,530**	290,442
Pension contributions to money purchase schemes	**4,388**	5,619

continued...

5. OPERATING PROFIT/(LOSS)

The operating profit (2022 - operating loss) is stated after charging/(crediting):

	2023	2022
	£	£
Hire of plant and machinery	**22,182**	17,176
Depreciation - owned assets	**169,441**	160,195
Profit on disposal of fixed assets	**(5,950)**	(10,848)
Goodwill amortisation	**117,435**	117,702
Auditors' remuneration	**18,690**	16,972
Foreign exchange differences	**178,688**	(4,872)

6. EXCEPTIONAL ITEMS

	2023	2022
	£	£
Foreign exchange gains/ (losses)	-	(302,803)

During the previous 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

	2023	2022
	£	£
Bank interest	-	2,522

8. TAXATION

Analysis of the tax charge/(credit)
The tax charge/(credit) on the profit for the year was as follows:

	2023	2022
	£	£
Current tax:		
UK corporation tax	**75,473**	(165,560)
Deferred tax	**25,695**	154,828
Tax on profit/(loss)	**101,168**	(10,732)

UK corporation tax has been charged at 19 % (2022 - 19 %).

continued...

8. TAXATION - continued

Reconciliation of total tax charge/(credit) 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:

	2023	2022
	£	£
Profit/(loss) before tax	**198,942**	(490,117)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19 % (2022 - 19 %)	**37,799**	(93,122)
Effects of:		
Expenses not deductible for tax purposes	**3,078**	2,593
Income not taxable for tax purposes	**(879)**	(2,465)
Capital allowances in excess of depreciation	**(33,319)**	(62,725)
Other timing differences	**39,387**	-
Movement in deferred tax	**25,695**	154,828
Prior year adjustment	**-**	(9,841)
Tax effect of losses carried forward	**29,407**	-
Total tax charge/(credit)	**101,168**	(10,732)

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 2022 and 31 March 2023	**1,174,348**
AMORTISATION	
At 1 April 2022	**127,221**
Amortisation for year	**117,435**
At 31 March 2023	**244,656**
NET BOOK VALUE	
At 31 March 2023	**929,692**
At 31 March 2022	1,047,127

continued...

11. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements £	Property renovations £	Plant & machinery £
COST			
At 1 April 2022	**8,552**	**508,233**	**945,985**
Additions	**83,265**	**9,992**	**313,061**
Disposals	**-**	**(168,075)**	**(229,561)**
At 31 March 2023	**91,817**	**350,150**	**1,029,485**
DEPRECIATION			
At 1 April 2022	**1,821**	**208,000**	**470,984**
Charge for year	**948**	**23,761**	**87,590**
Eliminated on disposal	**-**	**(168,075)**	**(221,216)**
At 31 March 2023	**2,769**	**63,686**	**337,358**
NET BOOK VALUE			
At 31 March 2023	**89,048**	**286,464**	**692,127**
At 31 March 2022	6,731	300,233	475,001

	Fixtures and fittings £	Hydro scheme £	IT/Phone equipment £	Totals £
COST				
At 1 April 2022	**82,983**	**351,764**	**83,916**	**1,981,433**
Additions	**1,287**	**-**	**63,653**	**471,258**
Disposals	**(15,509)**	**-**	**(24,996)**	**(438,141)**
At 31 March 2023	**68,761**	**351,764**	**122,573**	**2,014,550**
DEPRECIATION				
At 1 April 2022	**38,650**	**15,985**	**51,185**	**786,625**
Charge for year	**15,308**	**15,983**	**25,851**	**169,441**
Eliminated on disposal	**(15,509)**	**-**	**(24,996)**	**(429,796)**
At 31 March 2023	**38,449**	**31,968**	**52,040**	**526,270**
NET BOOK VALUE				
At 31 March 2023	**30,312**	**319,796**	**70,533**	**1,488,280**
At 31 March 2022	44,333	335,779	32,731	1,194,808

continued...

11. TANGIBLE FIXED ASSETS - continued

Company

	Property renovations £	Plant & machinery £	Fixtures and fittings £
COST			
At 1 April 2022	**508,233**	**924,014**	**80,965**
Additions	**9,992**	**234,846**	**1,287**
Disposals	**(168,075)**	**(227,444)**	**(11,316)**
At 31 March 2023	**350,150**	**931,416**	**70,936**
DEPRECIATION			
At 1 April 2022	**208,000**	**468,456**	**38,650**
Charge for year	**23,761**	**82,803**	**14,900**
Eliminated on disposal	**(168,075)**	**(219,099)**	**(11,316)**
At 31 March 2023	**63,686**	**332,160**	**42,234**
NET BOOK VALUE			
At 31 March 2023	**286,464**	**599,256**	**28,702**
At 31 March 2022	300,233	455,558	42,315

	Hydro scheme £	IT/Phone equipment £	Totals £
COST			
At 1 April 2022	**351,764**	**82,781**	**1,947,757**
Additions	**-**	**61,889**	**308,014**
Disposals	**-**	**(21,623)**	**(428,458)**
At 31 March 2023	**351,764**	**123,047**	**1,827,313**
DEPRECIATION			
At 1 April 2022	**15,985**	**51,185**	**782,276**
Charge for year	**15,983**	**25,156**	**162,603**
Eliminated on disposal	**-**	**(21,623)**	**(420,113)**
At 31 March 2023	**31,968**	**54,718**	**524,766**
NET BOOK VALUE			
At 31 March 2023	**319,796**	**68,329**	**1,302,547**
At 31 March 2022	335,779	31,596	1,165,481

continued...

12. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 April 2022	**1,353,462**
Additions	**186,000**
At 31 March 2023	**1,539,462**
NET BOOK VALUE	
At 31 March 2023	**1,539,462**
At 31 March 2022	1,353,462

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 Turkey
Registered office: Çerkesli, OSB MAH IMES 5 BULVAR BINA NO:5
Nature of business: Manufacture of fluid powered equipment

Class of shares:	% holding
Ordinary	100.00

continued...

13. STOCKS

	Group		Company	
	2023	2022	**2023**	2022
	£	£	**£**	£
Stocks	**345,813**	128,979	**77,945**	81,358
Work-in-progress	**797,902**	323,597	**797,902**	307,373
	1,143,715	452,576	**875,847**	388,731

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2023	2022	**2023**	2022
	£	£	**£**	£
Trade debtors	**2,300,739**	2,905,167	**2,052,123**	2,768,922
Amounts owed by group undertakings	**-**	-	**297,099**	-
Tax	**30,221**	195,943	**115,629**	205,878
VAT asset	**139,884**	29,575	**37,812**	10,052
Prepayments and other debtors	**963,600**	331,955	**820,531**	293,718
	3,434,444	3,462,640	**3,323,194**	3,278,570

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2023	2022	**2023**	2022
	£	£	**£**	£
Trade creditors	**2,158,257**	1,415,050	**1,662,779**	1,217,071
Social security and other taxes	**84,316**	74,801	**74,556**	65,722
Accrued and other creditors	**1,163,707**	498,243	**1,016,785**	387,951
Deferred government grants	**12,540**	12,540	**12,540**	12,540
	3,418,820	2,000,634	**2,766,660**	1,683,284

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

	Group		Company	
	2023	2022	**2023**	2022
	£	£	**£**	£
Accruals and deferred income	**108,077**	518,370	**108,077**	518,370
Deferred government grants	**80,431**	93,403	**80,431**	93,403
	188,508	611,773	**188,508**	611,773

17. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

continued...

Group

	Non-cancellable operating leases	
	2023	2022
	£	£
Within one year	**337,847**	288,497
Between one and five years	**1,118,605**	1,023,901
In more than five years	**1,403,715**	1,653,325
	2,860,167	2,965,723

Company

	Non-cancellable operating leases	
	2023	2022
	£	£
Within one year	**295,507**	270,282
Between one and five years	**1,043,811**	1,023,901
In more than five years	**1,403,715**	1,653,325
	2,743,033	2,947,508

18. SECURED DEBTS

The company's bankers hold a floating charge over the assets and undertakings of the company.

19. PROVISIONS FOR LIABILITIES

	Group		**Company**	
	2023	2022	**2023**	2022
	£	£	**£**	£
Deferred tax	**256,170**	230,475	**238,424**	223,815

Group

	Deferred tax
	£
Balance at 1 April 2022	**230,475**
Provided during year	**25,695**
Balance at 31 March 2023	**256,170**

continued...

19. PROVISIONS FOR LIABILITIES - continued

Company

	Deferred tax £
Balance at 1 April 2022	**223,815**
Provided during year	**14,609**
Balance at 31 March 2023	**238,424**

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2023 £**	2022 £
10,000	Ordinary	£1	**10,000**	10,000

21. RESERVES

Group

	Retained earnings £
At 1 April 2022	**5,404,864**
Profit for the year	**86,346**
At 31 March 2023	**5,491,210**

Company

	Retained earnings £
At 1 April 2022	**5,098,491**
Profit for the year	**404,342**
At 31 March 2023	**5,502,833**

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