John Crane Asset Management Solutions Limited

Annual Report and Financial Statements

For the year ended 31 July 2022

Registered Number – SC177637

John Crane Asset Management Solutions Limited

Directors
Adam Powell
Andrew Barry
Graeme Morgan

Company Secretary
Murray Carne

Registered office
5th Floor
Exchange No1
62 Market Street
Aberdeen
AB11 5PJ

Bankers
Barclays Bank
Bishopsgate (Corporate 2)
London
EC2M 3XA

Independent auditor
KPMG LLP
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

Annual report and financial statements
for the year ended 31 July 2022

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John Crane Asset Management Solutions Limited
Directors' report
for the year ended 31 July 2022

The Directors present their report and the audited financial statements for the year ended 31 July 2022.

Principal activities

John Crane Asset Management Solutions Limited is a private company limited by shares, incorporated in the United Kingdom, and domiciled in Scotland. The principal place of business is at 5th Floor, No 1 Exchange, 62 Market Street, Aberdeen AB11 5QH.

The company's principal activity is the provision of engineering consultancy services, delivering services to design and improve asset maintenance programs and increase asset efficiency predominantly in the Oil and Gas industry.

Results

The loss for the financial year amounted to £1,260,000 (2021: loss of £1,095,000).

Future developments

The Directors are satisfied with the position of the Company as at 31 July 2022 and with its future prospects despite the losses sustained in the year. As part of the John Crane Group the Directors expect to be able to access previously unavailable markets. The Directors expect this will improve the current level of performance.

Dividends

The Directors do not recommend the payment of a dividend (2021: £nil).

Directors

The current Directors of the Company are listed on page 1.

The Directors who served during the year and at the date of this report, unless otherwise stated, were as follows:

Adam Powell	
Sarah Forrest	resigned 31st December 2021
Graeme Morgan	
Andrew Barry	appointed 31st March 2022

Employment policy

It is the Company's policy to provide equal opportunities for employment. The Company continues to be actively involved in all aspects of the training and development of young persons, including initiatives designed to ease the transition from school to work. Disabled people are given full consideration for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues, and the appropriate training is arranged.

Employees are regularly provided with a wide range of information concerning the performance and prospects of the business in which they are involved. Methods of communication include regular senior management briefings, Intranet, email communications and announcements. Additionally, employee councils, information and consultation forums, and other consultative bodies allow the views of employees to be taken into account.

Financial risk

The company's principal financial assets are bank balances, payables, and receivables with third parties and other group companies. The credit risk, price risk, liquidity risk and cash flow risk associated with such items, having regard to counterparties involved, has been assessed as not material for the assessment of the company's assets, liabilities, financial position and profit or loss.

Going Concern

Notwithstanding the company's net current liabilities of £5,095,000 and net liabilities of £5,081,000, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cashflow forecasts for a period of 12 months from the date of approval of these financial statements, which indicate that taking account of reasonably possible downsides the company will have sufficient funds, through funding from its ultimate parent company, Smiths Group PLC, to meet its liabilities as the fall due for that period.

The forecasts are dependent on John Crane Group Limited not seeking repayment of the amounts currently due, which at 31 July 2022 amounted to amounts due of £5,220,847, and providing additional financial support during that period. Smiths Group PLC is providing the financial support as the ultimate parent company of both John Crane Group Limited and John Crane Asset Management Solutions Limited. Smiths Group PLC has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, they have no reason to believe it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Approved by the board and signed on its behalf

Graeme Morgan

Graeme Morgan
Director
14th December 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN CRANE ASSET MANAGEMENT SOLUTIONS LIMITED

Opinion

We have audited the financial statements of John Crane Asset Management Solutions Limited ("the Company") for the year ended 31 July 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the recognition of revenue is not complex or subject to significant judgement.

We did not identify any additional fraud risks.

Fraud and breaches of laws and regulations – ability to detect (continued)

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to unusual or unexpected accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Daniel Crighton

Daniel Crighton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

KPMG LLP
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

14 December 2022

John Crane Asset Management Solutions Limited
Statement of Comprehensive Income
for the year ended 31 July 2022

	Note	2022	2021
		£'000	£'000
Revenue	3	**4,301**	4,714
Cost of sales		**(3,425)**	(3,758)
Gross profit		**876**	956
Administrative expenses		**(2,065)**	(2,002)
Operating loss	6	**(1,189)**	(1,046)
Interest payable & similar expenses		**(71)**	(49)
Loss before income tax		**(1,260)**	(1,095)
Income tax credit	7	**-**	-
Loss and total comprehensive expense for the financial year		**(1,260)**	(1,095)

The results have been derived wholly from continuing operations.

There was no other comprehensive income for 2022 (2021: £-)

John Crane Asset Management Solutions Limited
Balance Sheet
As at 31 July 2022

	Note	31.07.22 £'000	31.07.21 £'000
Fixed assets			
Intangible assets	8	-	123
Property, plant and equipment	9	**95**	182
Right of Use Asset	9	**207**	285
		302	590
Current assets			
Trade and other receivables	10	**544**	756
Cash at bank and in hand		**170**	194
		714	950
Total assets		**1,016**	1,540
Creditors: amounts falling due within one year	11	**(5,809)**	(4,901)
Net current (liabilities)		**(5,095)**	(3,951)
Total assets less current liabilities		**(4,793)**	(3,361)
Creditors: amounts falling due greater than one year	12	**(288)**	(460)
Net (liabilities) /assets		**(5,081)**	(3,821)
Equity			
Called up share capital	13	-	-
(Accumulated losses) / Retained earnings		**(5,081)**	(3,821)
Total shareholders' (deficit) / funds		**(5,081)**	(3,821)

The financial statements on pages 9 to 21 were approved by the Board of Directors on 14th December 2022 and were signed on its behalf by:

Graeme Morgan

Graeme Morgan
Director

Registered number: SC177637

John Crane Asset Management Solutions Limited
Statement of Changes in Equity
for the year ended 31 July 2022

	Called up share capital	Retained earnings / (Accumulated) losses	Total shareholders funds / (deficit)
	£'000	£'000	£'000
Balance as at 1 August 2020	**-**	**(2,726)**	**(2,726)**
Loss and total comprehensive expense for the financial year	-	(1,095)	(1,095)
Balance as at 1 August 2021	**-**	**(3,821)**	**(3,821)**
Loss and total comprehensive expense for the financial year	-	(1,260)	(1,260)
Balance as at 31 July 2022	**-**	**(5,081)**	**(5,081)**

1 General information

John Crane Asset Management Solutions Limited is a limited company incorporated and domiciled in Scotland. The principle activity of the Company is the provision of engineering consultancy services.

2 Summary of significant accounting policies

The principal accounting policies, which have been applied in the preparation of these financial statements, are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK-adopted IFRS") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Smiths Group PLC includes the Company in its consolidated financial statements. The consolidated financial statements of Smiths Group PLC are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the address in note 15.

The application of FRS 101 has enabled the Company to take advantage of certain disclosure exemptions that would have been required had the Company adopted International Financial Reporting Standards in full. The only such exemptions that the Directors consider to be significant are:

- no detailed disclosures in relation to financial instruments other than derivatives;
- no cash flow statement;
- no analysis of fixed asset movements for the prior period;
- no disclosure of related party transactions with fellow 100% subsidiaries of its parent;
- no statement regarding the potential impact of forthcoming changes in financial reporting standards;
- for share-based payment, no details of the number and weighted-average exercise prices of share options and of how the fair value of goods or services received was determined;
- no disclosure of "key management compensation" for key management other than the Directors, and
- no disclosures relating to the Company's policy on capital management.

The financial statements are presented in Pounds Sterling (GBP) and all values are rounded to the nearest thousand Pounds Sterling (£000) except where otherwise indicated.

Going concern

Notwithstanding the company's net current liabilities of £5,095,000 and net liabilities of £5,081,000, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cashflow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides the company will have sufficient funds, through funding from its ultimate parent company, Smiths Group PLC, to meet its liabilities as the fall due for that period.

The forecasts are dependent on John Crane Group Limited not seeking repayment of the amounts currently due, which at 31 July 2022 amounted to amounts due of £5,220,847, and providing additional financial support during that period. Smiths Group PLC is providing the financial support as the ultimate parent company of both John Crane Group Limited and John Crane Asset Management Solutions Limited. Smiths Group PLC has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

continue, although at the date of approval of these financial statements, they have no reason to believe it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.2 Functional and reporting currency and foreign currency translation

The financial statements are presented in Pounds Sterling which is the functional currency of the Company and comprises the principal income stream of the Company.

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Non-monetary items are translated using the exchange rates as at the date of the original transactions.

2.3 Cash flows

The Company is a wholly owned subsidiary of John Crane Group Limited, a subsidiary of Smiths Group PLC and its cash flows are included in the consolidated group cash flow statements of that company (see note 15). Consequently, the Company has taken advantage of the exemption available with FRS 101 from publishing a cash flow statement.

2.4 Tangible fixed assets

Tangible fixed assets other than freehold property are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	10%-20% on cost, straight line
Fixtures and fittings	25% on cost, straight line
Motor Vehicles	25% reducing balance
Plant and Equipment	25%-50% on costs, straight line

The tangible fixed assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

At each reporting date management reviews tangible fixed assets for indicators of impairment. If an indicator is identified, then the recoverable amount of the assets are measured to determine the extent (if any) of the impairment loss.

2.6 Intangible fixed assets

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software for that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probably future economic benefits
- the expenditure attributable to the software during its development can be reliably measured.

2 Summary of significant accounting policies (continued)

2.6 Intangible fixed assets (continued)

Directly attributable costs that are capitalised as part of the software include employee costs and appropriate direct expenses.

The intangible fixed assets values are based on the Cost model and carried at initial cost less accumulated amortisation over a useful life of four years and impairment losses.

At each reporting date management reviews intangible fixed assets for indicators of impairment. If an indicator is identified, then the recoverable amount of the assets are measured to determine the extent (if any) of the impairment loss.

2.7 Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable direct costs, then subsequently at amortised cost, less an allowance for any amounts estimated to be uncollectible. An estimate for doubtful debts is made when there is objective evidence that the collection of the debt is no longer probable.

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs, then subsequently at amortised cost.

2.8 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

2 Summary of significant accounting policies (continued)

2.8 Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

Short-term leases and leases of low value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.9 Taxation

All current tax liabilities have been assumed by Smiths Group PLC, the ultimate parent company.

Deferred tax is not recognised, and the deferred tax asset or liability has been assumed by Smiths Group PLC, the ultimate parent company.

2.10 Revenue recognition

The company's principal activity is the provision of engineering consulting services. Revenue is recognised over time as the customer receives and uses the benefits of the services simultaneously.

Revenue represents the net invoiced sale of services, excluding value added tax, except in respect of service contracts where turnover is recognised when the company obtains the right to consideration.

Long-term lump-sum contract revenue

Under such contracts, revenue is recognised on long-term contracts as contract activity progresses and the Company completes the identified performance obligations identified in the contract. Revenue is calculated by reference to the value of the work performed to date, aligned with the direct costs associated to carrying out the work. Provisions for foreseeable losses are recognised in full when identified. Revenue derived from variations on long-term contracts is recognised only when they have been accepted by the customer. The net amount of costs incurred to date plus recognised profits less the sum of recognised losses and progress billings is disclosed within the Trade and other receivables balance.

2.11 Cash

Cash and short-term deposits in the Balance Sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

2.12 Judgements and key sources of estimation or uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

2 Summary of significant accounting policies (continued)

2.12 Judgements and key sources of estimation or uncertainty (continued)

In the process of applying the Company's accounting policies the directors have not made any significant estimates or judgements.

Revenue recognition on long-term contracts

Revenue on fixed price long-term service agreements is recognised according to the stage of completion reached in the contract by measuring the proportion of costs incurred for work performed to total estimated costs.

Estimating the costs to completion and therefore the total contract costs is a key judgment in respect of the revenue recognition on these contracts.

There are no contracts ongoing at 31 July 2022 recognised using the stage of completion method.

3 Revenue

Analysis of turnover by geographical destination is as follows:

	01.08.21 to 31.07.22	01.08.20 to 31.07.21
	£'000	£'000
United Kingdom	**2,847**	2,341
USA	**1,213**	2,082
MEA	**163**	199
Equatorial Guinea	**74**	76
EU	**4**	16
Total	**4,301**	4,714

The Directors consider that there is only one class of business, which is the income from revenues derived from projects carried out on behalf of the client. Revenue is recognised over time.

4 Staff costs and employee information

	01.08.21 to 31.07.22	01.08.20 to 31.07.21
	£'000	£'000
Wages and salaries	**2,063**	2,211
Social security costs	**254**	261
Other Pension Costs	**317**	253
Total	**2,634**	2,725

Average monthly full-time equivalent employee numbers by activity:

	01.08.21 to 31.07.22	01.08.20 to 31.07.21
Direct Production workers	**22**	23
Management and staff	**12**	13
Total	**34**	36

Other pension costs include £153k (2021: £110k) relating to contributions made by the Company to a defined benefit contribution plan, and £164k (2021: £143k) relating to wages and salaries scarified by employees directly into a defined benefit contribution plan.

4 Staff costs and employee information (continued)

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

5 Directors' remuneration

The Directors Adam Powell, Andrew Barry and Graeme Morgan did not receive any emoluments in respect of their qualifying services to the company. Their remuneration is borne by other entities within the group, and it is not considered practical to apportion their remuneration to this entity based on the services provided. Accordingly, no allocation has been made.

6 Operating loss

Operating (loss) is stated after charging/crediting:

	01.08.21 to 31.07.22 £'000	01.08.20 to 31.07.21 £'000
Depreciation of tangible assets (note 9)	**90**	97
Depreciation of right of use asset (note 9)	**78**	78
Amortisation (note 8)	**123**	208
Net foreign exchange losses / (gains)	**(36)**	13
Auditors remuneration		
Audit of these financial statements	**37**	49

7 Income tax credit

The tax in the profit and loss account for the year varied from the average standard rate of corporation tax in the UK due to the following factors:

	01.08.21 to 31.07.22 £'000	01.08.20 to 31.07.21 £'000
Loss before income tax	**(1,260)**	(1,095)
At average UK standard rate of corporation tax of 19% (2021: 19%)	**(239)**	(208)
Foreign taxes payable	**-**	-
Effects of group relief	**239**	208
Expenses not deductible for tax purposes	**-**	-
Double taxation relief	**-**	-
Total tax credit for the year	**-**	-

The company's profits for the year ending 31st July 2022 were taxed at 19% in line with the current corporation tax rate in the UK.

The tax rate for year ending 31st July 2022 has been applied at 19%.

Factors that may affect future tax charges or credits

Smiths Group does not require UK companies to compensate the surrendering company for the receipt of group relief. As a result, no payments, or receipts in respect of group relief have been accrued in the current or previous year, and no payments or receipts will be made for group relief in future years while this policy remains in force.

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%.

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

8 Intangible assets

	Software development	**Total**
	£'000	£'000
Cost		
At 1 August 2021	1017	1017
Additions	-	-
At 31 July 2022	**1017**	1017
Accumulated amortisation		
At 1 August 2021	**894**	894
Amortisation for the year	**123**	123
At 31 July 2022	**1,017**	1,017
Net book value		
At 31 July 2022	-	-
At 31 July 2021	**123**	123

9 Property, plant, and equipment

	Land and Buildings	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 August 2021	441	15	653	601	15	1,725
Additions	-	-	-	9	-	9
Disposals	-	-	-	(7)	(15)	(22)
At 31 July 2022	**441**	**15**	**653**	**603**	**-**	**1,712**
Accumulated depreciation						
At 1 August 2021	156	4	516	573	10	1,259
Charge for the year	78	-	76	14	-	168
Disposals	-	-	-	(7)	(10)	(17)
At 31 July 2022	**234**	**4**	**592**	**580**	**-**	**1,410**
Net book value						
At 31 July 2022	**207**	**11**	**61**	**23**	**-**	**302**
At 31 July 2021	285	11	137	28	5	466

Land and Buildings includes a Right of Use Asset of £207,341 (£285,094: 2021). This relates to the lease of the Company's registered office disclosed on page 1.

10 Trade and other receivables

	31.07.22	31.07.21
	£'000	£'000
Trade receivables	**330**	477
Amounts owed by group undertakings	**-**	38
Prepayments and accrued revenue	**205**	232
Other debtors	**9**	9
	544	756

No material expected credit losses are recognised against any of the above balances as at 31st July 2022. The fair value of trade receivables and other receivables does not differ from the amortised cost.

11 Creditors: amounts falling due within one year

	31.07.22	31.07.21
	£'000	£'000
Trade creditors	**102**	70
Amounts owed to group undertakings	**5,314**	4,091
Accrued expenses and deferred income	**106**	437
Social security and other taxes	**115**	119
Lease liabilities	**172**	184
	5,809	4,901

The fair value of trade and other payables does not differ from the amortised cost. The payables to Group companies are repayable on demand and are interest free.

12 Creditors: amounts falling due greater than one year

	31.07.22	31.07.21
	£'000	£'000
Lease liabilities	**288**	460
	288	460

13 Called up share capital

	31.07.22	31.07.21
	£	£
Allotted and fully paid:	**2**	2
2 (2020: 2) Ordinary shares of £1 each		
Total	**2**	2

14 Related party transactions

Transactions and balances with fellow group companies

The Company has taken advantage of the exemptions within Financial Reporting Standard 101 not to disclose transactions and balances with Smiths Group PLC, for which the consolidated financial statements are publicly available.

15 Ultimate parent undertaking

The Company is a wholly owned subsidiary of John Crane Group Limited, its immediate parent.

Ultimate controlling party - Smiths Group PLC.

The annual report and financial statements of Smiths Group PLC may be obtained from the Company Secretary, Smiths Group PLC, 4th Floor, 11-12 St James's Square, London, SW1Y 4LB. Smiths Group PLC is both the largest and smallest entity that prepares consolidated financial statements that John Crane Asset Management Solutions Limited are consolidated in.

16 Lease liabilities

The maturity of lease liabilities at the balance sheet date are as follows:

	2022	2021
	£'000	£'000
Not later than one year	**172**	184
Later than one year and not later than five years	**288**	460
	460	644

Interest expense on lease liabilities of £15,039 (2021: £11,056) has been recognised within interest payable and similar expenses.

17 Commitments and contingent liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. The Company is in a Composite Accounting Agreement with other group companies.