

COMPANY NO: 00306440

**SIMPLEX-TURBULO GROUP LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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SIMPLEX-TURBULO GROUP LIMITED
CONTENTS

	Page
OFFICERS AND PROFESSIONAL ADVISERS	1
DIRECTORS' REPORT	2
STRATEGIC REPORT	3 - 4
STATEMENT OF DIRECTORS' RESPONSIBILITIES	5
INDEPENDENT AUDITORS' REPORT	6 - 8
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	9
CONSOLIDATED BALANCE SHEET	10
COMPANY BALANCE SHEET	11
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12
COMPANY STATEMENT OF CHANGES IN EQUITY	13
CONSOLIDATED CASH FLOW STATEMENT	14
NOTES TO THE FINANCIAL STATEMENTS	15 - 28

SIMPLEX-TURBULO GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS: The Hon J R M Hogg
T Kaiser-Sichau
J Brooking ACMA
The Hon Mrs D C Hogg

COMPANY SECRETARY: J Brooking ACMA

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

AUDITORS: Crowe U.K. LLP
Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

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

SIMPLEX-TURBULO GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors have pleasure in presenting their report and financial statements for the year ended 30th September 2019.

PRINCIPAL ACTIVITIES

The group consists of one holding/management company Simplex-Turbulo Group Limited and three main operating companies. The principal activities of the group are providing sales and after sales support for various ships' components as well as the provision of service and spares to large 4 stroke diesel engines.

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 £nil (2018: £nil).

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

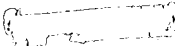
Directors

The directors who served during the year were:

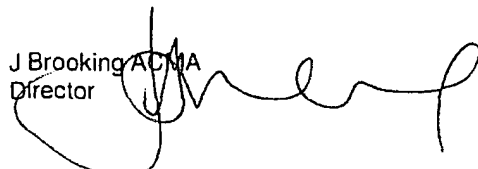
The Hon J R M Hogg
T Kaiser-Sichau (appointed on 20 February 2019)
J Brooking ACMA
The Hon Mrs D C Hogg
A Thiele (resigned on 20 February 2019)

AUDITORS

The auditors, Crowe U.K. LLP, will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on  and signed on its behalf on 23rd June 2020 by

J Brooking ACMA
Director



SIMPLEX-TURBULO GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

As we look back at another challenging year, we see some mixed results within the Group. However, the theme of weak sector demand runs through all operating companies in the Group, continuing last year's narrative.

The Marine and offshore sectors have been beset by weak indicators, from trade wars between the main world powers, USA and China, to weak consumer demand in China, to low barrel prices, and to low GDP growth in the western economies. Adding to this has been some major statutory changes from IMO in the form of ballast water regulation and Sulphur 2020. Our customers have some very real and difficult challenges at the moment, and whilst this dilutes as it reaches the Simplex Group of companies, and even presents some opportunities, the sector is in survival mode, not spending mode. Batten down the hatches has never been more applicable for vessel owners. However, it is not all doom and gloom for the Group; as mentioned some of these challenges present some real opportunities and we have exploited these to great benefit.

As a business we continue to tailor our product offering to our customer's needs, understanding our position within the supply chain, and adding value by holding stock for quick delivery and offering complete packages to reduce transport costs and delays. We continue to develop new products as well as enhancing our existing product range.

We remain a strong and dynamic business, with quick and flexible decision-making processes that give us advantages in the ever-changing market environment. The Group has had a tough year, but we remain optimistic in our approach. We will continue to closely monitor the market conditions and apply the correct administrative cost structure to create profitability whilst satisfying demanding customer requirements. A note on Brexit. At the time of writing the outcome of Brexit remains highly uncertain. As a business we have assessed the risks of WTO trade terms and have contingency in place. The main risks to the Group are logistical delays. In an industry where time is of the essence, any delays at customs, in or out, will have a detrimental effect on business. We will continue to monitor and put in place robust contingency in the event of WTO, or something similar.

SPECIFIC INDUSTRY RISKS

The directors continually assess the risks that are perceived to offer the greatest threat to the business. We list the principle threats below, but the directors remain confident that the group will continue to trade profitably in the coming year despite these threats.

The considerable oversupply of vessels when compared with the demand for transportation has led to a significant reduction in freight rates for most marine sectors. There is a significant risk of bad debts, which may even involve some large and well-known names. In addition, several ship repair yards are known to be suffering financial stress and this is another source of potential bad debts. The business manages these risks by on-going review of credit limits, and by reviewing customers' ability to pay prior to making significant sales.

The oversupply of vessels means a strong downturn in worldwide shipbuilding. Lack of sales of new engines can create a crowded market within the aftermarket segment. This is having a detrimental effect on margins.

The current global uncertainty regarding economic output may have a negative influence on the amount of money spent on maintenance, even on essential infrastructure such as power stations. This may impact on demand for our products. This risk is mitigated by maintaining close relationships with customers and agents, so that the business is in prime position when these orders are made.

The recent oil price recovery has stalled, and with it the green shoots in the offshore market. Low hire rates continue to be a feature in this sector, as do warm and cold lay-ups.

The regulatory environment continues to restrict competition from independent suppliers such as the Group. In the long term this threat may ease as the pressure to fit monitors to measure emissions on exhaust systems reduces the reliance on the parameter method of compliance. Whilst the Group mainly supplies into the marine sector, we also supply land based installations. There is an inherent threat that reliable grid extensions preclude the need for base power load from old technology diesel engines, but also the threat of newer gas engines as replacement and ultimately power from renewables rather than IC engines.

SIMPLEX-TURBULO GROUP LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

The loss of a major agency is as always, a potential threat, although there is no reason to believe that there is any immediate danger. As noted above, Brexit may well pose a risk to efficient business practices, and we will continue to seek robust contingency.

SPECIFIC COVID-19 IMPLICATIONS AND GOING CONCERNS CONSIDERATIONS

The Covid-19 pandemic has occurred post balance sheet date, but before publication of the accounts. As such this provides an opportunity for the Directors to deliver their assessment of going concern on all three main trading companies, as well as a consolidated view, considering the current and developing impact on the business as a result of the pandemic.

There is no doubt that this has had an impact on the companies' operations and, at the present time, it is not clear how long the current circumstances are likely to last and what the long term impact will be. All three trading companies are still very much operational, and indeed are very much operating as normal. For customers and suppliers and most stakeholders they will not have noticed a difference in operational abilities, operational delivery, and the flow of cash. The staff logistics have changed, often as an improvement, and remarkably quickly adopted.

The directors have updated their annual budgets and forecasts based on current estimates of the impact of the current crisis and implemented a number of measures in order to ensure that they have sufficient facilities in place to meet their operating cash requirements for the foreseeable future. The company has the use of an overdraft [which is due for renewal in August 2020]. This overdraft is not currently being used and cash held as at the date of this report is better than the Directors' expectations. The group has also confirmed that they shall provide sufficient financial support, if required and within the bounds of reasonableness, to enable STW Engineering GmbH and Lincoln Diesels Ltd to trade and to discharge its debts and liabilities for at least 12 months from the approval date of these financial statements.

A further word on our supply chain. The supply of the group's products has been largely unaffected. Most manufacturers have remained open and are supplying goods as normal, with lead times remaining static. Combined with this, the group holds significant stocks which has enabled it to buffer any short term supply issues. As above we have been very pleased with the flow of cash from our customers, and we have played our part in the flow of cash by paying all our suppliers as usual and when the liabilities fall due.

In summary, having regard to the above, the Directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements, for all three trading companies and the Group entity.

KEY PERFORMANCE INDICATORS

The Directors have assessed the performance indicators across the group, and consider that the following are key within the decision making process.

- **Turnover** - overall turnover was down at £13.6m (2018: £14.0m).
- **Operating profits** - before provisions these were down at £0.08m (2018: £0.2m). Loss after provisions were at £0.14m (2018: £0.08m).
- **Cash** - cash has decreased over the period to £0.3m (2018: £0.6m). Cash generated from operating activities has decreased to £200k (2018: £721k), which is less than (2018: less than) operating profits reflecting movements in working capital requirements.

By order of the Board on  and signed on its behalf by

J Brooking ACMA
Director

on 23rd June 2020

SIMPLEX-TURBULO GROUP LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors are responsible for preparing the Strategic Report, Directors' Report 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 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 accounting 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 adequate accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIMPLEX-TURBULO GROUP LIMITED

Opinion

We have audited the financial statements of Simplex-Turbulo Group Limited (the "parent company") and its subsidiaries (the "group") for the year ended 30 September 2019 which comprise the consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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's affairs as at 30 September 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIMPLEX-TURBULO GROUP LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIMPLEX-TURBULO GROUP LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

A handwritten signature in black ink, appearing to read "Jacqueline Mitchell".

Jacqueline Mitchell (Senior statutory auditor)
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Chartered Accountants & Statutory Auditors
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

24 June 2020

SIMPLEX-TURBULO GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	2018 £
TURNOVER	4	13,575,518	13,989,507
Cost of sales		<u>(9,556,778)</u>	<u>(10,100,396)</u>
GROSS PROFIT		4,018,740	3,889,111
Distribution costs		(251,517)	(288,895)
Administrative expenses		(3,941,583)	(3,708,572)
Other operating income		<u>31,058</u>	<u>31,954</u>
OPERATING (LOSS)/ PROFIT	5	(143,302)	(76,402)
(Loss) on disposal of joint venture		<u>-</u>	<u>(26,915)</u>
(LOSS)/ PROFIT BEFORE TAXATION		(143,302)	(103,317)
Tax on (loss)/ profit	8	<u>(20,268)</u>	<u>(31,993)</u>
(LOSS)/PROFIT AFTER TAXATION		(163,570)	(135,310)
(Loss)/ Profit attributable to owners		(112,816)	(49,220)
(Loss)/Profit attributable to minority interests		<u>(50,754)</u>	<u>(86,090)</u>
		<u>(163,570)</u>	<u>(135,310)</u>
OTHER COMPREHENSIVE INCOME			
Foreign exchange gain / (loss)		<u>(633)</u>	<u>31,831</u>
TOTAL COMPREHENSIVE (DEFICIT)/ INCOME FOR THE YEAR		<u>(164,203)</u>	<u>(103,479)</u>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

All amounts relate to continuing operations.

The notes on pages 15 to 28 form part of these financial statements

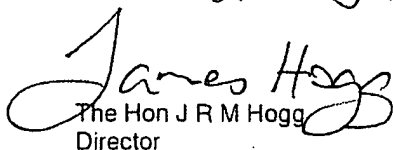
SIMPLEX-TURBULO GROUP LIMITED
CONSOLIDATED BALANCE SHEET
REGISTERED NUMBER 00306440
30 SEPTEMBER 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	9	1	1
Tangible assets	10a	184,786	245,993
Investments	11	<u>2</u>	<u>2</u>
		184,789	245,996
CURRENT ASSETS			
Stocks	12	4,755,166	4,109,655
Debtors	13	1,881,156	2,014,531
Cash at bank and in hand		<u>296,987</u>	<u>588,894</u>
		6,933,309	6,713,080
CREDITORS: Amounts falling due within one year	14	<u>(2,412,211)</u>	<u>(2,087,406)</u>
NET CURRENT ASSETS		4,521,098	4,625,674
Deferred tax liability	15	<u>(17,292)</u>	<u>(18,872)</u>
NET ASSETS		<u>4,688,595</u>	<u>4,852,798</u>
CAPITAL AND RESERVES			
Called up share capital	17	6,120	6,120
Profit and loss account		<u>4,570,078</u>	<u>4,754,891</u>
SHAREHOLDERS' FUNDS		4,576,198	4,761,011
Attributable to minority interests		<u>112,397</u>	<u>91,787</u>
		<u>4,688,595</u>	<u>4,852,798</u>

The company has taken advantage of the exemption conferred by Section 408 of the Companies Act 2006 from presenting its own profit and loss account. A profit after taxation amounting to £28,045 (2018: profit £223,593) has been dealt with in the financial statements of the company.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

23rd June 2020


The Hon J R M Hogg
Director

The notes on pages 15 to 28 form part of these financial statements

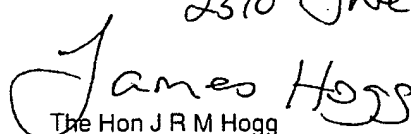
SIMPLEX-TURBULO GROUP LIMITED
COMPANY BALANCE SHEET
REGISTERED NUMBER 00306440
30 SEPTEMBER 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Intangible assets	9	1	1
Tangible assets	10b	135,812	155,652
Investments	11	<u>53,764</u>	<u>47,161</u>
		189,577	202,814
CURRENT ASSETS			
Stocks	12	4,187,217	3,581,267
Debtors	13	301,123	572,054
Cash at bank and in hand		<u>85,093</u>	<u>305,260</u>
		4,573,433	4,458,581
CREDITORS: Amounts falling due within one year	14	<u>(188,360)</u>	<u>(111,803)</u>
NET CURRENT ASSETS		4,385,073	4,346,778
Deferred tax (liability)	15	<u>(20,692)</u>	<u>(23,679)</u>
NET ASSETS		<u>4,553,958</u>	<u>4,525,913</u>
CAPITAL AND RESERVES			
Called up share capital	17	6,120	6,120
Profit and loss account		<u>4,547,838</u>	<u>4,519,793</u>
SHAREHOLDERS' FUNDS		<u>4,553,958</u>	<u>4,525,913</u>

The company has taken advantage of the exemption conferred by Section 408 of the Companies Act 2006 from presenting its own profit and loss account. A profit after taxation amounting to £28,045 (2018: profit £223,593) has been dealt with in the financial statements of the company.

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23rd June 2020


The Hon J R M Hogg
Director

The notes on pages 15 to 28 form part of these financial statements

SIMPLEX-TURBULO GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

Group	Share Capital	Profit and loss Account	Total	Minority interest	Total
	£	£	£	£	£
<i>At 1 October 2017</i>	6,120	4,772,173	4,778,293	177,984	4,956,277
Loss for the year	-	(49,220)	(49,220)	(86,090)	(135,310)
Exchange gain/(loss)	-	<u>31,938</u>	<u>31,938</u>	<u>(107)</u>	<u>31,831</u>
	-	<u>(17,282)</u>	<u>(17,282)</u>	<u>(86,197)</u>	<u>(103,479)</u>
30 September 2018	<u>6,120</u>	<u>4,754,891</u>	<u>4,761,011</u>	<u>91,787</u>	<u>4,852,798</u>
<i>At 1 October 2018</i>	6,120	4,754,891	4,761,011	91,787	4,852,798
Loss for the year	-	(112,816)	(112,816)	(50,754)	(163,570)
Exchange gain/(loss)	-	(633)	(633)	-	(633)
Acquisition of minority interest	-	<u>(71,364)</u>	<u>(71,364)</u>	<u>71,364</u>	<u>-</u>
	-	<u>(184,813)</u>	<u>(184,813)</u>	<u>20,610</u>	<u>(164,203)</u>
30 September 2019	<u>6,120</u>	<u>4,570,078</u>	<u>4,576,198</u>	<u>112,397</u>	<u>4,688,595</u>

The notes on pages 15 to 28 form part of these financial statements

SIMPLEX-TURBULO GROUP LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

Company	Share Capital	Profit and loss Account	Total
	£	£	£
<i>At 1 October 2017</i>	6,120	4,296,200	4,302,320
Profit for the year	-	223,593	223,593
Dividends paid	-	-	-
	-	<u>223,593</u>	<u>223,593</u>
30 September 2018	<u>6,120</u>	<u>4,519,793</u>	<u>4,525,913</u>
<i>At 1 October 2018</i>	6,120	4,519,793	4,525,913
Profit for the year	-	28,045	28,045
Dividends paid	-	-	-
	-	<u>28,045</u>	<u>28,045</u>
30 September 2019	<u>6,120</u>	<u>4,547,838</u>	<u>4,553,958</u>

The notes on pages 15 to 28 form part of these financial statements

SIMPLEX-TURBULO GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	2018 £
Cash flows from Operating Activities			
Net cash generated by operating activities	18	<u>(199,951)</u>	<u>(721,044)</u>
Cash flows from Investing Activities			
Proceeds from disposal of joint venture		-	67,966
Payments to acquire tangible fixed assets		<u>(47,902)</u>	<u>(149,055)</u>
Net cash used in investing activities		<u>(47,902)</u>	<u>(81,089)</u>
Cash flows from Financing Activities			
Interest paid		(23,153)	(23,023)
Foreign exchange gain/(loss)		<u>(633)</u>	<u>31,831</u>
Net cash used in Financing Activities		<u>(23,786)</u>	<u>8,808</u>
Taxation		(20,268)	(31,993)
(Decrease) in cash		(291,907)	(825,318)
Cash balances at 1 October 2018		<u>588,894</u>	<u>1,414,212</u>
Cash balances at 30 September 2019	19	<u><u>296,987</u></u>	<u><u>588,894</u></u>

The notes on pages 15 to 28 form part of these financial statements

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

1. COMPANY INFORMATION

Simplex-Turbulo Group Limited (the company) and its subsidiaries (together, the group) provide sales and after sales support for various ships' components, the provision of service and spares to large diesel and gas engines and the sale of ship dry docking capacity in various ports around the world.

The company is a private limited company (registered number 00306440), which is incorporated and domiciled in the UK. The address of the registered office is Wherwell Priory, Wherwell, Nr Andover, Hampshire, SP11 7JH, UK.

2. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

b) Going concern

The group has cash resources and has no further requirement for external funding in excess of current facilities. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In making their assessment the directors have considered the impact on the business of COVID-19 including the ability of the group to continue to service customers, the impact on future revenues and cash collections and the financial position of the wider group. The group has also confirmed that they shall provide sufficient financial support, if required and within the bounds of reasonableness, to enable STW Engineering GmbH and Lincoln Diesels Ltd to trade and to discharge its debts and liabilities for at least 12 months from the approval date of these financial statements. Additionally the Directors have considered their ability to raise additional finance should it be required.

Having regard to the above, the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

c) 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.

d) Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied, exclusive of value added tax and trade discounts.

e) 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:-

Trademarks	- Over 5 years
Goodwill	- Over 3 years

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. ACCOUNTING POLICIES CONTINUED

f) 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% - 25% straight line

g) 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 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 closing stock value 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 in the financial year. 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.

Due to the infancy of STW Engineering GmbH, provision for slow moving obsolete stock is calculated by recognising an impairment charge of 40% on all stock which has been held for more than one year, unless at least 20% of last year's closing stock value has been sold in the current year.

h) 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. Deferred tax assets and liabilities are not discounted.

i) Operating lease agreements

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 October 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

2. ACCOUNTING POLICIES CONTINUED

j) Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

k) Foreign currencies

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

l) Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- Calculation of provisions against debtors receivable;
- Calculation of provisions against stock balances;

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

4. TURNOVER

Analysis of turnover by activity	2019	2018
	£	£
Sale of goods	12,524,169	12,635,536
Sale of services	<u>1,051,349</u>	<u>1,353,971</u>
	<u>13,575,518</u>	<u>13,989,507</u>
 Analysis of turnover by market	 2019	 2018
	£	£
United Kingdom	3,749,480	4,141,455
Other EU	4,497,531	4,512,867
Rest of World	<u>5,328,507</u>	<u>5,335,185</u>
	<u>13,575,518</u>	<u>13,989,507</u>

5. OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Operating profit on ordinary activities before taxation is stated after charging:-

	2019	2018
	£	£
Depreciation of tangible fixed assets owned by the group	109,110	98,573
Auditor's remuneration for audit services	45,815	43,250
Auditor's remuneration – for non-audit services	4,667	4,667
Operating lease rentals - other operating leases	155,866	157,713
Difference on foreign exchange	<u>5,473</u>	<u>(28,533)</u>

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

6. STAFF COSTS

	2019 £	2018 £
Wages and salaries	1,985,669	2,098,915
Social security costs	173,551	178,425
Other pension costs	<u>18,800</u>	<u>42,497</u>
	<u>2,178,020</u>	<u>2,319,837</u>

The average monthly number of employees of the group during the financial year was as follows:-

	2019 £	2018 £
Sales and distribution	29	27
Administration	<u>27</u>	<u>34</u>
	<u>56</u>	<u>61</u>

KEY MANAGEMENT PERSONNEL REMUNERATION

	2019 £	2018 £
The emoluments for key management personnel were as follows:		
All key management remuneration	<u>122,918</u>	<u>133,405</u>

7. DIRECTORS' EMOLUMENTS

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

	2019 £	2018 £
Emoluments	112,623	122,401
Pension contributions	<u>10,295</u>	<u>11,004</u>
	<u>122,918</u>	<u>133,405</u>

The number of directors for whom the group contributed to money purchase pension schemes during the year was 1 (2018: 1).

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2019 £	2018 £
Analysis of tax charge in the year		
UK Corporation tax charge on (loss)/ profits for the year	27,165	25,965
Adjustments in respect of prior periods	<u>(5,317)</u>	<u>2,270</u>
Total current tax	21,848	28,235
Deferred tax charge for the year	<u>(1,580)</u>	<u>3,758</u>
Tax on (loss)/ profit on ordinary activities	<u>20,268</u>	<u>31,993</u>

Factors affecting tax charge for the year

The tax assessed for the period is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:-

	2019 £	2018 £
(Loss)/ Profit on ordinary activities before taxation	<u>(143,302)</u>	<u>(103,317)</u>
(Loss)/ Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	(27,228)	(19,630)
Effects of		
Expenses not deductible for tax purposes	4,897	1,525
Group relief surrendered/(claimed)	(2,532)	-
Deferred tax not recognised	(7,300)	(551)
Adjust closing deferred tax to average rate of 19%	1,565	(2,239)
Adjust opening deferred tax to average rate of 19%	2,239	1,318
Unutilised tax losses	53,944	49,300
Adjustments in respect of prior periods	<u>(5,317)</u>	<u>2,270</u>
Current tax charge for the year	<u>20,268</u>	<u>31,993</u>

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

9. INTANGIBLE FIXED ASSETS

	Goodwill £	Group Trademarks £	Total £	Company Trademarks £
COST				
1 October 2018 and 30 September 2019	201,881 <u>201,881</u>	664 <u>664</u>	202,545 <u>202,545</u>	169 <u>169</u>
AMORTISATION				
1 October 2018	201,881	663	202,544	168
Amortisation 30 September 2019	<u>201,881</u>	<u>663</u>	<u>202,544</u>	<u>168</u>
NET BOOK VALUE				
30 September 2018	-	1	1	1
And 30 September 2019	<u>-</u>	<u>1</u>	<u>1</u>	<u>1</u>

10. TANGIBLE FIXED ASSETS

a). STG - GROUP

	Leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment & software £	Total £
COST					
At 1 October 2018	146,923	247,816	26,139	848,764	1,269,642
Additions	-	-	-	47,902	47,902
Disposals	-	-	-	-	-
At 30 September 2019	<u>146,923</u>	<u>247,816</u>	<u>26,139</u>	<u>896,666</u>	<u>1,317,544</u>
DEPRECIATION					
At 1 October 2018	103,386	208,318	19,855	692,089	1,023,648
Charge for the year	-	17,165	3,009	88,936	109,110
Disposals	-	-	-	-	-
At 30 September 2019	<u>103,386</u>	<u>225,483</u>	<u>22,864</u>	<u>781,025</u>	<u>1,132,758</u>
NET BOOK VALUE					
At 30 September 2019	<u>43,537</u>	<u>22,333</u>	<u>3,275</u>	<u>115,641</u>	<u>184,786</u>
At 30 September 2018	<u>43,537</u>	<u>39,498</u>	<u>6,284</u>	<u>156,675</u>	<u>245,994</u>

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

10. TANGIBLE FIXED ASSETS (continued)
b). STG - COMPANY

	Leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment & software £	Total £
COST					
At 1 October 2018	73,474	86,059	11,193	767,123	937,849
Additions	-	-	-	41,360	41,360
Disposals	-	-	-	-	-
At 30 September 2019	73,474	86,059	11,193	808,483	979,209
DEPRECIATION					
At 1 October 2018	73,474	69,943	11,193	627,587	782,197
Charge for the year	-	7,568	-	53,632	61,200
Disposals	-	-	-	-	-
At 30 September 2019	73,474	77,511	11,193	681,219	843,397
NET BOOK VALUE					
At 30 September 2019	-	8,548	-	127,264	135,812
At 30 September 2018	-	16,116	-	139,536	155,652

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 Company Limited, 100% of ordinary share capital held. The principal activity of the subsidiary is of providing sales and after sales support for various ship's components and in servicing marine components and diesel engines. The registered office of the company is Wherwell Priory, Wherwell, Hampshire, SP11 7JH.

During the prior year Simplex-Turbulo Group Limited's shareholding in Lincoln Diesels Limited was transferred to Lincoln Diesels Holdings Ltd. As a result of the transfer Lincoln Diesels Limited is now 100% owned by Lincoln Diesels Holdings, which in turn is 71.88% owned by Simplex-Turbulo Group Ltd. The principal activity of the subsidiary is that of the sale of diesel engine spare parts and servicing marine components and diesel engines. The registered office of the company is Great Northern Terrace, Lincoln, Lincolnshire, LN5 8HJ.

Temple Propulsion Services Limited (formerly known as Temple Oil Seal Services Limited), 100% of ordinary share capital held. The principal activity of the company is servicing marine components and diesel engines. The registered office of the company is Wherwell Priory, Wherwell, Hampshire, SP11 7JH.

The company also owns 100% ordinary share capital of the following dormant companies:

- Maritime Propulsion Services Limited, 100% of ordinary share capital held.
- Dorman Diesels Limited, 100% of ordinary share capital held.

All five subsidiaries are incorporated in England and Wales.

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

11. INVESTMENTS (continued)

During the year, Simplex-Turbulo Group Limited acquired the whole share capital of STW Engineering GmbH from STW Engineering Limited. This included the acquisition of a 30% minority interest for €7,500. Accordingly retained earnings of (£71,254) were acquired by the Group which is noted in the consolidated statement of changes in equity. The registered office of STW Engineering GmbH is Hasselbinnen 9, 22869 Schenefeld, Schleswig-Holstein, Germany.

12. STOCKS

	STG - GROUP		STG - COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Finished goods and goods for resale	<u>4,755,166</u>	<u>4,109,655</u>	<u>4,187,217</u>	<u>3,581,267</u>

13. DEBTORS

	STG - GROUP		STG - COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	1,739,755	1,690,271	37,253	38,375
Other debtors	8,543	56,807	4,317	7,034
Amounts owed by group undertakings	-	-	139,443	459,722
Other taxes and social security	26,456	155,504	115,293	66,923
Prepayments and accrued income	<u>91,402</u>	<u>111,949</u>	<u>4,817</u>	<u>-</u>
	<u>1,866,156</u>	<u>2,014,531</u>	<u>301,123</u>	<u>572,054</u>

The amount of bad debts recognised as an expense in administrative expenses in the year was £63,057 (2018: £13,751).

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

14. CREDITORS: Amounts falling due within one year

	STG - GROUP		STG - COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	1,874,210	1,518,701	118,336	103,486
Other creditors	199,401	45,082	2	3
Amounts owed to group undertakings	-	-	-	-
Corporation tax	5,322	12,852	2,200	-
Other taxes and social security	46,809	61,374	7,712	8,204
Approved dividend	-	-	-	-
Accruals and deferred income	<u>286,469</u>	<u>449,397</u>	<u>60,110</u>	<u>110</u>
	<u>2,412,211</u>	<u>2,087,406</u>	<u>188,360</u>	<u>111,803</u>

15. DEFERRED TAX LIABILITY

	STG - GROUP		STG - COMPANY	
	2019	2018	2019	2018
	£	£	£	£
At the beginning of year	(18,872)	(15,114)	(23,679)	(15,150)
Movement during year	<u>1,580</u>	<u>(3,758)</u>	<u>2,987</u>	<u>(8,529)</u>
At end of year	<u>(17,292)</u>	<u>(18,872)</u>	<u>(20,692)</u>	<u>(23,679)</u>

The provision for deferred taxation is made up as follows:-

	STG - GROUP		STG - COMPANY	
	2019	2018	2019	2018
	£	£	£	£
Accelerated capital allowances	<u>(17,292)</u>	<u>(18,872)</u>	<u>(20,692)</u>	<u>(23,679)</u>

16. CONTINGENT LIABILITIES AND GUARANTEES

At 30 September 2019 guarantees and indemnities exist with the bank in favor of H M Revenue and Customs amounting to £30,000 (2018: £30,000).

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

17. SHARE CAPITAL

	STG GROUP AND STG COMPANY	
	2019	2018
	£	£
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>
	<u>10,000</u>	<u>10,000</u>
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>
	<u>6,120</u>	<u>6,120</u>

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.

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

	2019	2018
	£	£
Operating (loss)/ profit	(143,302)	(103,317)
Depreciation	109,110	98,573
Loss on disposal of joint venture	-	26,915
Decrease/(increase) in stocks	(645,511)	(712,641)
Decrease/(increase) in debtors	133,375	(15,615)
(Decrease)/increase in deferred tax liability	(1,580)	3,758
Interest paid	23,153	23,023
(Decrease)/increase in creditors	<u>324,804</u>	<u>(41,740)</u>
Net cash inflow from operating activities	<u>(199,951)</u>	<u>(721,044)</u>

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

	2019	2018
	£	£
(Decrease) in cash in the year	<u>(291,907)</u>	<u>(825,318)</u>
Movement in net funds in the year	(291,907)	(825,318)
Net funds at 1 October 2018	<u>588,894</u>	<u>1,414,212</u>
Net funds at 30 September 2019	<u>296,987</u>	<u>588,894</u>

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

20. OPERATING LEASE COMMITMENTS

At 30 September 2019 the group had annual commitments under non-cancellable operating leases as follows:

	LAND AND BUILDINGS		OTHER	
	2019	2018	2019	2018
	£	£	£	£
Expiry date:				
Not later than 1 year	96,791	<i>51,951</i>	15,168	<i>16,310</i>
Between 2 and 5 years	<u>59,570</u>	<i><u>36,438</u></i>	<u>27,327</u>	<i><u>18,629</u></i>
	<u>156,361</u>	<i><u>88,389</u></i>	<u>42,495</u>	<i><u>34,939</u></i>

21. PENSION

The group contributes into a defined contribution pension scheme on behalf of one of its directors. The assets of the scheme are held separately from those of the group in an independently administered fund. At the end of the year there are amounts totaling £nil (*2018: £nil*) on the balance sheet relating to pension contributions payable.

22. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption under FRS 102 to not disclose details of all transactions with its 100% owned subsidiaries, on the grounds the accounts are publically available.

Two directors are shareholders of Wherwell Priory Enterprise Limited. Amounts charged to the Group for services provided in the year, rent of the building and maintenance of the property were £268,199 (*2018: £310,977*). Amounts owed by the Group to Wherwell Priory Enterprise Limited at the end of the year amounted to £77,789 (*2018: £45,784*).

Simplex-Turbulo Group Limited owns 100% of the share capital of STW Engineering GmbH, a company incorporated in Germany. As at 30 September 2019 there was a net balance due from STW Engineering GmbH to group companies of £308,191 (*2018: £407,220*). Sales made to group companies were £501,674 (*2018: £545,084*) and purchase made from group companies was £357,864 (*2018: £588,112*).

Simplex-Turbulo Group Limited owns 71.88% of the share capital of Lincoln Diesels Holdings Limited which in turn owns 100% of the share capital of Lincoln Diesels Limited. As at 30 September 2019 there was a net balance due from Lincoln Diesels Limited to group companies of £39,801 (*2018: due from £23,264*). Sales made to group companies were £339,250 (*2018: £384,968*) and purchases made from group companies were £427,612 (*2018: £270,732*). Simplex-Turbulo Group Limited purchased the non-controlling interest in Lincoln Diesels Holdings Limited post year end and subsequently owns 100% post year end.

A director of Simplex-Turbulo Group Limited, is also a director of SKF Marine GmbH, the holder of 25.1% of the share capital in Simplex-Turbulo Group Limited. Cost of sales totaling £1,790,295 (*2018: £1,778,435*), in addition to sales being made of £23,238 (*2018: £80,742*). A net amount of £258,698 (*2018: £282,008*) was due to SKF Marine GmbH at 30 September 2019.

During the year rent of £50,000 (*2018: £50,000*) was charged to Lincoln Diesels Limited, a subsidiary, by a director's personal pension scheme in respect of a property from which the business operates.

Simplex Converting Limited is a company whose sole issued share is beneficially owned by a director. Sales totaling £31,980 (*2018: £31,954*) were made to Simplex Converting Limited. An amount of £38,184 (*2017: £38,345*) was due from Simplex Converting Limited at the year end.

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

Simplex Turbulo Group Limited owns 100% of both Simplex Turbulo Company directly and STW Engineering GmbH. Stock is held in the balance sheet of Simplex Turbulo Group Limited at the year-end and at the end of every month. The stock is transferred to Simplex Turbulo Company and STW Engineering GmbH to trade with during the month and then is transferred back to Simplex Turbulo Group Limited at the end of the month. The same arrangement is in place between Lincoln Diesels Holdings Limited and its direct subsidiary, Lincoln Diesels Limited.

There is an agreement in place between Simplex Turbulo Group Limited and STW Engineering GmbH for settlement of intercompany amounts due from STW Engineering GmbH via stock.

23. FINANCIAL INSTRUMENTS

	2019 £	2018 £
STG - GROUP		
Financial assets		
Financial assets measured at amortised cost	<u>2,060,285</u>	<u>2,335,876</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,360,080)</u>	<u>(2,013,180)</u>

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019 £	2018 £
Interest income and expense:		
Total interest income for financial assets held at amortised cost	-	-
Total interest expense for financial liabilities held at amortised cost	<u>(23,153)</u>	<u>(23,023)</u>

	2019 £	2018 £
STG - COMPANY		
Financial assets		
Financial assets measured at amortised cost	<u>319,870</u>	<u>857,551</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(178,448)</u>	<u>(103,598)</u>

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019 £	2018 £
Interest income and expense:		
Total interest expense for financial liabilities held at amortised cost	<u>(8,020)</u>	<u>(7,140)</u>

Included within Financial assets held at amortised cost are; cash, investments, trade debtors, other debtors and accrued income.

Included within Financial liabilities held at amortised cost are; trade creditors, other creditors, dividends, intercompany and accruals.

There are no financial instruments held at fair value.

SIMPLEX-TURBULO GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2019

24. POST BALANCE SHEET EVENT

In December 2019, a novel strain of coronavirus surfaced, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Company could be materially adversely affected. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.