

Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements for the Year Ended 30 September 2019  
for  
Racelogic Limited

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for the Year Ended 30 September 2019

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**DIRECTORS:**

J A D Thomas  
H F Thuillier  
C Smith  
K Bursnall  
Mrs A J Clifton  
G R Mackie  
I M Jones

**SECRETARY:**

M J Marshall

**REGISTERED OFFICE:**

Swan Business Park  
Unit 10 -11 Osier Way  
Buckingham  
MK18 1TB

**REGISTERED NUMBER:**

02743719 (England and Wales)

**SENIOR STATUTORY AUDITOR:**

Nicola Beeson

**AUDITORS:**

NB Consulting Limited  
Chartered Accountants and Statutory Auditors  
2 Foxglove Close  
Buckingham  
MK18 1FU

Group Strategic Report  
for the Year Ended 30 September 2019

The directors present their strategic report of the company and the group for the year ended 30 September 2019.

**REVIEW OF BUSINESS**

The group and company's principal activity during the year continued to be the design and manufacture of electronic systems for the automotive, motorsport and satellite receiver industries. Investment was also made into more research and market development for our unique indoor positioning systems in new sectors such as construction, motion picture and gaming.

The directors are pleased with the performance of the business which is both a reflection of the increased depth of the product range, the improving global economic climate and the contribution made by our German, US and Chinese offices.

The core automotive business continues to grow on the back of increased demand for the testing of the safety systems now mandated in some countries and inherent in autonomous vehicles as this technology sees a trickle down to a wider range of vehicles. The rise of electric vehicles and new players in this market, such as Polestar and Rivian, has also increased sales of VBOX based solutions.

Our motorsport brand, already well known in the UK and Northern Europe, is continuing to steadily grow its presence in North America with sales of our high definition video data logging systems increasing by 33%.

LabSat and its complementary SatGen software continues to establish itself as a low cost GNSS simulation tool for engineers around the world with sales continuing to grow.

We consider our key financial performance indicators are those that communicate the financial performance and increasing strength of the group. These indicators are turnover, gross profit margin and operating profit (EBIT). Year on year turnover rose by 3.2% whilst our gross margin remained steady at 66.3% (2018 - 65.8%). EBIT also increased by over 3.1% to £4,559,040.

The group had a sound trading period and entered the new financial year in a strong and stable position. On this basis it is considered appropriate to prepare the accounts on an ongoing basis.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

All comments regarding future plans reflect the knowledge and information available to the directors as at the date of this report and may be subject to the effect of unforeseen events outside of their control.

Since the end of the last financial year the global economic situation has been turned on its head by the COVID-19 pandemic. Governments and industry around the world have had to take unprecedented steps to protect their populations and workforce from this novel coronavirus.

The global nature of our trading meant that the effect of COVID-19 did not impact all elements of the business at the same time. China was the first to show a slowdown in sales in February which also coincided with the usual decrease in activity around the Chinese New Year. However, it was also the first country to return to a more 'normal' level of sales a few months later. Since February we have seen a drop in sales from various territories as local lockdowns were imposed followed by a slow return of sales as business resumed.

At the time of writing this report the current year to date sales are starting to approach the levels of the previous year for the same period. Trading has resumed, albeit at lower levels, in most of our significant markets - the main exception being India which is struggling to return to normality as COVID related issues still dominate there.

### **Customers**

As no one end user customer in any one country represents more than 1% of our annual sales we are more resilient than most to a global pandemic as our risk is spread across countries and market sectors. For example, whilst the world of motor racing closed during the summer months in the northern hemisphere demand for LabSat solutions grew as engineers needed to work from home and could no longer share office-based test equipment. Whilst the German automotive market suffered from local lockdowns the Chinese automotive industry went back to full production.

### **Suppliers**

Our largest supplier continued to trade on a skeleton staff during lockdown and has now returned to full staff to cope with current demand. Whilst our top ten suppliers skills are specialist in their nature their skills are not unique and our business continuity plans allow for us to move orders from one supplier to a secondary supplier, or source, in the event of a local shutdown.

### **Staff**

During the UK lockdown the main Buckingham office operated on a reduced number of production and warehouse staff to ensure urgent orders were shipped. The majority of staff were either sent to work from home where possible or furloughed where this was not practical. At the time of writing there are only three people still on furlough, two of which are on part time furlough. A small number of staff have left the business in the last six months and their replacements are currently being recruited.

### **Cashflow**

In this current financial year (ended 30th September 2020) the business saw a massive drop in sales in the month of April. Prior to this and since then the business has been profitable and cash generative. Provided sales continue on, or above, the current levels the Directors do not consider lack of cash or working capital to be a risk to the business.

The other risk on the horizon is Brexit and its impact on tariffs for global and European trade, which could also affect gross profits. The value and size of this impact will only be known once the nature of any deal with the EU is confirmed ahead of 2021. However our German subsidiary will go some way to mitigate the effect if we are required to ship to EU customers from within the EU.

**RESEARCH AND DEVELOPMENT**

The next financial year will see the launch of the new variants of VBOX Touch, the VB3iSD and the VBOX Sigma low cost RTK solution.

The group will continue to invest in research and development and will seek to take advantage of the enlarged resource pool of engineers and software developers available because of business closures and changes to UK contractor tax regulations under IR35.

**ON BEHALF OF THE BOARD:**

G R Mackie - Director

25 September 2020

Report of the Directors  
for the Year Ended 30 September 2019

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2019.

**DIVIDENDS**

During the year the following interim dividends were paid:

17/10/2018 - £31,457

7/12/2018 - £1,500,000

8/4/2019 - £1,250,000

22/07/2019 - £1,000,000

The directors recommend that no final dividend be paid on either the Ordinary or B Ordinary shares.

The total distribution of dividends for the year ended 30 September 2019 will be £3,781,457. £3,606,830 on Ordinary shares and £174,627 on B Ordinary shares.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 October 2018 to the date of this report.

J A D Thomas  
H F Thuillier  
C Smith  
K Bursnall  
Mrs A J Clifton  
G R Mackie  
I M Jones

**DISCLOSURE IN THE STRATEGIC REPORT**

Future developments and details of research and development as required under Schedule 7 of the Companies Act 2006 to be disclosed in the Directors' Report are set out in the Strategic Report in accordance with section 414(C) of the Companies Act 2006.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Report of the Directors  
for the Year Ended 30 September 2019

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

The auditors, NB Consulting Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

G R Mackie - Director

25 September 2020



### **Opinion**

We have audited the financial statements of Racelogic Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 September 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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 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 in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Directors.

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

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

**Responsibilities of directors**

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

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

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 Report of the Auditors.

**Use of our report**

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

Nicola Beeson (Senior Statutory Auditor)  
for and on behalf of NB Consulting Limited  
Chartered Accountants and Statutory Auditors  
2 Foxglove Close  
Buckingham  
MK18 1FU

25 September 2020

Consolidated Income Statement  
for the Year Ended 30 September 2019

	Notes	30.9.19 £	30.9.18 £
<b>TURNOVER</b>	3	18,959,550	18,361,181
Cost of sales		<u>6,372,125</u>	<u>6,274,525</u>
<b>GROSS PROFIT</b>		12,587,425	12,086,656
Administrative expenses		<u>8,029,746</u>	<u>7,665,722</u>
<b>OPERATING PROFIT</b>	5	4,557,679	4,420,934
Interest receivable and similar income		<u>1,361</u>	<u>976</u>
<b>PROFIT BEFORE TAXATION</b>		4,559,040	4,421,910
Tax on profit	6	<u>432,038</u>	<u>494,213</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>4,127,002</u>	<u>3,927,697</u>
Profit attributable to: Owners of the parent		<u>4,127,002</u>	<u>3,927,697</u>

The notes form part of these financial statements

Consolidated Other Comprehensive Income  
for the Year Ended 30 September 2019

	Notes	30.9.19 £	30.9.18 £
<b>PROFIT FOR THE YEAR</b>		4,127,002	3,927,697
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Currency translation differences		67,737	(112,471)
Income tax relating to other comprehensive income/(loss)		-	-
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX</b>		<u>67,737</u>	<u>(112,471)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>4,194,739</u></u>	<u><u>3,815,226</u></u>
Total comprehensive income attributable to: Owners of the parent		<u><u>4,194,739</u></u>	<u><u>3,815,226</u></u>

Consolidated Balance Sheet  
30 September 2019

	Notes	30.9.19 £	£	30.9.18 £	£
<b>FIXED ASSETS</b>					
Tangible assets	9		1,618,554		1,623,153
Investments	10		<u>-</u>		<u>-</u>
			1,618,554		1,623,153
<b>CURRENT ASSETS</b>					
Stocks	11	2,487,621		2,194,500	
Debtors	12	1,603,837		2,175,922	
Cash at bank		<u>1,804,693</u>		<u>1,547,326</u>	
		5,896,151		5,917,748	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>527,690</u>		<u>1,000,000</u>	
<b>NET CURRENT ASSETS</b>			<u>5,368,461</u>		<u>4,917,748</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,987,015		6,540,901
<b>PROVISIONS FOR LIABILITIES</b>	16		<u>58,000</u>		<u>40,000</u>
<b>NET ASSETS</b>			<u>6,929,015</u>		<u>6,500,901</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		113		113
Share premium	18		772,463		757,631
Capital redemption reserve	18		10		10
Non Distributable Reserves	18		41,372		(26,365)
Retained earnings	18		<u>6,115,057</u>		<u>5,769,512</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>6,929,015</u>		<u>6,500,901</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 September 2020 and were signed on its behalf by:

G R Mackie - Director

Company Balance Sheet  
30 September 2019

	Notes	30.9.19 £	£	30.9.18 £	£
<b>FIXED ASSETS</b>					
Tangible assets	9		1,475,981		1,461,371
Investments	10		<u>21,789</u>		<u>21,789</u>
			1,497,770		1,483,160
<b>CURRENT ASSETS</b>					
Stocks	11	2,364,477		2,030,254	
Debtors	12	1,986,229		2,527,477	
Cash at bank		<u>1,487,244</u>		<u>1,404,432</u>	
		5,837,950		5,962,163	
<b>CREDITORS</b>					
Amounts falling due within one year	13	<u>457,802</u>		<u>851,761</u>	
<b>NET CURRENT ASSETS</b>			<u>5,380,148</u>		<u>5,110,402</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			6,877,918		6,593,562
<b>PROVISIONS FOR LIABILITIES</b>	16		<u>58,000</u>		<u>40,000</u>
<b>NET ASSETS</b>			<u>6,819,918</u>		<u>6,553,562</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		113		113
Share premium	18		772,463		757,631
Capital redemption reserve	18		10		10
Retained earnings	18		<u>6,047,332</u>		<u>5,795,808</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>6,819,918</u>		<u>6,553,562</u>
Company's profit for the financial year			<u>4,032,981</u>		<u>3,765,638</u>

The financial statements were approved by the Board of Directors and authorised for issue on 25 September 2020 and were signed on its behalf by:

G R Mackie - Director

Consolidated Statement of Changes in Equity  
for the Year Ended 30 September 2019

	Called up share capital £	Retained earnings £	Share premium £
<b>Balance at 1 October 2017</b>	111	5,612,863	573,235
<b>Changes in equity</b>			
Issue of share capital	2	-	184,396
Dividends	-	(3,771,048)	-
Total comprehensive income	-	3,927,697	-
<b>Balance at 30 September 2018</b>	113	5,769,512	757,631
<b>Changes in equity</b>			
Issue of share capital	-	-	14,832
Dividends	-	(3,781,457)	-
Total comprehensive income	-	4,127,002	-
<b>Balance at 30 September 2019</b>	113	6,115,057	772,463
	Capital redemption reserve £	Non Distributable Reserves £	Total equity £
<b>Balance at 1 October 2017</b>	10	86,106	6,272,325
<b>Changes in equity</b>			
Issue of share capital	-	-	184,398
Dividends	-	-	(3,771,048)
Total comprehensive income	-	(112,471)	3,815,226
<b>Balance at 30 September 2018</b>	10	(26,365)	6,500,901
<b>Changes in equity</b>			
Issue of share capital	-	-	14,832
Dividends	-	-	(3,781,457)
Total comprehensive income	-	67,737	4,194,739
<b>Balance at 30 September 2019</b>	10	41,372	6,929,015

Company Statement of Changes in Equity  
for the Year Ended 30 September 2019

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
<b>Balance at 1 October 2017</b>	111	5,801,218	573,235	10	6,374,574
<b>Changes in equity</b>					
Issue of share capital	2	-	184,396	-	184,398
Dividends	-	(3,771,048)	-	-	(3,771,048)
Total comprehensive income	-	3,765,638	-	-	3,765,638
<b>Balance at 30 September 2018</b>	113	5,795,808	757,631	10	6,553,562
<b>Changes in equity</b>					
Issue of share capital	-	-	14,832	-	14,832
Dividends	-	(3,781,457)	-	-	(3,781,457)
Total comprehensive income	-	4,032,981	-	-	4,032,981
<b>Balance at 30 September 2019</b>	113	6,047,332	772,463	10	6,819,918



Consolidated Cash Flow Statement  
for the Year Ended 30 September 2019

	Notes	30.9.19 £	30.9.18 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	4,826,581	3,626,340
Tax paid		<u>(700,762)</u>	<u>(487,558)</u>
Net cash from operating activities		<u>4,125,819</u>	<u>3,138,782</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(225,461)	(220,396)
Sale of tangible fixed assets		37,505	10,229
Interest received		<u>1,361</u>	<u>976</u>
Net cash from investing activities		<u>(186,595)</u>	<u>(209,191)</u>
<b>Cash flows from financing activities</b>			
Share issue		43,704	184,398
Share buyback		(28,872)	-
Equity dividends paid		<u>(3,781,457)</u>	<u>(3,771,048)</u>
Net cash from financing activities		<u>(3,766,625)</u>	<u>(3,586,650)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>172,599</u>	<u>(657,059)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	1,547,326	2,320,651
Effect of foreign exchange rate changes		<u>84,768</u>	<u>(116,266)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u>1,804,693</u>	<u>1,547,326</u>

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30 September 2019

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	30.9.19	30.9.18
	£	£
Profit before taxation	4,559,040	4,421,910
Depreciation charges	236,072	239,462
Profit on disposal of fixed assets	(36,699)	(833)
Finance income	(1,361)	(976)
	<u>4,757,052</u>	<u>4,659,563</u>
Increase in stocks	(293,121)	(516,355)
Decrease/(increase) in trade and other debtors	586,760	(477,939)
Decrease in trade and other creditors	(224,110)	(38,929)
<b>Cash generated from operations</b>	<u><u>4,826,581</u></u>	<u><u>3,626,340</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 30 September 2019**

	30.9.19	1.10.18
	£	£
Cash and cash equivalents	<u>1,804,693</u>	<u>1,547,326</u>

**Year ended 30 September 2018**

	30.9.18	1.10.17
	£	£
Cash and cash equivalents	<u>1,547,326</u>	<u>2,320,651</u>

1. **STATUTORY INFORMATION**

Racelogic Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

**Basis of consolidation**

The consolidated accounts incorporate the financial statements of Racelogic Limited and its subsidiary undertakings as at 30 September 2019 using the acquisition method of accounting.

**Significant judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Any revisions to estimates are recognised in the period of the revision and future periods if applicable.

There are not considered to be any key sources of estimation uncertainty that have a significant effect on the amounts recognised in either the Group or company financial statements.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised when the significant risks and rewards of ownership have been passed to the buyer, the Group retains no continuing involvement or control over the goods and it is probable that the future economic benefit of the goods will flow to the entity.

**Goodwill**

Goodwill is the excess of the purchase consideration over the fair value of the Group's interest in the identifiable net assets, net liabilities and contingent liabilities acquired.

Goodwill is measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of goodwill on a straight line basis over its estimated useful life of three years.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**2. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all fixed assets other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold property - 2.5% straight line

Plant and machinery - 33.3% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

**Stocks**

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Cost is based on a first-in, first out basis and includes an addition for labour and overheads where appropriate.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

When stocks are sold the carrying amount of these stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for obsolete or slow moving items is recognised as an expense in the period in which the write-down or loss occurs.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

Expenditure on research and development is written off in the year in which it is incurred.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2019

**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

**Company**

The company's functional and presentational currency is pounds sterling.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**Group**

The Group financial statements are presented in pounds sterling. The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at an average rate. All resulting exchange differences are recognised in other comprehensive income. Non-monetary items that are measured at historic cost are not retranslated.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

**Investments in subsidiaries**

Investment in a subsidiary is held at cost less accumulated impairment losses. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

**Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

**Hedging arrangements**

The Group does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cashflow exposures of forecast transactions denominated in foreign currencies.

**3. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	30.9.19	30.9.18
	£	£
United Kingdom	2,565,104	1,986,902
Europe	4,384,691	4,248,239
Americas	5,000,361	4,842,685
Rest of world	7,009,394	7,283,355
	<u>18,959,550</u>	<u>18,361,181</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2019

4. **EMPLOYEES AND DIRECTORS**

	30.9.19	30.9.18
	£	£
Wages and salaries	3,704,158	3,625,082
Social security costs	270,105	266,654
Other pension costs	161,587	124,474
	<u>4,135,850</u>	<u>4,016,210</u>

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

	30.9.19	30.9.18
Administration	12	11
Development	56	50
Distribution	5	6
Manufacturing	12	12
Sales	12	14
	<u>97</u>	<u>93</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 17 (2018 - 17) .

	30.9.19	30.9.18
	£	£
Directors' remuneration	1,105,274	980,822
Directors' pension contributions to money purchase schemes	<u>22,134</u>	<u>25,797</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	30.9.19	30.9.18
	£	£
Emoluments etc	256,505	255,484
Pension contributions to money purchase schemes	<u>2,516</u>	<u>2,455</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2019

**5. OPERATING PROFIT**

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

	30.9.19	30.9.18
	£	£
Other operating leases	92,842	90,792
Depreciation - owned assets	236,072	239,462
Profit on disposal of fixed assets	(36,699)	(833)
Auditors' remuneration	11,375	11,953
Foreign exchange differences	<u>49,513</u>	<u>28,536</u>

**6. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	30.9.19	30.9.18
	£	£
Current tax:		
UK corporation tax	406,287	439,247
Overseas taxation	<u>7,751</u>	<u>41,966</u>
Total current tax	<u>414,038</u>	<u>481,213</u>
Deferred tax	<u>18,000</u>	<u>13,000</u>
Tax on profit	<u>432,038</u>	<u>494,213</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	30.9.19	30.9.18
	£	£
Profit before tax	<u>4,559,040</u>	<u>4,421,910</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	866,218	840,163
Effects of:		
Expenses not deductible for tax purposes	489	480
Capital allowances in excess of depreciation	(10,850)	-
Depreciation in excess of capital allowances	-	142
Research and development enhanced deduction	(430,233)	(362,773)
Overseas tax differences	(11,586)	3,201
Deferred tax	<u>18,000</u>	<u>13,000</u>
Total tax charge	<u>432,038</u>	<u>494,213</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2019

6. **TAXATION - continued**

**Tax effects relating to effects of other comprehensive income**

	30.9.19	
	Gross £	Tax £
Currency translation differences	<u>67,737</u>	<u>-</u>
		<u>67,737</u>
	30.9.18	
	Gross £	Tax £
Currency translation differences	<u>(112,471)</u>	<u>-</u>
		<u>(112,471)</u>

7. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

8. **DIVIDENDS**

	30.9.19 £	30.9.18 £
Ordinary shares of 0.0001p each		
Interim	3,606,830	3,615,133
B Ordinary shares of 0.0001p each		
Interim	<u>174,627</u>	<u>155,915</u>
	<u>3,781,457</u>	<u>3,771,048</u>



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2019

9. TANGIBLE FIXED ASSETS

**Group**

	Freehold property £	Plant and machinery £	Totals £
<b>COST</b>			
At 1 October 2018	1,597,245	1,767,563	3,364,808
Additions	18,810	206,651	225,461
Disposals	-	(8,591)	(8,591)
Exchange differences	-	22,510	22,510
At 30 September 2019	<u>1,616,055</u>	<u>1,988,133</u>	<u>3,604,188</u>
<b>DEPRECIATION</b>			
At 1 October 2018	426,689	1,314,951	1,741,640
Charge for year	42,575	193,497	236,072
Eliminated on disposal	-	(7,785)	(7,785)
Exchange differences	-	15,707	15,707
At 30 September 2019	<u>469,264</u>	<u>1,516,370</u>	<u>1,985,634</u>
<b>NET BOOK VALUE</b>			
At 30 September 2019	<u>1,146,791</u>	<u>471,763</u>	<u>1,618,554</u>
At 30 September 2018	<u>1,170,556</u>	<u>452,612</u>	<u>1,623,168</u>

**Company**

	Freehold property £	Plant and machinery £	Totals £
<b>COST</b>			
At 1 October 2018	1,597,245	1,398,182	2,995,427
Additions	18,810	139,726	158,536
At 30 September 2019	<u>1,616,055</u>	<u>1,537,908</u>	<u>3,153,963</u>
<b>DEPRECIATION</b>			
At 1 October 2018	426,689	1,107,367	1,534,056
Charge for year	42,575	101,351	143,926
At 30 September 2019	<u>469,264</u>	<u>1,208,718</u>	<u>1,677,982</u>
<b>NET BOOK VALUE</b>			
At 30 September 2019	<u>1,146,791</u>	<u>329,190</u>	<u>1,475,981</u>
At 30 September 2018	<u>1,170,556</u>	<u>290,815</u>	<u>1,461,371</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2019

10. **FIXED ASSET INVESTMENTS**

**Company**

Shares in  
group  
undertakings  
£

**COST**

At 1 October 2018  
and 30 September 2019

21,789

**NET BOOK VALUE**

At 30 September 2019  
At 30 September 2018

21,789

21,789

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries**

**Racelogic USA Corporation**

Registered office: United States of America  
Nature of business: Electronic systems for the automotive industry

	% holding	30.9.19	30.9.18
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		781,838	686,161
Profit for the year		<u>95,677</u>	<u>111,055</u>

**Racelogic Gmbh**

Registered office: Germany  
Nature of business: Electronic systems for the automotive industry

	% holding	30.9.19	30.9.18
Class of shares:			
Ordinary	100.00	£	£
Aggregate capital and reserves		91,497	74,800
Profit for the year		<u>16,697</u>	<u>15,863</u>

11. **STOCKS**

	<b>Group</b>		<b>Company</b>	
	30.9.19	30.9.18	30.9.19	30.9.18
	£	£	£	£
Raw materials	<u>2,487,621</u>	<u>2,194,500</u>	<u>2,364,477</u>	<u>2,030,254</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2019

12. **DEBTORS**

	<b>Group</b>		<b>Company</b>	
	30.9.19	30.9.18	30.9.19	30.9.18
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,288,269	1,875,726	1,379,536	1,225,653
Amounts owed by group undertakings	-	-	-	698,693
Other debtors	169,197	157,304	173,827	150,358
Tax	14,675	-	4,568	-
Prepayments and accrued income	131,696	142,892	106,898	104,000
	<u>1,603,837</u>	<u>2,175,922</u>	<u>1,664,829</u>	<u>2,178,704</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	321,400	348,773
Aggregate amounts	<u>1,603,837</u>	<u>2,175,922</u>	<u>1,986,229</u>	<u>2,527,477</u>

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	30.9.19	30.9.18	30.9.19	30.9.18
	£	£	£	£
Trade creditors	375,006	382,845	369,364	364,803
Amounts owed to group undertakings	-	-	40,262	-
Tax	-	272,049	-	214,247
Social security and other taxes	19,431	186,122	-	147,070
Other creditors	29,061	5,844	-	-
Accruals and deferred income	104,192	153,140	48,176	125,641
	<u>527,690</u>	<u>1,000,000</u>	<u>457,802</u>	<u>851,761</u>

14. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

<b>Group</b>	<b>Non-cancellable operating leases</b>	
	30.9.19	30.9.18
	£	£
Within one year	55,120	33,280
Between one and five years	<u>42,672</u>	<u>37,536</u>
	<u>97,792</u>	<u>70,816</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £44,959 (2018 - £43,568).

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2019

15. **FINANCIAL INSTRUMENTS**

Group

Financial instruments that are debt instruments measured at amortised cost totalled £3,092,962 as at 30 September 2019 (2018 - £3,423,052).

Financial liabilities that are measured at amortised cost totalled £389,675 as at 30 September 2019 (2018 - £382,845).

Company

Financial instruments that are debt instruments measured at amortised cost totalled £3,147,918 as at 30 September 2019 (2018 - £3,677,551).

Financial liabilities that are measured at amortised cost totalled £369,364 as at 30 September 2019 (2018 - £364,803).

16. **PROVISIONS FOR LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	30.9.19	30.9.18	30.9.19	30.9.18
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>58,000</u>	<u>40,000</u>	<u>58,000</u>	<u>40,000</u>
<b>Group</b>				
				Deferred tax
				£
Balance at 1 October 2018				40,000
Provided during year				<u>18,000</u>
Balance at 30 September 2019				<u>58,000</u>
<b>Company</b>				
				Deferred tax
				£
Balance at 1 October 2018				40,000
Provided during year				<u>18,000</u>
Balance at 30 September 2019				<u>58,000</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2019

**17. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.9.19 £	30.9.18 £
1,083,254	Ordinary	0.0001p	108	108
56,248	B Ordinary	0.0001p	5	5
			<u>113</u>	<u>113</u>

The Ordinary shares have full rights without exception to dividends, capital in the event of wind up and voting rights. The B Ordinary shares rank pari passu with the Ordinary shares in respect of dividends and capital but carry no voting rights.

There were no changes in the Ordinary shares of 0.0001p per share during the year.

3,729 B Ordinary shares of 0.0001p per share were allotted and fully paid at a premium of £11.72 per share. 1,197 and 1,291 B Ordinary shares of 0.0001p per share were sold during the year at premiums of £11.48 and £11.72 per share respectively.

**18. RESERVES**

**Group**

	Retained earnings £	Share premium £	Capital redemption reserve £	Non Distributable Reserves £	Totals £
At 1 October 2018	5,769,512	757,631	10	(26,365)	6,500,788
Profit for the year	4,127,002				4,127,002
Dividends	(3,781,457)				(3,781,457)
Purchase of own shares	-	(28,872)	-	-	(28,872)
Cash share issue	-	43,704	-	-	43,704
Currency translation differences	-	-	-	67,737	67,737
At 30 September 2019	<u>6,115,057</u>	<u>772,463</u>	<u>10</u>	<u>41,372</u>	<u>6,928,902</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2019

18. **RESERVES - continued**

**Company**

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 October 2018	5,795,808	757,631	10	6,553,449
Profit for the year	4,032,981			4,032,981
Dividends	(3,781,457)			(3,781,457)
Purchase of own shares	-	(28,872)	-	(28,872)
Cash share issue	-	43,704	-	43,704
At 30 September 2019	<u>6,047,332</u>	<u>772,463</u>	<u>10</u>	<u>6,819,805</u>

19. **PENSION COMMITMENTS**

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £161,587 (2018 - £124,474).

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

20. **RELATED PARTY DISCLOSURES**

During the year, total dividends of £3,550,942 (2018 - £3,666,803) were paid to the directors.

During the year the group received services totalling £92,750 (2018 - £174,680) from entities controlled by a close family member of key management personnel. The balance owed by the company at the end of the year was £nil (2018 - £nil). All transactions were conducted on an arms length basis.

All directors of the parent company have authority and are responsible for the planning, directing and controlling of the activities of the Group and are considered to be the key management personnel of the Group. Their total remuneration is outlined in note 4 to the consolidated financial statements.

21. **ULTIMATE CONTROLLING PARTY**

J A D Thomas, director and family are the ultimate controlling party owning 69% of the issued share capital of the company.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.