

COMPANY NO: 306440

**SIMPLEX-TURBULO COMPANY LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2008**



**SIMPLEX-TURBULO COMPANY LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

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SIMPLEX-TURBULO COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: The Hon J R M Hogg
Sir Andrew Cunynghame Bt FCA
Dr H W G H Aly (Resigned 31 January 2008)
Mr. Johannsmann (Appointed 1 February 2008)

COMPANY SECRETARY: P J Hardy

REGISTERED OFFICE: Wherwell Priory
Wherwell
Nr Andover
Hampshire
SP11 7JH

AUDITORS: Horwath Clark Whitehill LLP
Chartered Accountants
Aquis House
49 – 51 Blagrove Street
Reading
Berkshire
RG1 1PL

BANKERS: HSBC Bank Plc
28 High Street
Andover
Hampshire
SP10 1NU

SIMPLEX-TURBULO COMPANY LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2008

The directors have pleasure in presenting their report and financial statements for the year ended 30 September 2008.

PRINCIPAL ACTIVITIES

The principal activity of the group is that of technical and marine agents.

REVIEW OF THE BUSINESS

The Group continues to cover three areas of activity: Ships' Components, Diesel Engine Components, Converting Equipment and Industrial Components, and is split between three operating companies, Simplex-Turbulo Company Ltd., Simplex-Turbulo Services Ltd. and Lincoln Diesel Spares Ltd. Overall turnover increased from £9,034,874 to £11,015,275 and group profits increased from £355,367 to £486,482 despite some heavy provisions for potential bad debts.

The Ship's Components Division consolidated its recent growth. Total sales increased from £2,571,988 to £2,656,893 despite a drop in the number of orders from 474 to 418. Sales were supported by the continuing increase in demand for service engineers. The number of jobs carried out increased by 8% over the previous year. The first three months of the new financial year have continued to provide strong sales with turnover up by 11%. However the outlook for the rest of the year must remain uncertain due to the current world economic crisis.

The Diesel Engine Components business has continued to produce good results with consolidated turnover up from £6,152,834 to £7,952,640. This side of our business continues to be export oriented with 60% of sales being outside the UK covering some 50 countries in total. Outside the UK our biggest single market remains Indonesia, and we remain sensitive to fluctuations in the political and economic situation of that country. The accounts include £45,243 of goodwill written off in the year relating to the purchase of RHL. The same amount will be written off in the current year. This will be the final tranche of goodwill. During the year it was possible, through a related entity, to purchase the land and buildings occupied by Lincoln Diesel Spares. This helps to ensure that the group will have sufficient warehousing capacity for the medium term future and enables us to plan for the long term future in these premises. The old RHL premises will be vacated during the current year.

The Converting Components is wholly focussed on the UK. As a result this part of our business is under pressure from the drop in local demand as well as from the depreciation of sterling against the euro. Some progress has been made in introducing the new range of specialist lubricants but take-up has been slow as customers need to be persuaded to change from their existing suppliers.

SIMPLEX-TURBULO COMPANY LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

REVIEW OF THE BUSINESS (CONTINUED)

The Directors continually assess the risks that are perceived to offer the greatest threat to the business. The following are considered to be the principle ones:

- Fluctuations in the cost of fuel affecting the usage of diesel engines for power generation
- The availability of finished product. (There are currently considerable delays to deliveries)
- Shortage of skilled labour
- Changes in the regulatory environment
- Competition, especially from the Far East.
- Loss of one of the major agencies
- The increased risk of bad debtors or late payers as a result of the current world-wide economic problems

Despite these risks, the Directors believe that the Group can look with confidence towards the coming year.

RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have approved a final dividend of £280,000 (2007: £270,000).

DONATIONS

During the year the group made charitable contributions totalling £806 (2007: £756)

By order of the Board on 29 January 2009.
and signed on its behalf by



P J Hardy
Company Secretary

SIMPLEX-TURBULO COMPANY LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group at the end of the year and of the profit or loss of the group for that year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities. The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information (s234ZA).

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SIMPLEX-TURBULO COMPANY LIMITED

We have audited the financial statements of Simplex-Turbulo Company Limited for the year ended 30 September 2008 which comprise a Consolidated Profit and Loss Account, Balance Sheets, Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, the financial statements are properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

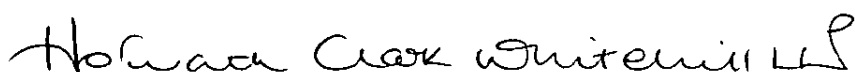
**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF SIMPLEX-TURBULO COMPANY LIMITED
(CONTINUED)**

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

UNQUALIFIED OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 September 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information provided in the directors' report is consistent with the financial statements.



HORWATH CLARK WHITEHILL LLP

Chartered Accountants
Registered Auditors

Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

10 February 2009.

SIMPLEX-TURBULO COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Notes	2008 £	2007 £
TURNOVER	2	11,015,275	9,034,874
Cost of sales		<u>(7,855,674)</u>	<u>(6,569,397)</u>
GROSS PROFIT		3,159,601	2,465,477
Distribution costs		(212,525)	(168,632)
Administrative expenses		(2,231,420)	(1,777,743)
Other operating income	3	<u>12,445</u>	<u>16,116</u>
OPERATING PROFIT	4	728,101	535,218
Interest receivable		<u>8,013</u>	<u>8,890</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		736,114	544,108
Tax on profit on ordinary activities	7	<u>(215,637)</u>	<u>(156,004)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		520,477	388,104
Minority interest		<u>(33,995)</u>	<u>(32,737)</u>
RETAINED PROFIT FOR THE YEAR		<u>£ 486,482</u>	<u>£ 355,367</u>
 BROUGHT FORWARD RETAINED EARNINGS		 1,464,229	 1,378,862
Retained profit for the year		486,482	355,367
Dividends	8	<u>(280,000)</u>	<u>(270,000)</u>
CARRIED FORWARD RETAINED EARNINGS		<u>£ 1,670,711</u>	<u>£ 1,464,229</u>

The group has no recognised gains or losses other than the results for the year as set out above.

All activities are continuing.

SIMPLEX-TURBULO COMPANY LIMITED
CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Intangible assets	9	45,246	90,489
Tangible assets	10A	<u>118,113</u>	<u>89,533</u>
		163,359	180,022
CURRENT ASSETS			
Stocks	12	1,621,154	1,319,634
Debtors	13	2,076,089	2,073,678
Cash at bank and in hand		<u>376,911</u>	<u>206,066</u>
		4,074,154	3,599,378
CREDITORS: Amounts falling due within one year	14	<u>(2,447,282)</u>	<u>(2,207,150)</u>
NET CURRENT ASSETS		<u>1,626,872</u>	<u>1,392,228</u>
NET ASSETS		<u>1,790,231</u>	<u>1,572,250</u>
CAPITAL AND RESERVES			
Called up share capital	16	6,120	6,120
Profit and loss account	17	<u>1,670,711</u>	<u>1,464,229</u>
SHAREHOLDERS' FUNDS	18	1,676,831	1,470,349
Minority interest – Equity	19	<u>113,400</u>	<u>101,901</u>
		<u>£ 1,790,231</u>	<u>£ 1,572,250</u>

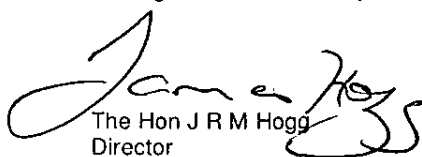
Approved by the Board on 29. January. 2009
and signed on its behalf by


The Hon J R M Hogg
Director

SIMPLEX-TURBULO COMPANY LIMITED
BALANCE SHEET
30 SEPTEMBER 2008

	Notes	2008	2007
		£	£
FIXED ASSETS			
Intangible assets	9	1	1
Tangible assets	10B	98,747	59,687
Investments	11	<u>31,615</u>	<u>31,615</u>
		130,363	91,303
CURRENT ASSETS			
Stocks	12	1,294,156	1,073,306
Debtors	13	1,504,938	1,502,025
Cash at bank and in hand		<u>279,129</u>	<u>138,046</u>
		3,078,223	2,713,377
CREDITORS: Amounts falling due within one year	14	<u>(1,812,512)</u>	<u>(1,585,697)</u>
NET CURRENT ASSETS		<u>1,265,711</u>	<u>1,127,680</u>
NET ASSETS		<u>£ 1,396,074</u>	<u>£ 1,218,983</u>
CAPITAL AND RESERVES			
Called up share capital	16	6,120	6,120
Profit and loss account	17	<u>1,389,954</u>	<u>1,212,863</u>
SHAREHOLDERS' FUNDS	18	<u>£ 1,396,074</u>	<u>£ 1,218,983</u>

Approved by the Board on 29 January 2009
and signed on its behalf by


The Hon J R M Hogg
Director

SIMPLEX-TURBULO COMPANY LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Note	2008	2007
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	712,532	383,734
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		8,013	8,890
TAXATION		(156,864)	(183,406)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets		-	(135,731)
Payments to acquire tangible fixed assets		(100,340)	(61,634)
Proceeds from sale of fixed assets		-	2,800
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		<u>(100,340)</u>	<u>(194,565)</u>
		<u>463,341</u>	<u>14,653</u>
EQUITY DIVIDENDS PAID		<u>(292,496)</u>	<u>(250,000)</u>
INCREASE/(DECREASE) IN CASH	21	<u>£ 170,845</u>	<u>£ (235,347)</u>

The notes on pages 11 to 20 form part of these financial statements

SIMPLEX-TURBULO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2008

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Basis of consolidation

The consolidated financial statements are prepared under the acquisition method. Intragroup sales and profits are eliminated on consolidation. All sales and profit figures relate to external transactions only.

The company has taken advantage of the exemption conferred by Section 230 of the Companies Act 1985 from presenting its own profit and loss account. A profit after taxation amounting to £457,091 (2007: £329,189) has been dealt with in the financial statements of the company.

c) Turnover

Turnover represents the invoiced amount of goods sold and services provided net of value added tax.

d) Intangible fixed assets and amortisation

Goodwill is the difference between the amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities.

Amortisation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset, as estimated by the directors, as follows:-

Trade marks	- Over 5 years
Goodwill	- Over 3 years

e) Tangible fixed assets

Tangible fixed assets are depreciated at rates calculated to write off the cost or, if applicable, the valuation of each asset over its estimated useful life as follows:-

Leasehold property	- 20% straight line
Plant and machinery	- 20% straight line
Motor vehicles	- 20% straight line
Office equipment and software	- 20% - 33% straight line

f) Stocks

Materials and services not yet invoiced to customers and stocks of finished goods are valued at the lower of cost and net realisable value.

Provision for slow moving and obsolete stock is calculated by writing down to nil all stock which has been held for more than one year unless at least 20% of last year's stock holding has been sold in the current year plus a 50% provision of anything bought in the first 6 months if there has been no subsequent sales. Even if more than 20% of the previous years stock holding has been sold in the current year, any provision made in the previous year continues to be made unless the directors consider that the stock will be sold in the following year. A review is undertaken for the 3 months subsequent to the year end and any sales are excluded from the provision.

SIMPLEX-TURBULO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

1. ACCOUNTING POLICIES (continued)

g) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception.

Deferred tax assets are recognised only to the extent that directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates which are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

h) Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account on a straight line basis over the lease term.

i) Pensions

The group contributes to a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

j) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transaction in foreign currencies are translated into sterling at the rate ruling at the date of transaction, exchange differences are taken account of in arriving at operating profit.

2. TURNOVER

The turnover and profit before tax are attributable to the principal activity of the group:-

An analysis of turnover is given below:-

	2008 £	2007 £
United Kingdom	5,140,844	4,750,950
Rest of Europe	1,831,935	1,541,567
Other	<u>4,042,496</u>	<u>2,742,357</u>
	<u>£11,015,275</u>	<u>£ 9,034,874</u>

SIMPLEX-TURBULO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

3. OTHER OPERATING INCOME

	2008	2007
Other operating income	<u>£ 12,445</u>	<u>£ 16,116</u>

4. OPERATING PROFIT

Operating profit is stated after charging:-

	2008 £	2007 £
Amortisation	45,244	45,244
Depreciation	71,759	66,103
Auditors' remuneration - Audit	14,000	13,000
Operating lease costs - Plant and machinery	11,966	15,745
- Other operating leases	37,869	32,370
Net loss on foreign currency translation	<u>23,163</u>	<u>10,542</u>

5. STAFF COSTS

	2008 £	2007 £
Wages and salaries	1,344,977	1,166,775
Social security costs	144,102	124,061
Other pension contributions	<u>28,815</u>	<u>28,202</u>
	<u>£ 1,517,894</u>	<u>£ 1,319,038</u>

The average number of staff employed by the group during the financial year was as follows:-

	2008 No.	2007 No.
Sales and distribution	32	30
Administration	<u>8</u>	<u>7</u>
	<u>40</u>	<u>37</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services was as follows:-

	2008	2007
Emoluments	108,063	154,997
Pension contributions	<u>17,070</u>	<u>19,292</u>
	<u>£ 125,133</u>	<u>£ 174,289</u>

The number of directors for whom the group contributed to money purchase pension schemes during the year was 1 (2007: 1).

SIMPLEX-TURBULO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008	2007
Analysis of tax charge in the year		
UK corporation tax charge on profits for the year	203,597	156,863
Adjustments in respect of prior periods	-	(859)
Write off of ACT debtor	<u>12,040</u>	<u>-</u>
Total current tax	<u>215,637</u>	<u>156,004</u>
Tax on profit on ordinary activities	<u>215,637</u>	<u>156,004</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (29%). The differences are explained below.

RECONCILIATION OF CURRENT TAX CHARGE

The tax assessed for the period is higher than (2007: *lower than*) the standard rate of corporation tax in the UK (29%). The differences are explained below:-

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>£ 736,114</u>	<u>£ 544,107</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 29% (2007: 30%)	213,474	163,232
Effects of:		
Expenses not deductible for tax purposes	3,927	10,449
Depreciation on non qualifying assets	1,993	6,765
Deferred tax not provided in respect of current year differences	-	-
Marginal rate adjustment	-	-
Lower rate of tax chargeable on subsidiary company	(15,797)	(23,583)
Roundings	-	-
Overprovision in prior year	-	(859)
Write off of ACT debtor	<u>12,040</u>	<u>-</u>
Current tax charge for the year	<u>£ 215,637</u>	<u>£ 156,004</u>

8. DIVIDENDS

The following dividends have been voted in respect of the year:-

	2008 £	2007 £
Dividends on equity shares	<u>£ 280,000</u>	<u>£ 270,000</u>

SIMPLEX-TURBULO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

9. INTANGIBLE FIXED ASSETS

	Goodwill £	GROUP Trademarks £	Total £	COMPANY Trademarks £
COST				
At 1 October 2007	201,881	664	202,545	169
Additions	-	-	-	-
At 30 September 2008	<u>201,881</u>	<u>664</u>	<u>202,545</u>	<u>169</u>
AMORTISATION				
At 1 October 2007	111,394	662	112,056	168
Charge for the year	45,243	-	45,243	-
At 30 September 2008	<u>156,637</u>	<u>662</u>	<u>157,299</u>	<u>168</u>
NET BOOK VALUE				
At 30 September 2008	<u>£ 45,244</u>	<u>£ 2</u>	<u>£ 45,246</u>	<u>£ 1</u>
At 30 September 2007	<u>£ 90,487</u>	<u>£ 2</u>	<u>£ 90,489</u>	<u>£ 1</u>

10. TANGIBLE FIXED ASSETS

A. GROUP

	Leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment & software £	Total £
COST					
At 1 October 2007	79,531	101,025	32,723	340,637	553,916
Additions	12,552	2,880	36,800	48,108	100,340
Disposals	-	-	-	-	-
At 30 September 2008	<u>92,083</u>	<u>103,905</u>	<u>69,523</u>	<u>388,745</u>	<u>654,256</u>
DEPRECIATION					
At 1 October 2007	62,918	85,538	9,489	306,438	464,383
Charge for the year	8,587	8,099	13,905	41,169	71,760
Disposals	-	-	-	-	-
At 30 September 2008	<u>71,505</u>	<u>93,637</u>	<u>23,394</u>	<u>347,607</u>	<u>536,143</u>
NET BOOK VALUE					
At 30 September 2008	<u>£ 20,578</u>	<u>£ 10,268</u>	<u>£ 46,129</u>	<u>£ 41,138</u>	<u>£ 118,113</u>
At 30 September 2007	<u>£ 16,613</u>	<u>£ 15,487</u>	<u>£ 23,234</u>	<u>£ 34,199</u>	<u>£ 89,533</u>

SIMPLEX-TURBULO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

10. TANGIBLE FIXED ASSETS (continued)

B. COMPANY

	Leasehold property	Plant and machinery	Motor vehicles	Office equipment & software	Total
	£	£	£	£	£
COST					
At 1 October 2007	59,178	48,218	25,363	330,970	463,729
Additions	10,611	-	36,800	48,108	95,519
Disposals	-	-	-	-	-
At 30 September 2008	69,789	48,218	62,163	379,078	559,248
DEPRECIATION					
At 1 October 2007	52,575	47,725	5,072	298,670	404,042
Charge for the year	4,128	493	12,432	39,406	56,459
Disposals	-	-	-	-	-
At 30 September 2008	56,703	48,218	17,504	338,076	460,501
NET BOOK VALUE					
At 30 September 2008	£ 13,086	£ -	£ 44,659	£ 41,002	£ 98,747
<i>At 30 September 2007</i>	<i>£ 6,603</i>	<i>£ 493</i>	<i>£ 20,291</i>	<i>£ 32,300</i>	<i>£ 59,687</i>

11. INVESTMENTS

Subsidiary undertakings

Details of the investments in which the group hold 20% or more of the nominal value of share capital are as follows:-

Simplex-Turbulo Services Limited, 100% of ordinary share capital held. The principal activity of the subsidiary is servicing marine components and diesel engines.

Lincoln Diesels Spares Limited, 71.88% of ordinary share capital held. The principal activity of the subsidiary is that of the sale of diesel engine spare parts and servicing marine components and diesel engines.

Temple Oil Seals Services Limited 100% of ordinary share capital held. The subsidiary is dormant.

All three subsidiaries are incorporated in England and Wales.

	Total £
COST	
At 1 October 2007 and 30 September 2008	£ 31,615

SIMPLEX-TURBULO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

12. STOCKS

	GROUP		COMPANY	
	2008	2007	2008	2007
Finished goods and goods for resale	<u>£ 1,621,154</u>	<u>£ 1,319,634</u>	<u>£ 1,294,156</u>	<u>£ 1,073,306</u>

13. DEBTORS

	GROUP		COMPANY	
	2008	2007	2008	2007
	£	£	£	£
Trade debtors	1,880,554	1,949,949	1,194,534	1,109,501
Amounts owed by group undertakings	-	-	216,676	320,588
Other debtors	48,010	37,334	25,183	30,165
Other taxes and social security	82,917	20,578	29,695	-
ACT recoverable against future taxation	-	12,040	-	12,040
Prepayments and accrued income	<u>64,608</u>	<u>53,777</u>	<u>38,850</u>	<u>29,731</u>
	<u>£ 2,076,089</u>	<u>£ 2,073,678</u>	<u>£ 1,504,938</u>	<u>£ 1,502,025</u>

14. CREDITORS: Amounts falling due within one year

	GROUP		COMPANY	
	2008	2007	2008	2007
	£	£	£	£
Trade creditors	1,561,809	1,454,398	1,102,203	1,000,165
Other creditors	15,354	22,092	-	-
Amounts owed to group undertakings	-	-	68,107	68,901
Corporation tax	203,597	156,864	101,460	39,703
Other taxes and social security	34,920	49,285	19,467	35,466
Approved dividend	302,496	292,496	280,000	270,000
Accruals and deferred income	<u>329,106</u>	<u>232,015</u>	<u>241,275</u>	<u>171,462</u>
	<u>£ 2,447,282</u>	<u>£ 2,207,150</u>	<u>£ 1,812,512</u>	<u>£ 1,585,697</u>

15. CONTINGENT LIABILITIES AND GUARANTEES

Guarantees and indemnities with the bank in favour of H M Revenue and Customs amounted to £30,000 (2007: £30,000).

SIMPLEX-TURBULO COMPANY LIMITED
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FOR THE YEAR ENDED 30 SEPTEMBER 2008

16. SHARE CAPITAL

	GROUP AND COMPANY	
	2008	2007
	£	£
Authorised:		
1,020 deferred shares of £5 each	5,100	5,100
4,900 ordinary shares of £1 each	<u>4,900</u>	<u>4,900</u>
	£ 10,000	£ 10,000
Allotted, called up and fully paid:		
1,020 deferred shares of £5 each	5,100	5,100
1,020 ordinary shares of £1 each	<u>1,020</u>	<u>1,020</u>
	£ 6,120	£ 6,120

The deferred shares are eligible for a fixed non cumulative dividend of 5% per annum in any year in which the net profits of the company available for dividend exceed £2 million.

On winding up the deferred shares are entitled to receive back the amount paid up on their shares after a total amount of £1,000 has been distributed on each ordinary share. The deferred shares carry no voting rights.

17. PROFIT AND LOSS ACCOUNT

	GROUP		COMPANY	
	2008	2007	2008	2007
	£	£	£	£
Balance brought forward	1,464,229	1,378,862	1,212,863	1,153,674
Profit for the financial year	486,482	355,367	457,091	329,189
Dividends	<u>(280,000)</u>	<u>(270,000)</u>	<u>(280,000)</u>	<u>(270,000)</u>
Balance carried forward	<u>£ 1,670,711</u>	<u>£ 1,464,229</u>	<u>£ 1,389,954</u>	<u>£ 1,212,863</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	GROUP		COMPANY	
	2008	2007	2008	2007
	£	£	£	£
Profit attributable to members of the parent company	486,482	355,367	457,091	329,189
Dividends	<u>(280,000)</u>	<u>(270,000)</u>	<u>(280,000)</u>	<u>(270,000)</u>
	206,482	85,367	177,091	59,189
Opening shareholders' funds	<u>1,470,349</u>	<u>1,384,982</u>	<u>1,218,983</u>	<u>1,159,794</u>
Closing shareholders' funds	<u>£ 1,676,831</u>	<u>£ 1,470,349</u>	<u>£ 1,396,074</u>	<u>£ 1,218,983</u>

SIMPLEX-TURBULO COMPANY LIMITED
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FOR THE YEAR ENDED 30 SEPTEMBER 2008

19. MINORITY INTEREST

	£
At 1 October 2007	101,901
Retained profit attributable to minorities	<u>11,499</u>
At 30 September 2008	<u>£ 113,400</u>

Dividends payable to minorities totalled £22,496 (2007: £22,496).

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	728,101	535,218
Depreciation	71,760	66,103
Amortisation	45,243	45,244
Profit on disposal of fixed assets	-	(1,430)
(Increase) in stocks	(301,521)	(131,742)
(Increase)/ decrease in debtors	(14,451)	(479,711)
(Decrease) / increase in creditors	<u>183,400</u>	<u>350,052</u>
Net cash inflow from operating activities	<u>£ 712,532</u>	<u>£ 383,734</u>

21. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2008 £	2007 £
Increase / (Decrease) in cash in the year	<u>170,845</u>	<u>(235,347)</u>
Movement in net funds in the year	170,845	(235,347)
Net funds at 1 October 2007	<u>206,066</u>	<u>441,413</u>
Net funds at 30 September 2008	<u>£ 376,911</u>	<u>£ 206,066</u>

22. OPERATING LEASE COMMITMENTS

At 30 September 2008 the company had annual commitments under non-cancellable operating leases as follows:-

	Land and Buildings		Other	
	30 September 2008	30 September 2007	30 September 2008	30 September 2007
Expiry date:	£	£	£	£
Within one year	-	-	3,952	4,306
Between 2 and 5 years	7,803	7,803	14,196	5,388
After more than 5 years	<u>40,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>

SIMPLEX-TURBULO COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2008

23. RELATED PARTY TRANSACTIONS

A director of the company, The Hon J R M Hogg, is a trustee of the trust that owns The Priory Farm and from whom the company rents office accommodation and other services. The amount charged in the year was £42,933 (2007: £39,426). Amounts owed to the Priory Farm at the end of the year amount to £5,283 (2007: £3,417).

Payments were also made directly to The Hon J R M Hogg in respect of maintenance of the property totalling £10,589 (2007: £9,880). Amounts owed to The Hon. J R M Hogg at the end of the year amounted to £3,315 (2007: £Nil).

DCR Enterprises, an unincorporated business where Mrs Hogg, the wife of The Hon J R M Hogg, is the proprietor, carried out certain exhibition and marketing work for which a charge of £14,807 (2007: £15,466) was made. The amount owed to DCR Enterprises at 30 September 2008 was £Nil (2007: £Nil).

Mr. Johannsmann, a director of Simplex-Turbulo Company Limited is also a director of Blohm + Voss Industries GmbH, the holder of 25.1% of the share capital in Simplex-Turbulo Company Limited. Cost of sales totalling £1,404,712 (2007: £1,472,731) and commissions of £30,190 (2007: £11,128) were received from them, in addition, sales were made to them of £9,306 (2007: £46,705). A net amount of £254,911 (2007: £346,915) was due to Blohm + Voss Industries GmbH at 30 September 2008.