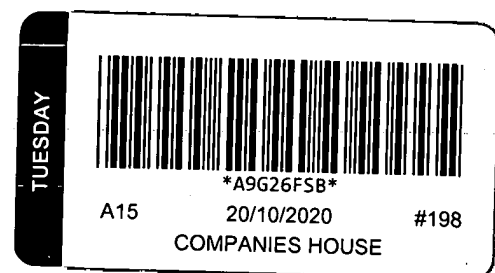


**SIMPSON GROUP HOLDINGS LIMITED**  
Annual Report and Consolidated Financial Statements  
for the Year Ended 31 October 2019



# **Simpson Group Holdings Limited**

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# **Simpson Group Holdings Limited**

## **Company Information**

|                          |                                                                                                                                             |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | S Tishler<br>D L Dowson<br>K R Wills<br>D D'Arcy<br>M Jerrard                                                                               |
| <b>Registered office</b> | Influence Park<br>Rutherford Road<br>Stephenson Industrial Estate<br>Washington<br>Tyne & Wear<br>NE37 3HX                                  |
| <b>Auditor</b>           | MHA Tait Walker<br>Chartered Accountants & Statutory Auditor<br>Bulman House<br>Regent Centre<br>Gosforth<br>Newcastle upon Tyne<br>NE3 3LS |

# Simpson Group Holdings Limited

## Strategic Report for the Year Ended 31 October 2019

The directors present their strategic report for the year ended 31 October 2019.

### Principal activity

The principal activity of the company is that of a holding company. The Group's principal activity was the provision of Point of Sale (POS) and Point of Purchase (POP) materials and related services.

### Fair review of the business

The group was formed following a Management Buy Out which was completed on 31 July 2018. The comparative period therefore reflects 3 months of trade.

Following on from a successful 2018, the group has posted another impressive set of figures despite the ongoing challenges in the retail sector. 2019 has been described as the worst year on record for UK retail and the first year to show an overall decline in retail sales. It is therefore pleasing to report sales growth of 5.3% and EBITDA growth of 44%. We are fortunate that we are partnered with some of the most successful names on the High Street, companies that are bucking the trend and are themselves growing, both organically and by acquisition, from which we have benefitted.

The investments we have made over the past 2 years have paid dividends and have enabled us to produce high quality, cost effective products for our customers, which, coupled with our talented design team means that we continue to deliver eye-catching marketing collateral to drive footfall in the highly competitive market place.

Despite the significant outlay on machinery, our dedicated employees remain our biggest asset, without them our positive trajectory would not be possible which is why we continue to invest in and train our talented workforce.

The company's key financial and other performance indicators during the year were as follows:

|                           | Unit | 2019   | 2018   |
|---------------------------|------|--------|--------|
| Gross profit              | %    | 31.2   | 16.0   |
| <u>Pre tax</u> profit     | %    | (1.8)  | 1.3    |
| Sales per employee        | £    | 91,276 | 27,196 |
| Gross profit per employee | £    | 28,456 | 4,361  |

In addition to these, the group closely monitors sales order intake, cash flow, value added margin and reworks on a daily basis.

### COVID-19 Impact on Business

The Covid-19 pandemic has seen a reduction in trade, with the majority of our retail and leisure customers closing their doors and therefore not ordering during the months that the government forced these industries to shut down their bricks and mortar operations. We have been fortunate that we work for a number of supermarkets, other food related business and variety retailers and these customers have continued to order, and in some cases significantly increase their promotional activity. This combined with the support from the government and our bank in the form of the Coronavirus Job Retention Scheme and Coronavirus Business Interruption Loan Scheme have meant that we have thus far, successfully traded through the crisis with higher than expected profits despite the adverse sales performance.

# **Simpson Group Holdings Limited**

## **Strategic Report for the Year Ended 31 October 2019 (continued)**

### **Principal risks and uncertainties**

#### **Credit risk**

One of the major risks to the business is incurring bad debts, particularly with the current volatility in the retail sector. We have credit insurance in place to mitigate this risk and have managed to maintain an acceptable level of cover on all major customers. We trade with some of our largest end users via print management companies and in these instances, the risk of significant bad debts sits with the print management companies.

#### **Market risk**

The directors expect the number of high street stores to continue to reduce in the face of the challenging environment however we are still seeing strong demand for in-store advertising displays from those retailers who take advantage of the opportunities that these changes bring. The directors have plans in place to build on recent successes and continue to develop products for new market places to mitigate against the risk of trading in the high street retail sector.

#### **Legislative and regularity risk**

The directors remain alert to the impact of regulatory and legislative changes on the group's operations. Factors such as 'Brexit' are of particular concern. The directors have developed plans for this scenario which it hopes will mitigate some of the impact of these developments on the group operations.

#### **Competitor actions**

The directors continue to take appropriate steps to develop new products and markets and to protect the intellectual property of the group in all of the areas where it operates.

#### **Impact of COVID -19 virus**

The group continues to monitor the ongoing developments and has a business continuity plan in place to ensure we minimise the impact on both our customers and employees.

### **Environment and sustainability**

The directors remain committed to developing sustainable systems and processes across all operations. We target sending no more than 2% of our total waste to landfill however this was difficult to achieve in 2019 when the market for recycled waste collapsed and PVC and board waste were diverted away from existing recycling waste streams. The group has since changed its waste handler in an attempt to improve and maximise the volume of recycled waste. We hold accreditations to ISO 14001, ISO 9001, PEFC and FSC CofC certified. We continue to meet our targets for the Climate Change Levy which is reviewed every 2 years up to the final target in 2020, as part of the BPIF umbrella agreement. Our IT developments and online offering, Shop4Pop, extends our sustainability programme to our clients, allowing them to order specific, bespoke products depending on their estate profiles, thus reducing their waste.

Approved by the Board on 15 October 2020 and signed on its behalf by:



M Jerrard  
Director

# **Simpson Group Holdings Limited**

## **Directors' Report for the Year Ended 31 October 2019**

The directors present their report and the for the year ended 31 October 2019.

### **Directors of the group**

The directors who held office during the year were as follows:

S Tishler  
D L Dowson  
K R Wills (appointed 16 August 2019)  
D D'Arcy  
D A Williams (Resigned 17 June 2019)  
M Jerrard

### **Financial instruments**

#### ***Objectives and policies***

The group finances its activities with a combination of invoice financing facilities, finance leases and hire purchase contracts, cash and short term deposits. Overdrafts are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Group's operating activities.

#### ***Price risk, credit risk, liquidity risk and cash flow risk***

##### **Price risk**

Price risk is the risk that changes in raw material prices have the potential to impact on the profitability of the group. The group does not consider that it is materially exposed to price risk.

##### **Credit risk**

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Group policies are aimed at minimising such losses and require customers to satisfy credit worthiness procedures prior to acceptance of contracts. The group also utilises insurance policies to protect against non-payment of debt. The group does not consider that it is materially exposed to credit risk.

##### **Cash flow and liquidity risk**

Cash flow and liquidity risk is the risk that a group's available cash will not be sufficient to meet its financial obligations. The group actively manages its cash flow position including collection of debts and timely payment of creditors and the group ensures there is an adequate liquidity buffer to cover contingencies. The risk is further mitigated by managing cash generated by operations.

### **Future developments**

As coronavirus continues to spread and more information comes to light about the nature of the virus and its impact, the board will adhere to government guidance and will review the needs of all of our stakeholders.

# **Simpson Group Holdings Limited**

## **Directors' Report for the Year Ended 31 October 2019 (continued)**

### **Going concern**

The financial statements have been prepared on a going concern basis.

The group meets its day to day working capital requirements through operating cash flows, an invoice discounting facility and use of a prompt payment account together with other loans. At the time of signing these financial statements there has been no unmanageable impact on the group's main income streams, suppliers or employees as a result of the COVID-19 pandemic.

The group's forecasts and projections for the next twelve months show that the group should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

The group has remained operational throughout the COVID-19 pandemic and following a fall in revenue in the months of April and May during the National lockdown period, it has seen increased demand in excess of budget due to the promotional activity and coronavirus awareness campaigns. Downtime across all activities has been kept to a minimum and significant work has been undertaken to ensure the site is safe to enable employees to continue to work going forward. The group has secured new contracts during the current financial year and at the time of signing the financial statements has positive cash balances. The directors believe that the group's cost base can be effectively controlled and flexed to meet any reduction in income but are confident that this will not be required.

In the directors assessment of possible changes they have considered a fall in demand and potential cost savings which are reflective of their business continuity plan. Key scenarios and assumptions are as follows:

That the entity will avail itself of available reliefs put forward by HM Government including:

- Delayed PAYE and VAT payments where necessary to improve cash flow;
  - Furloughing of underutilised staff
  - Securing a £100k overdraft facility through the Coronavirus Business Interruption Loan Scheme
- That the group will have the continued support of its bankers in the provision of a £2.69m rolling invoice discounting facility

Although the forecasts prepared taking account of the matters above support the ability of the group to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of COVID-19, the continued level of government support and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation. The directors have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the group's ability to continue as a going concern.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

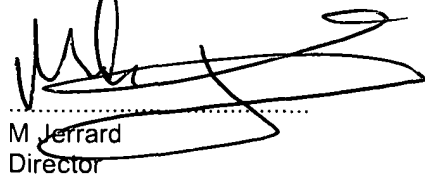
# **Simpson Group Holdings Limited**

## **Directors' Report for the Year Ended 31 October 2019 (continued)**

### **Reappointment of auditors**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 15 October 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'M. Jerrard', is written over a horizontal dotted line. The signature is stylized and extends to the right of the line.

M Jerrard  
Director



# **Simpson Group Holdings Limited**

## **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual 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 group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

# **Simpson Group Holdings Limited**

## **Independent Auditor's Report to the Members of Simpson Group Holdings Limited**

### **Opinion**

We have audited the financial statements of Simpson Group Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2019, which comprise the Consolidated Income Statement, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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 the parent company's affairs as at 31 October 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **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.

# **Simpson Group Holdings Limited**

## **Independent Auditor's Report to the Members of Simpson Group Holdings Limited (continued)**

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 the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], 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.

### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Simpson Group Holdings Limited**

### **Independent Auditor's Report to the Members of Simpson Group Holdings Limited (continued)**

#### **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.



.....  
Christopher Potter BA (Hons) (Senior Statutory Auditor)  
For and on behalf of MHA Tait Walker  
Chartered Accountants  
Statutory Auditor  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

16 October 2020

MHA Tait Walker is a trading name of Tait Walker LLP.

# Simpson Group Holdings Limited

## Consolidated Income Statement for the Year Ended 31 October 2019

|                                              |      | Year<br>ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|----------------------------------------------|------|------------------------------------------|-----------------------------------------------|
|                                              | Note |                                          |                                               |
| Turnover                                     | 3    | 12,230,997                               | 3,345,114                                     |
| Cost of sales                                |      | <u>(8,417,945)</u>                       | <u>(2,808,710)</u>                            |
| Gross profit                                 |      | 3,813,052                                | 536,404                                       |
| Administrative expenses                      |      | (3,859,519)                              | (503,638)                                     |
| Other operating income                       | 4    | <u>10,800</u>                            | <u>22,700</u>                                 |
| Operating (loss)/profit                      | 5    | (35,667)                                 | 55,466                                        |
| Other interest receivable and similar income | 6    | 1,152                                    | 12,045                                        |
| Interest payable and similar expenses        | 7    | <u>(182,602)</u>                         | <u>(23,493)</u>                               |
| (Loss)/profit before tax                     |      | (217,117)                                | 44,018                                        |
| Taxation                                     | 10   | <u>200,640</u>                           | <u>43,461</u>                                 |
| (Loss)/profit for the financial year         |      | <u><u>(16,477)</u></u>                   | <u><u>87,479</u></u>                          |

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

The notes on pages 17 to 35 form an integral part of these financial statements.

# Simpson Group Holdings Limited

(Registration number: 11299837)

## Consolidated Statement of Financial Position as at 31 October 2019

|                                                                | Note | 2019<br>£          | 2018<br>£          |
|----------------------------------------------------------------|------|--------------------|--------------------|
| <b>Fixed assets</b>                                            |      |                    |                    |
| Intangible assets                                              | 11   | 2,364,373          | 2,634,587          |
| Tangible assets                                                | 12   | <u>2,295,977</u>   | <u>2,406,925</u>   |
|                                                                |      | <u>4,660,350</u>   | <u>5,041,512</u>   |
| <b>Current assets</b>                                          |      |                    |                    |
| Stocks                                                         | 14   | 341,742            | 393,395            |
| Debtors                                                        | 15   | 3,316,331          | 3,393,262          |
| Cash at bank and in hand                                       |      | <u>228,233</u>     | <u>310,378</u>     |
|                                                                |      | 3,886,306          | 4,097,035          |
| <b>Creditors: Amounts falling due within one year</b>          | 17   | <u>(6,073,519)</u> | <u>(5,892,119)</u> |
| <b>Net current liabilities</b>                                 |      | <u>(2,187,213)</u> | <u>(1,795,084)</u> |
| <b>Total assets less current liabilities</b>                   |      | 2,473,137          | 3,246,428          |
| <b>Creditors: Amounts falling due after more than one year</b> | 17   | (2,115,577)        | (2,682,773)        |
| <b>Provisions for liabilities</b>                              | 19   | <u>(211,558)</u>   | <u>(376,176)</u>   |
| <b>Net assets</b>                                              |      | <u>146,002</u>     | <u>187,479</u>     |
| <b>Capital and reserves</b>                                    |      |                    |                    |
| Called up share capital                                        | 21   | 75,000             | 100,000            |
| Capital redemption reserve                                     | 22   | 25,000             | -                  |
| Profit and loss account                                        | 22   | <u>46,002</u>      | <u>87,479</u>      |
| <b>Total equity</b>                                            |      | <u>146,002</u>     | <u>187,479</u>     |

Approved and authorised by the Board on 15 October 2020 and signed on its behalf by:



M Jerrard  
Director

The notes on pages 17 to 35 form an integral part of these financial statements.

# Simpson Group Holdings Limited

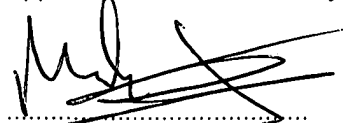
(Registration number: 11299837)

## Statement of Financial Position as at 31 October 2019

|                                                                | Note | 2019<br>£          | 2018<br>£          |
|----------------------------------------------------------------|------|--------------------|--------------------|
| <b>Fixed assets</b>                                            |      |                    |                    |
| Investments                                                    | 13   | 2,786,395          | 2,786,395          |
| <b>Creditors: Amounts falling due within one year</b>          | 17   | <u>(1,823,932)</u> | <u>(1,576,184)</u> |
| <b>Total assets less current liabilities</b>                   |      | 962,463            | 1,210,211          |
| <b>Creditors: Amounts falling due after more than one year</b> | 17   | <u>(598,562)</u>   | <u>(903,292)</u>   |
| <b>Net assets</b>                                              |      | <u>363,901</u>     | <u>306,919</u>     |
| <b>Capital and reserves</b>                                    |      |                    |                    |
| Called up share capital                                        |      | 75,000             | 100,000            |
| Capital redemption reserve                                     |      | 25,000             | -                  |
| Profit and loss account                                        |      | <u>263,901</u>     | <u>206,919</u>     |
| <b>Total equity</b>                                            |      | <u>363,901</u>     | <u>306,919</u>     |

The company made a profit after tax for the financial year of £81,982.

Approved and authorised by the Board on 15 October 2020 and signed on its behalf by:



M Jerrard  
Director

The notes on pages 17 to 35 form an integral part of these financial statements.

# Simpson Group Holdings Limited

## Consolidated Statement of Changes in Equity for the Year Ended 31 October 2019

### Equity attributable to the parent company

|                              | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£ | Total equity<br>£ |
|------------------------------|--------------------|---------------------------------|------------|-------------------|
| Profit for the period        | -                  | 87,479                          | 87,479     | 87,479            |
| Total comprehensive income   | -                  | 87,479                          | 87,479     | 87,479            |
| New share capital subscribed | 100,000            | -                               | 100,000    | 100,000           |
| At 31 October 2018           | 100,000            | 87,479                          | 187,479    | 187,479           |

|                                            | Share capital<br>£ | Capital redemption<br>reserve<br>£ | Profit and loss<br>account<br>£ | Total<br>£ | Total equity<br>£ |
|--------------------------------------------|--------------------|------------------------------------|---------------------------------|------------|-------------------|
| At 1 November 2018                         | 100,000            | -                                  | 87,479                          | 187,479    | 187,479           |
| Loss for the year                          | -                  | -                                  | (16,477)                        | (16,477)   | (16,477)          |
| Total comprehensive income                 | -                  | -                                  | (16,477)                        | (16,477)   | (16,477)          |
| Purchase of own share capital              | (25,000)           | -                                  | -                               | (25,000)   | (25,000)          |
| Other capital redemption reserve movements | -                  | 25,000                             | (25,000)                        | -          | -                 |
| At 31 October 2019                         | 75,000             | 25,000                             | 46,002                          | 146,002    | 146,002           |

The notes on pages 17 to 35 form an integral part of these financial statements.



# Simpson Group Holdings Limited

## Statement of Changes in Equity for the Year Ended 31 October 2019

|                              | Share capital<br>£ | Profit and loss<br>account<br>£ | Total<br>£ |
|------------------------------|--------------------|---------------------------------|------------|
| Profit for the period        | -                  | 206,919                         | 206,919    |
| Total comprehensive income   | -                  | 206,919                         | 206,919    |
| New share capital subscribed | 100,000            | -                               | 100,000    |
| At 31 October 2018           | 100,000            | 206,919                         | 306,919    |

|                                            | Share capital<br>£ | Capital redemption reserve<br>£ | Profit and loss<br>account<br>£ | Total<br>£ |
|--------------------------------------------|--------------------|---------------------------------|---------------------------------|------------|
| At 1 November 2018                         | 100,000            | -                               | 206,919                         | 306,919    |
| Profit for the year                        | -                  | -                               | 81,982                          | 81,982     |
| Total comprehensive income                 | -                  | -                               | 81,982                          | 81,982     |
| Purchase of own share capital              | (25,000)           | -                               | -                               | (25,000)   |
| Other capital redemption reserve movements | -                  | 25,000                          | (25,000)                        | -          |
| At 31 October 2019                         | 75,000             | 25,000                          | 263,901                         | 363,901    |

The notes on pages 17 to 35 form an integral part of these financial statements.

# Simpson Group Holdings Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 October 2019

|                                                                 |      | Year ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|-----------------------------------------------------------------|------|---------------------------------------|-----------------------------------------------|
|                                                                 | Note |                                       |                                               |
| <b>Cash flows from operating activities</b>                     |      |                                       |                                               |
| (Loss)/profit for the year                                      |      | (16,477)                              | 87,479                                        |
| Adjustments to cash flows from non-cash items                   |      |                                       |                                               |
| Depreciation and amortisation                                   | 5    | 880,298                               | 207,974                                       |
| Finance income                                                  | 6    | (1,152)                               | (12,045)                                      |
| Finance costs                                                   | 7    | 182,602                               | 23,493                                        |
| Income tax expense                                              | 10   | (200,640)                             | (43,461)                                      |
|                                                                 |      | <u>844,631</u>                        | <u>263,440</u>                                |
| Working capital adjustments                                     |      |                                       |                                               |
| Decrease/(increase) in stocks                                   |      | 51,653                                | (188,607)                                     |
| Decrease/(increase) in debtors                                  |      | 112,935                               | (1,249,068)                                   |
| (Decrease)/increase in creditors                                |      | <u>(124,747)</u>                      | <u>768,186</u>                                |
| Cash generated from operations                                  |      | 884,472                               | (406,049)                                     |
| Income taxes received/(paid)                                    |      | <u>18</u>                             | <u>(1,584)</u>                                |
| Net cash flow from operating activities                         |      | <u>884,490</u>                        | <u>(407,633)</u>                              |
| <b>Cash flows from investing activities</b>                     |      |                                       |                                               |
| Interest received                                               |      | 1,152                                 | 12,045                                        |
| Acquisitions of tangible assets                                 |      | (499,135)                             | (15,086)                                      |
| Acquisition of investments in subsidiaries net of cash received | 13   | <u>-</u>                              | <u>337,513</u>                                |
| Net cash flows from investing activities                        |      | <u>(497,983)</u>                      | <u>334,472</u>                                |
| <b>Cash flows from financing activities</b>                     |      |                                       |                                               |
| Interest paid                                                   | 7    | (182,602)                             | (23,493)                                      |
| Payments for purchase of own shares                             |      | (25,000)                              | -                                             |
| Repayment of invoice finance advances                           |      | (210,112)                             | 487,443                                       |
| Payments to finance lease creditors                             |      | <u>(50,938)</u>                       | <u>(80,411)</u>                               |
| Net cash flows from financing activities                        |      | <u>(468,652)</u>                      | <u>383,539</u>                                |
| Net (decrease)/increase in cash and cash equivalents            |      | (82,145)                              | 310,378                                       |
| Cash and cash equivalents at 1 November                         |      | <u>310,378</u>                        | <u>-</u>                                      |
| Cash and cash equivalents at 31 October                         |      | <u><u>228,233</u></u>                 | <u><u>310,378</u></u>                         |

The notes on pages 17 to 35 form an integral part of these financial statements.

# **Simpson Group Holdings Limited**

## **Notes to the Financial Statements for the Year Ended 31 October 2019**

### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Influence Park, Rutherford Road, Stephenson Industrial Estate, Washington, Tyne & Wear, NE37 3HX.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

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

#### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

#### **Summary of disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

#### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 October 2019.

No Income Statement is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a profit after tax for the financial year of £81,982 (2018 - profit of £206,919).

# **Simpson Group Holdings Limited**

## **Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)**

### **2 Accounting policies (continued)**

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

# **Simpson Group Holdings Limited**

## **Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)**

### **2 Accounting policies (continued)**

#### **Going concern**

At the year end the group reported net current liabilities of £2,187,213 (2019: £1,795,084)

The financial statements have been prepared on a going concern basis.

The group meets its day to day working capital requirements through operating cash flows, an invoice discounting facility and use of a prompt payment account together with other loans. At the time of signing these financial statements there has been no unmanageable impact on the group's main income streams, suppliers or employees as a result of the COVID-19 pandemic.

The group's forecasts and projections for the next twelve months show that the group should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance and the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This also considers the effectiveness of available measures to assist in mitigating the impact.

The group has remained operational throughout the COVID-19 pandemic and following a fall in revenue in the months of April and May during the National lockdown period, it has seen increased demand in excess of budget due to the promotional activity and coronavirus awareness campaigns. Downtime across all activities has been kept to a minimum and significant work has been undertaken to ensure the site is safe to enable employees to continue to work going forward. The group has secured new contracts during the current financial year and at the time of signing the financial statements has positive cash balances. The directors believe that the group's cost base can be effectively controlled and flexed to meet any reduction in income but are confident that this will not be required.

In the directors assessment of possible changes they have considered a fall in demand and potential cost savings which are reflective of their business continuity plan. Key scenarios and assumptions are as follows:

That the entity will avail itself of available reliefs put forward by HM Government including:

- Delayed PAYE and VAT payments where necessary to improve cash flow;
  - Furloughing of underutilised staff
  - Securing a £100k overdraft facility through the Coronavirus Business Interruption Loan Scheme
- That the group will have the continued support of its bankers in the provision of a £2.69m rolling invoice discounting facility

Although the forecasts prepared taking account of the matters above support the ability of the group to remain a going concern and to be able to trade and meet its debts as they fall due, the full impact of COVID-19, the continued level of government support and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation. The directors have stress tested their forecasts, taking into account various scenarios, and remain confident that the uncertainties do not cast significant doubt on the group's ability to continue as a going concern.

Based on the factors set out above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

# **Simpson Group Holdings Limited**

## **Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)**

### **2 Accounting policies (continued)**

#### **Judgements**

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

**Impairment of tangible assets** - The group considers whether the tangible assets are impaired. When an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

**Impairment of trade debtors** - The group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

**Taxation** - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

#### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

**Useful economic lives of tangible assets** - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £Nil (2018 - £2,406,926).

**Impairment of debtors** - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtor, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

#### **Revenue recognition**

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services to customers. Turnover is recognised on completion of projects.

#### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 2 Accounting policies (continued)

#### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

| Asset class              | Depreciation method and rate                  |
|--------------------------|-----------------------------------------------|
| Freehold property        | 2% straight line                              |
| Short leasehold property | 20% straight line                             |
| Plant and machinery      | 5 - 20% straight line / 15% reducing balance  |
| Fixtures and fittings    | 33 - 50% straight line / 15% reducing balance |
| Motor vehicles           | 25% straight line                             |
| Equipment                | 20 - 50% straight line                        |

#### Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| Asset class | Amortisation method and rate |
|-------------|------------------------------|
| Goodwill    | 10 years straight line       |

#### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

# **Simpson Group Holdings Limited**

## **Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)**

### **2 Accounting policies (continued)**

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

#### **Inventories**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.



# **Simpson Group Holdings Limited**

## **Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)**

### **2 Accounting policies (continued)**

#### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance costs in the Income Statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

|                       | Year<br>ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|-----------------------|------------------------------------------|-----------------------------------------------|
| Sale of goods         | 11,941,169                               | 3,280,581                                     |
| Rendering of services | 289,828                                  | 64,533                                        |
|                       | <u>12,230,997</u>                        | <u>3,345,114</u>                              |

The analysis of the group's turnover for the year by market is as follows:

|    | Year<br>ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|----|------------------------------------------|-----------------------------------------------|
| UK | <u>12,230,997</u>                        | <u>3,345,114</u>                              |

### 4 Other operating income

The analysis of the group's other operating income for the year is as follows:

|                        | Year<br>ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|------------------------|------------------------------------------|-----------------------------------------------|
| Government grants      | 10,800                                   | 2,700                                         |
| Other operating income | -                                        | 20,000                                        |
|                        | <u>10,800</u>                            | <u>22,700</u>                                 |

### 5 Operating (loss)/profit

Arrived at after charging/(crediting)

|                                                   | Year<br>ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|---------------------------------------------------|------------------------------------------|-----------------------------------------------|
| Depreciation expense                              | 610,084                                  | 140,420                                       |
| Amortisation expense                              | 270,214                                  | 67,554                                        |
| Operating lease expense - plant and machinery     | 53,321                                   | 52,409                                        |
| Loss on disposal of property, plant and equipment | -                                        | 289,166                                       |

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 6 Other interest receivable and similar income

|                      | Year ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|----------------------|---------------------------------------|-----------------------------------------------|
| Other finance income | <u>1,152</u>                          | <u>12,045</u>                                 |

### 7 Interest payable and similar expenses

|                                                                          | Year ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|--------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------|
| Interest on bank overdrafts and borrowings                               | 48,974                                | 11,385                                        |
| Interest on obligations under finance leases and hire purchase contracts | 71,360                                | 12,108                                        |
| Interest expense on other finance liabilities                            | 61,369                                | -                                             |
| Other finance costs                                                      | 899                                   | -                                             |
|                                                                          | <u>182,602</u>                        | <u>23,493</u>                                 |

### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

|                                            | Year ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|--------------------------------------------|---------------------------------------|-----------------------------------------------|
| Wages and salaries                         | 3,177,874                             | 778,010                                       |
| Social security costs                      | 259,288                               | 63,452                                        |
| Pension costs, defined contribution scheme | 213,166                               | 48,163                                        |
|                                            | <u>3,650,328</u>                      | <u>889,625</u>                                |

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

|                            | Year ended<br>31 October<br>2019<br>No. | 9 April<br>2018 to<br>31 October<br>2018<br>No. |
|----------------------------|-----------------------------------------|-------------------------------------------------|
| Production                 | 89                                      | 80                                              |
| Administration and support | 45                                      | 43                                              |
|                            | <u>134</u>                              | <u>123</u>                                      |

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

|                                              | Year<br>ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|----------------------------------------------|------------------------------------------|-----------------------------------------------|
| Remuneration                                 | 286,420                                  | 83,051                                        |
| Contributions paid to money purchase schemes | 34,847                                   | 8,523                                         |
|                                              | <u>321,267</u>                           | <u>91,574</u>                                 |

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 10 Taxation

Tax charged/(credited) in the income statement

|                                                             | Year<br>ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|-------------------------------------------------------------|------------------------------------------|-----------------------------------------------|
| <b>Current taxation</b>                                     |                                          |                                               |
| UK corporation tax                                          | -                                        | (31,425)                                      |
| UK corporation tax adjustment to prior periods              | (36,022)                                 | 518                                           |
|                                                             | <u>(36,022)</u>                          | <u>(30,907)</u>                               |
| <b>Deferred taxation</b>                                    |                                          |                                               |
| Arising from origination and reversal of timing differences | 18,942                                   | (15,354)                                      |
| Arising from changes in tax rates and laws                  | (183,560)                                | 2,800                                         |
| Total deferred taxation                                     | <u>(164,618)</u>                         | <u>(12,554)</u>                               |
| Tax receipt in the income statement                         | <u>(200,640)</u>                         | <u>(43,461)</u>                               |

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

|                                                                                                              | Year<br>ended<br>31 October<br>2019<br>£ | 9 April<br>2018 to<br>31 October<br>2018<br>£ |
|--------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------|
| (Loss)/profit before tax                                                                                     | <u>(217,117)</u>                         | <u>44,018</u>                                 |
| Corporation tax at standard rate                                                                             | (41,252)                                 | 8,363                                         |
| Effect of revenues exempt from taxation                                                                      | (9,882)                                  | -                                             |
| Effect of expense not deductible in determining taxable profit (tax loss)                                    | 15,277                                   | 10,176                                        |
| Effect of business combination                                                                               | 51,341                                   | (62,031)                                      |
| UK deferred tax credit relating to changes in tax rates or laws                                              | (2,229)                                  | -                                             |
| (Decrease)/increase in UK and foreign current tax from unrecognised temporary difference from a prior period | (219,582)                                | 518                                           |
| Tax increase from effect of capital allowances and depreciation                                              | 7,225                                    | 2,938                                         |
| Tax decrease from effect of adjustment in research and development tax credit                                | -                                        | (3,425)                                       |
| Other tax effects for reconciliation between accounting profit and tax expense (income)                      | <u>(1,538)</u>                           | <u>-</u>                                      |
| Total tax credit                                                                                             | <u>(200,640)</u>                         | <u>(43,461)</u>                               |

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 10 Taxation (continued)

#### Deferred tax

##### Group

Deferred tax assets and liabilities

**Year ended  
31 October  
2019**

**Liability  
£**

Fixed asset timing differences  
Short term timing differences

213,860  
(2,302)

211,558

**9 April 2018 to  
31 October  
2018**

**Liability  
£**

Fixed asset timing differences  
Short term timing differences

376,176

-

376,176

### 11 Intangible assets

#### Group

**Goodwill  
£**

**Total  
£**

#### Cost or valuation

At 1 November 2018

2,702,141

2,702,141

At 31 October 2019

2,702,141

2,702,141

#### Amortisation

At 1 November 2018

67,554

67,554

Amortisation charge

270,214

270,214

At 31 October 2019

337,768

337,768

#### Carrying amount

At 31 October 2019

2,364,373

2,364,373

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 12 Tangible assets

#### Group

|                          | Short<br>leasehold<br>land and<br>buildings<br>£ | Fixtures<br>and<br>fittings<br>£ | Plant and<br>machinery<br>£ | Office<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£       |
|--------------------------|--------------------------------------------------|----------------------------------|-----------------------------|--------------------------|------------------------|------------------|
| <b>Cost or valuation</b> |                                                  |                                  |                             |                          |                        |                  |
| At 1 November 2018       | 41,025                                           | 96,068                           | 7,510,009                   | 495,282                  | 42,518                 | 8,184,902        |
| Additions                | 1,800                                            | 3,895                            | 477,414                     | 16,026                   | -                      | 499,135          |
| Disposals                | -                                                | -                                | -                           | (159,134)                | -                      | (159,134)        |
| At 31 October 2019       | <u>42,825</u>                                    | <u>99,963</u>                    | <u>7,987,423</u>            | <u>352,174</u>           | <u>42,518</u>          | <u>8,524,903</u> |
| <b>Depreciation</b>      |                                                  |                                  |                             |                          |                        |                  |
| At 1 November 2018       | 38,696                                           | 47,809                           | 5,209,589                   | 439,364                  | 42,518                 | 5,777,976        |
| Charge for the year      | 245                                              | 9,378                            | 566,438                     | 34,023                   | -                      | 610,084          |
| Eliminated on disposal   | -                                                | -                                | -                           | (159,134)                | -                      | (159,134)        |
| At 31 October 2019       | <u>38,941</u>                                    | <u>57,187</u>                    | <u>5,776,027</u>            | <u>314,253</u>           | <u>42,518</u>          | <u>6,228,926</u> |
| <b>Carrying amount</b>   |                                                  |                                  |                             |                          |                        |                  |
| At 31 October 2019       | <u>3,884</u>                                     | <u>42,776</u>                    | <u>2,211,396</u>            | <u>37,921</u>            | <u>-</u>               | <u>2,295,977</u> |
| At 31 October 2018       | <u>2,328</u>                                     | <u>48,259</u>                    | <u>2,300,420</u>            | <u>55,918</u>            | <u>-</u>               | <u>2,406,925</u> |

Included within the net book value of land and buildings above is £Nil (2018 - £Nil) in respect of freehold land and buildings and £3,884 (2018 - £2,328) in respect of short leasehold land and buildings.

#### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

|                     | 2019<br>£        | 2018<br>£        |
|---------------------|------------------|------------------|
| Plant and machinery | <u>1,814,581</u> | <u>1,796,168</u> |

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 13 Investments

#### Company

|                             | 2019<br>£        | 2018<br>£        |
|-----------------------------|------------------|------------------|
| Investments in subsidiaries | <u>2,786,395</u> | <u>2,786,395</u> |

#### Subsidiaries

##### Cost or valuation

|                    |                  |
|--------------------|------------------|
| At 1 November 2018 | <u>2,786,395</u> |
|--------------------|------------------|

|                    |                  |
|--------------------|------------------|
| At 31 October 2019 | <u>2,786,395</u> |
|--------------------|------------------|

##### Provision

|                    |   |
|--------------------|---|
| At 1 November 2018 | - |
|--------------------|---|

|           |   |
|-----------|---|
| Provision | - |
|-----------|---|

|                    |   |
|--------------------|---|
| At 31 October 2019 | - |
|--------------------|---|

##### Carrying amount

|                    |                  |
|--------------------|------------------|
| At 31 October 2019 | <u>2,786,395</u> |
|--------------------|------------------|

|                    |                  |
|--------------------|------------------|
| At 31 October 2018 | <u>2,786,395</u> |
|--------------------|------------------|

#### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

| Undertaking             | Registered office                                                                                        | Holding  | Proportion of voting rights and shares held |      |
|-------------------------|----------------------------------------------------------------------------------------------------------|----------|---------------------------------------------|------|
|                         |                                                                                                          |          | 2019                                        | 2018 |
| Subsidiary undertakings |                                                                                                          |          |                                             |      |
| Simpson Group Limited   | Influence Park, Rutherford Road, Stephenson Industrial Estate, Washington, NE37 3HX<br>England and Wales | Ordinary | 100%                                        | 100% |
| Simpson Print Limited   | Influence Park, Rutherford Road, Stephenson Industrial Estate, Washington, NE37 3HX<br>England and Wales | Ordinary | 100%                                        | 100% |



# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 13 Investments (continued)

#### Subsidiary undertakings

##### *Simpson Group Limited*

The principal activity of Simpson Group Limited is an intermediate parent holding company.

##### *Simpson Print Limited*

The principal activity of Simpson Print Limited is that of the provision of point of sale and point of purchase display materials and related services.

### 14 Stocks

|                               | 2019           | Group<br>2018  | 2019     | Company<br>2018 |
|-------------------------------|----------------|----------------|----------|-----------------|
|                               | £              | £              | £        | £               |
| Raw materials and consumables | 169,399        | 177,385        | -        | -               |
| Work in progress              | 172,343        | 216,010        | -        | -               |
|                               | <u>341,742</u> | <u>393,395</u> | <u>-</u> | <u>-</u>        |

#### Group

The cost of stocks recognised as an expense in the year amounted to £5,892,431 (2018 - £1,470,275).

#### Impairment of inventories

The amount of impairment loss included in profit or loss is £40,147 (2018 - £51,439).

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 15 Debtors

|                       | 2019             | Group<br>2018    | 2019     | Company<br>2018 |
|-----------------------|------------------|------------------|----------|-----------------|
|                       | £                | £                | £        | £               |
| Trade debtors         | 3,045,420        | 3,093,496        | -        | -               |
| Other debtors         | 18               | 34,949           | -        | -               |
| Prepayments           | 231,464          | 261,392          | -        | -               |
| Corporation tax asset | 39,429           | 3,425            | -        | -               |
|                       | <u>3,316,331</u> | <u>3,393,262</u> | <u>-</u> | <u>-</u>        |

### 16 Cash and cash equivalents

|                     | 2019           | Group<br>2018  | 2019     | Company<br>2018 |
|---------------------|----------------|----------------|----------|-----------------|
|                     | £              | £              | £        | £               |
| Cash on hand        | 749            | 899            | -        | -               |
| Cash at bank        | 127,460        | 89,313         | -        | -               |
| Short-term deposits | 100,024        | 220,166        | -        | -               |
|                     | <u>228,233</u> | <u>310,378</u> | <u>-</u> | <u>-</u>        |

### 17 Creditors

|                                                | Note | 2019<br>£        | Group<br>2018<br>£ | 2019<br>£        | Company<br>2018<br>£ |
|------------------------------------------------|------|------------------|--------------------|------------------|----------------------|
| <b>Due within one year</b>                     |      |                  |                    |                  |                      |
| Loans and borrowings                           | 18   | 2,738,406        | 2,443,061          | -                | -                    |
| Trade creditors                                |      | 2,265,754        | 2,532,482          | -                | -                    |
| Amounts due to related parties                 |      | -                | -                  | 1,578,644        | 1,412,922            |
| Social security and other taxes                |      | 299,310          | 280,759            | -                | -                    |
| Outstanding defined contribution pension costs |      | 1,342            | 560                | -                | -                    |
| Other creditors                                |      | 490,070          | 299,566            | 245,288          | 163,262              |
| Accruals                                       |      | 267,837          | 324,891            | -                | -                    |
| Deferred income                                |      | 10,800           | 10,800             | -                | -                    |
|                                                |      | <u>6,073,519</u> | <u>5,892,119</u>   | <u>1,823,932</u> | <u>1,576,184</u>     |
| <b>Due after one year</b>                      |      |                  |                    |                  |                      |
| Loans and borrowings                           | 18   | 934,447          | 931,706            | -                | -                    |
| Deferred income                                |      | 82,851           | 93,651             | -                | -                    |
| Other creditors                                |      | 1,098,279        | 1,657,416          | 598,562          | 903,292              |
|                                                |      | <u>2,115,577</u> | <u>2,682,773</u>   | <u>598,562</u>   | <u>903,292</u>       |

Other creditors relate to deferred investment consideration payable over the next five years.

**Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)**

|                                             | 2019<br>£               | Group<br>2018<br>£      | 2019<br>£       | Company<br>2018<br>£ |
|---------------------------------------------|-------------------------|-------------------------|-----------------|----------------------|
| <b>Current loans and borrowings</b>         |                         |                         |                 |                      |
| Hire Purchase and finance lease liabilities | 431,965                 | 485,645                 | -               | -                    |
| Invoice financing advances                  | <u>2,306,441</u>        | <u>1,957,416</u>        | <u>-</u>        | <u>-</u>             |
|                                             | <u><u>2,738,406</u></u> | <u><u>2,443,061</u></u> | <u><u>-</u></u> | <u><u>-</u></u>      |
| <br><b>Non-current loans and borrowings</b> |                         |                         |                 |                      |
| Hire purchase and finance lease liabilities | 934,447                 | 931,706                 | -               | -                    |

Hire purchase and finance lease liabilities are secured against the assets to which they relate.

|                                            | Deferred<br>tax<br>£ | Total<br>£ |
|--------------------------------------------|----------------------|------------|
| At 1 November 2018                         | 376,176              | 376,176    |
| Increase (decrease) in existing provisions | (164,618)            | (164,618)  |
| At 31 October 2019                         | 211,558              | 211,558    |

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £213,166 (2018 - £48,163). Contributions totalling £1,342 (2018 - £560) were payable to the scheme at the end of the year and are included in creditors.

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 21 Share capital

#### Allotted, called up and fully paid shares

|                            | No.           | 2019<br>£     | No.            | 2018<br>£      |
|----------------------------|---------------|---------------|----------------|----------------|
| Ordinary shares of £1 each | <u>75,000</u> | <u>75,000</u> | <u>100,000</u> | <u>100,000</u> |

#### Shares in entity held by entity, subsidiaries, associates or joint ventures

During the year the company repurchased 25,000 shares at par.

### 22 Reserves

#### Group

##### Profit and loss account

This reserve records retained earnings and accumulated losses.

##### Capital redemption

This reserve records the share capital repurchased by the company.

### 23 Obligations under leases and hire purchase contracts

#### Group

##### Finance leases

The total of future minimum lease payments is as follows:

|                                                   | 2019<br>£        | 2018<br>£        |
|---------------------------------------------------|------------------|------------------|
| Not later than one year                           | 431,965          | 485,645          |
| Later than one year and not later than five years | <u>934,447</u>   | <u>931,706</u>   |
|                                                   | <u>1,366,412</u> | <u>1,417,351</u> |

##### Operating leases

The total of future minimum lease payments is as follows:

|                                                   | 2019<br>£        | 2018<br>£        |
|---------------------------------------------------|------------------|------------------|
| Not later than one year                           | 393,574          | 308,364          |
| Later than one year and not later than five years | 1,673,299        | 1,349,776        |
| Later than five years                             | <u>5,481,377</u> | <u>5,776,339</u> |
|                                                   | <u>7,548,250</u> | <u>7,434,479</u> |

# Simpson Group Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 October 2019 (continued)

### 23 Obligations under leases and hire purchase contracts (continued)

The amount of non-cancellable operating lease payments recognised as an expense during the year was £498,722 (2018 - £52,409).

### 24 Financial instruments

#### Group

#### Categorisation of financial instruments

|                                                                       | 2019<br>£        | 2018<br>£        |
|-----------------------------------------------------------------------|------------------|------------------|
| Financial assets that are debt instruments measured at amortised cost | 3,273,671        | 3,438,824        |
|                                                                       | <u>3,273,671</u> | <u>3,438,824</u> |
| Financial liabilities measured at amortised cost                      | 4,840,032        | 4,814,789        |
| Loan commitments measured at cost less impairment                     | 3,672,853        | 3,374,767        |
|                                                                       | <u>8,512,885</u> | <u>8,189,556</u> |

### 25 Parent and ultimate parent undertaking

There is no ultimate controlling party.