

Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements for the Year Ended 30 September 2022  
for  
Racelogic Limited

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for the Year Ended 30 September 2022

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**DIRECTORS:**

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

**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 2022

The directors present their strategic report of the company and the group for the year ended 30 September 2022.

**REVIEW OF BUSINESS**

The group'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 motion pictures, TV production and sports broadcasting.

Unfortunately, this increase in demand also created new challenges in the form of electronic component shortages and supply chain issues.

Despite this our outlook for the next financial year remains positive and our diverse range of products, along with our wide geographic sales spread should see us continue to grow and expand our market reach .

Usually we consider our key financial performance indicators are those that communicate the financial performance and strength of the company. These indicators are revenue, gross profit margins and net profits. All three of these indicators improved over the period with sales revenues up 14%, gross profit up by 15% and net profit before tax increased by £163,490 (4%).

Stock values increased to £4,119,612 (2021 - £ 2,815,054) to support this growth.

Now that sales have returned to pre-pandemic levels the group has 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.

**Global outlook**

The long-term effect of the COVID-19 pandemic are still being felt with global supply chain issues and electronic component shortages having a significant impact on trading. The war in Ukraine will also have long term consequences for global trade as Russia and Ukraine are key suppliers and refiners of the precious metals and inert gases used in the production of electronics.

Rising inflation and increased cost of borrowing within the Western economies did not seem to reduce the global demand for new cars and trucks - fuelled in part by the global switch to electric vehicles.

**Customers**

Our strength remains in our diversity with the combination of innovative solutions for different markets and a wide geographic spread providing resilience to local lockdown issues and component shortages. This year also saw significant growth in the sales of our indoor positioning system (VIPS) with several large customers installing a VIPS solution.

**Suppliers**

Our largest supplier continued to work at full capacity during the year and worked closely with us to navigate the issues around the supply chain. This often meant the forward purchasing of key components to ensure supply. All our global suppliers of electronics continue to report demand outstripping supply which means that we will often have to modify a design to accommodate an alternative part or redesign a product to take an alternative part. We continue to work closely with our largest suppliers to mitigate this and reduce the risk to production wherever possible.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

### **Staff**

Following the pandemic we have retained a hybrid working model with production, administration and customer support staff working in the office and software developers and engineers working from home for at least part of the time. This has allowed us to recruit new skills from further afield and meet the changing expectations of the UK work force around work life balance. Headcount also increased during the year in response to the need for more engineers and software developers.

We anticipate that the forecast increases in inflation and the cost of living will put some pressure on salaries in the coming year.

### **Systems**

A major project has been started to replace our existing accounting systems with an easier to use and more powerful Enterprise Resource Planning system. This cloud based system will likely go live in late 2023 and will not only provide a platform for a more streamlined workflow it will also integrate more readily with our other key applications. The development costs should not have any material impact on cashflow.

### **Cashflow**

Whilst cash reserves remain healthy the board are conscious that the requirement to secure scarce components and the rising cost of these components will have an impact on future cashflow. We will continue to be prudent in our management of cash and the timing of any dividend payments to mitigate this.

## **RESEARCH AND DEVELOPMENT**

The next year will see us launch new variants of our flagship VB3i data logger product that specifically targets the Adaptive Safety market along with updates to our combined GNSS and Inertial products. New updates to our LabSat GNSS testing solutions and a virtual production specific version of our indoor positioning systems will also be launched.

The group will continue to invest in research and development and intends to continue to diversify outside of its traditional automotive and motorsport sectors into new and emerging markets.

## **ON BEHALF OF THE BOARD:**

G R Mackie - Director

27 September 2023

Report of the Directors  
for the Year Ended 30 September 2022

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2022.

**DIVIDENDS**

During the year the following interim dividends were paid:

06/01/2022 - £750,000

21/04/2022 - £1,250,000

28/07/2022 - £250,000

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 2022 will be £2,250,000. £2,131,174 on Ordinary shares and £118,826 on B Ordinary shares.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 October 2021 to the date of this report.

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

Other changes in directors holding office are as follows:

M C Papps - appointed 1 December 2021

**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 2022

**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

27 September 2023

### **Opinion**

We have audited the financial statements of Racelogic Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 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 2022 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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 this gives rise to a material misstatement in the financial statements themselves. 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 four and five, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company. The most significant which are directly relevant to the specific assertions in the financial statements are those related to the financial reporting frameworks (UK Generally Accepted Accounting Practice, the Companies Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the company operates;
- We enquired of management, whether they are aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur;
- We performed audit work considering the risk of management override of controls which included testing of unusual or unexpected journal entries on a sample basis, evaluating the business rationale of significant transactions identified outside the normal course of business and reviewing accounting estimates for bias;
- We reviewed the financial statements and tested the disclosures against supporting documentation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities including those leading to material misstatement in the financial statements or non-compliance with regulation. The risk increases the more that a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

27 September 2023

Consolidated Income Statement  
for the Year Ended 30 September 2022

	Notes	30.9.22 £	30.9.21 £
<b>TURNOVER</b>	3	20,444,805	17,998,010
Cost of sales		<u>7,075,067</u>	<u>6,362,625</u>
<b>GROSS PROFIT</b>		13,369,738	11,635,385
Administrative expenses		<u>9,205,251</u>	<u>7,731,933</u>
		4,164,487	3,903,452
Other operating income	4	<u>-</u>	<u>97,545</u>
<b>OPERATING PROFIT and PROFIT BEFORE TAXATION</b>		4,164,487	4,000,997
Tax on profit	7	<u>278,709</u>	<u>285,938</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>3,885,778</u>	<u>3,715,059</u>
Profit attributable to: Owners of the parent		<u>3,885,778</u>	<u>3,715,059</u>

The notes form part of these financial statements

Consolidated Other Comprehensive Income  
for the Year Ended 30 September 2022

	Notes	30.9.22 £	30.9.21 £
<b>PROFIT FOR THE YEAR</b>		3,885,778	3,715,059
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Currency translation differences		99,006	(162,815)
Income tax relating to other comprehensive income/(loss)		-	-
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX</b>		99,006	(162,815)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>3,984,784</u>	<u>3,552,244</u>
Total comprehensive income attributable to: Owners of the parent		<u>3,984,784</u>	<u>3,552,244</u>

Consolidated Balance Sheet  
30 September 2022

	Notes	30.9.22 £	£	30.9.21 £	£
<b>FIXED ASSETS</b>					
Tangible assets	10		1,504,802		1,488,327
Investments	11		<u>-</u>		<u>-</u>
			1,504,802		1,488,327
<b>CURRENT ASSETS</b>					
Stocks	12	4,119,612		2,815,054	
Debtors	13	1,973,110		1,731,633	
Cash at bank		<u>2,188,340</u>		<u>2,019,763</u>	
		8,281,062		6,566,450	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>869,210</u>		<u>964,097</u>	
<b>NET CURRENT ASSETS</b>			<u>7,411,852</u>		<u>5,602,353</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			8,916,654		7,090,680
<b>PROVISIONS FOR LIABILITIES</b>	17		<u>75,000</u>		<u>67,000</u>
<b>NET ASSETS</b>			<u>8,841,654</u>		<u>7,023,680</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		115		114
Share premium	19		908,624		825,435
Capital redemption reserve	19		10		10
Non Distributable Reserves	19		86,384		(12,622)
Retained earnings	19		<u>7,846,521</u>		<u>6,210,743</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>8,841,654</u>		<u>7,023,680</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2023 and were signed on its behalf by:

G R Mackie - Director

Company Balance Sheet  
30 September 2022

	Notes	30.9.22 £	£	30.9.21 £	£
<b>FIXED ASSETS</b>					
Tangible assets	10		1,350,175		1,381,768
Investments	11		<u>21,789</u>		<u>21,789</u>
			1,371,964		1,403,557
<b>CURRENT ASSETS</b>					
Stocks	12	4,010,714		2,588,004	
Debtors	13	1,602,710		1,876,497	
Cash at bank		<u>1,774,291</u>		<u>1,589,451</u>	
		7,387,715		6,053,952	
<b>CREDITORS</b>					
Amounts falling due within one year	14	<u>738,620</u>		<u>834,158</u>	
<b>NET CURRENT ASSETS</b>			<u>6,649,095</u>		<u>5,219,794</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			8,021,059		6,623,351
<b>PROVISIONS FOR LIABILITIES</b>	17		<u>75,000</u>		<u>67,000</u>
<b>NET ASSETS</b>			<u>7,946,059</u>		<u>6,556,351</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		115		114
Share premium	19		908,624		825,435
Capital redemption reserve	19		10		10
Retained earnings	19		<u>7,037,310</u>		<u>5,730,792</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>7,946,059</u>		<u>6,556,351</u>
Company's profit for the financial year			<u>3,556,518</u>		<u>3,233,317</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 September 2023 and were signed on its behalf by:

G R Mackie - Director

Consolidated Statement of Changes in Equity  
for the Year Ended 30 September 2022

	Called up share capital £	Retained earnings £	Share premium £
<b>Balance at 1 October 2020</b>	113	4,995,684	761,458
<b>Changes in equity</b>			
Issue of share capital	1	-	63,977
Dividends	-	(2,500,000)	-
Total comprehensive income	-	3,715,059	-
<b>Balance at 30 September 2021</b>	114	6,210,743	825,435
<b>Changes in equity</b>			
Issue of share capital	1	-	83,189
Dividends	-	(2,250,000)	-
Total comprehensive income	-	3,885,778	-
<b>Balance at 30 September 2022</b>	115	7,846,521	908,624
	Capital redemption reserve £	Non Distributable Reserves £	Total equity £
<b>Balance at 1 October 2020</b>	10	150,193	5,907,458
<b>Changes in equity</b>			
Issue of share capital	-	-	63,978
Dividends	-	-	(2,500,000)
Total comprehensive income	-	(162,815)	3,552,244
<b>Balance at 30 September 2021</b>	10	(12,622)	7,023,680
<b>Changes in equity</b>			
Issue of share capital	-	-	83,190
Dividends	-	-	(2,250,000)
Total comprehensive income	-	99,006	3,984,784
<b>Balance at 30 September 2022</b>	10	86,384	8,841,654

Company Statement of Changes in Equity  
for the Year Ended 30 September 2022

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
<b>Balance at 1 October 2020</b>	113	4,997,475	761,458	10	5,759,056
<b>Changes in equity</b>					
Issue of share capital	1	-	63,977	-	63,978
Dividends	-	(2,500,000)	-	-	(2,500,000)
Total comprehensive income	-	3,233,317	-	-	3,233,317
<b>Balance at 30 September 2021</b>	<b>114</b>	<b>5,730,792</b>	<b>825,435</b>	<b>10</b>	<b>6,556,351</b>
<b>Changes in equity</b>					
Issue of share capital	1	-	83,189	-	83,190
Dividends	-	(2,250,000)	-	-	(2,250,000)
Total comprehensive income	-	3,556,518	-	-	3,556,518
<b>Balance at 30 September 2022</b>	<b>115</b>	<b>7,037,310</b>	<b>908,624</b>	<b>10</b>	<b>7,946,059</b>



Consolidated Cash Flow Statement  
for the Year Ended 30 September 2022

	Notes	30.9.22 £	30.9.21 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	3,033,206	3,319,499
Government grants		-	97,545
Tax paid		(536,944)	(147,623)
Net cash from operating activities		<u>2,496,262</u>	<u>3,269,421</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(246,289)	(228,585)
Sale of tangible fixed assets		6,156	550
Net cash from investing activities		<u>(240,133)</u>	<u>(228,035)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		-	(93,531)
Share issue		84,420	76,269
Share buyback		(1,230)	(12,291)
Equity dividends paid		(2,250,000)	(2,500,000)
Net cash from financing activities		<u>(2,166,810)</u>	<u>(2,529,553)</u>
<b>Increase in cash and cash equivalents</b>		<u>89,319</u>	<u>511,833</u>
<b>Cash and cash equivalents at beginning of year</b>	2	2,019,763	1,666,962
Effect of foreign exchange rate changes		79,258	(159,032)
<b>Cash and cash equivalents at end of year</b>	2	<u>2,188,340</u>	<u>2,019,763</u>

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 30 September 2022

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

	30.9.22	30.9.21
	£	£
Profit before taxation	4,164,487	4,000,997
Depreciation charges	242,073	247,153
Loss/(profit) on disposal of fixed assets	1,333	(318)
Government grants	-	(97,545)
	<u>4,407,893</u>	<u>4,150,287</u>
Increase in stocks	(1,304,558)	(658,092)
Increase in trade and other debtors	(37,456)	(211,558)
(Decrease)/increase in trade and other creditors	<u>(32,673)</u>	<u>38,862</u>
<b>Cash generated from operations</b>	<u><u>3,033,206</u></u>	<u><u>3,319,499</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 2022**

	30.9.22	1.10.21
	£	£
Cash and cash equivalents	<u>2,188,340</u>	<u>2,019,763</u>

**Year ended 30 September 2021**

	30.9.21	1.10.20
	£	£
Cash and cash equivalents	<u>2,019,763</u>	<u>1,666,962</u>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.10.21	Cash flow	At 30.9.22
	£	£	£
<b>Net cash</b>			
Cash at bank	<u>2,019,763</u>	<u>168,577</u>	<u>2,188,340</u>
	<u>2,019,763</u>	<u>168,577</u>	<u>2,188,340</u>
<b>Total</b>	<u><u>2,019,763</u></u>	<u><u>168,577</u></u>	<u><u>2,188,340</u></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 2022 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.

**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.

**2. ACCOUNTING POLICIES - continued**

**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.

**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.

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2022

2. **ACCOUNTING POLICIES - continued**

**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.

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:

	30.9.22	30.9.21
	£	£
United Kingdom	1,642,754	2,095,321
Europe	4,828,747	4,191,850
Asia	7,301,134	5,985,493
Americas	6,307,113	5,184,424
Rest of world	365,057	540,922
	<u>20,444,805</u>	<u>17,998,010</u>

4. **OTHER OPERATING INCOME**

	30.9.22	30.9.21
	£	£
Government grants	<u>-</u>	<u>97,545</u>

The group received government payroll support grants in response to the covid-19 pandemic during the year to 30 September 2021.

5. **EMPLOYEES AND DIRECTORS**

	30.9.22	30.9.21
	£	£
Wages and salaries	4,286,163	3,752,997
Social security costs	370,118	292,080
Other pension costs	<u>168,611</u>	<u>128,291</u>
	<u>4,824,892</u>	<u>4,173,368</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2022

**5. EMPLOYEES AND DIRECTORS - continued**

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

	30.9.22	30.9.21
Administration	16	13
Development	63	61
Distribution	8	6
Manufacturing	12	12
Sales	12	10
	<u>111</u>	<u>102</u>

	30.9.22	30.9.21
	£	£
Directors' remuneration	743,954	616,333
Directors' pension contributions to money purchase schemes	<u>30,290</u>	<u>25,747</u>

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

Money purchase schemes	<u>6</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	30.9.22	30.9.21
	£	£
Emoluments etc	181,136	190,529
Pension contributions to money purchase schemes	<u>2,657</u>	<u>2,592</u>

**6. OPERATING PROFIT**

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

	30.9.22	30.9.21
	£	£
Other operating leases	124,429	89,079
Depreciation - owned assets	242,073	247,153
Loss/(profit) on disposal of fixed assets	1,333	(318)
Auditors' remuneration	10,000	10,000
Foreign exchange differences	<u>(113,245)</u>	<u>97,608</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2022

**7. TAXATION**

**Analysis of the tax charge**

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

	30.9.22 £	30.9.21 £
Current tax:		
UK corporation tax	156,130	199,142
Overseas taxation	<u>114,579</u>	<u>77,796</u>
Total current tax	270,709	276,938
Deferred tax	<u>8,000</u>	<u>9,000</u>
Tax on profit	<u>278,709</u>	<u>285,938</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:

	30.9.22 £	30.9.21 £
Profit before tax	<u>4,164,487</u>	<u>4,000,997</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19 % (2021 - 19 %)	791,253	760,189
Effects of:		
Expenses not deductible for tax purposes	-	4
Capital allowances in excess of depreciation	(2,039)	-
Depreciation in excess of capital allowances	-	5,374
Research and development enhanced deduction	(548,523)	(459,960)
Other reconciling items	(231)	(153)
Overseas tax differences	30,249	(28,516)
Deferred tax	<u>8,000</u>	<u>9,000</u>
Total tax charge	<u>278,709</u>	<u>285,938</u>

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

	30.9.22		30.9.21		
	Gross	Tax	Gross	Tax	Net
	£	£	£	£	£
Currency translation differences	<u>99,006</u>	<u>-</u>			<u>99,006</u>
	Gross	Tax	Gross	Tax	Net
	£	£	£	£	£
Currency translation differences	<u>(162,815)</u>	<u>-</u>			<u>(162,815)</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2022

8. **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.

9. **DIVIDENDS**

	30.9.22 £	30.9.21 £
Ordinary shares of 0.0001p each		
Interim	2,131,174	2,374,535
B Ordinary shares of 0.0001p each		
Interim	118,826	125,465
	<u>2,250,000</u>	<u>2,500,000</u>

10. **TANGIBLE FIXED ASSETS**

**Group**

	Freehold property £	Plant and machinery £	Totals £
<b>COST</b>			
At 1 October 2021	1,638,655	2,256,443	3,895,098
Additions	-	246,289	246,289
Disposals	-	(36,208)	(36,208)
Exchange differences	-	100,785	100,785
At 30 September 2022	<u>1,638,655</u>	<u>2,567,309</u>	<u>4,205,964</u>
<b>DEPRECIATION</b>			
At 1 October 2021	554,984	1,851,787	2,406,771
Charge for year	43,250	198,823	242,073
Eliminated on disposal	-	(28,719)	(28,719)
Exchange differences	-	81,037	81,037
At 30 September 2022	<u>598,234</u>	<u>2,102,928</u>	<u>2,701,162</u>
<b>NET BOOK VALUE</b>			
At 30 September 2022	<u>1,040,421</u>	<u>464,381</u>	<u>1,504,802</u>
At 30 September 2021	<u>1,083,671</u>	<u>404,656</u>	<u>1,488,327</u>



Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2022

10. **TANGIBLE FIXED ASSETS - continued**

**Company**

	Freehold property £	Plant and machinery £	Totals £
<b>COST</b>			
At 1 October 2021	1,638,655	1,761,058	3,399,713
Additions	-	129,917	129,917
At 30 September 2022	<u>1,638,655</u>	<u>1,890,975</u>	<u>3,529,630</u>
<b>DEPRECIATION</b>			
At 1 October 2021	554,984	1,462,961	2,017,945
Charge for year	43,250	118,260	161,510
At 30 September 2022	<u>598,234</u>	<u>1,581,221</u>	<u>2,179,455</u>
<b>NET BOOK VALUE</b>			
At 30 September 2022	<u>1,040,421</u>	<u>309,754</u>	<u>1,350,175</u>
At 30 September 2021	<u>1,083,671</u>	<u>298,097</u>	<u>1,381,768</u>

11. **FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 October 2021 and 30 September 2022	<u>21,789</u>
<b>NET BOOK VALUE</b>	
At 30 September 2022	<u>21,789</u>
At 30 September 2021	<u>21,789</u>

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		
Class of shares:			
Ordinary	100.00	30.9.22 £	30.9.21 £
Aggregate capital and reserves		1,664,514	1,156,915
Profit for the year		<u>507,599</u>	<u>362,126</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2022

11. **FIXED ASSET INVESTMENTS - continued**

**Racelogic GmbH**

Registered office: Germany

Nature of business: Electronic systems for the automotive industry

Class of shares:	% holding		
Ordinary	100.00	30.9.22	30.9.21
		£	£
Aggregate capital and reserves		189,444	144,479
Profit for the year		<u>44,965</u>	<u>23,087</u>

12. **STOCKS**

	<b>Group</b>		<b>Company</b>	
	30.9.22	30.9.21	30.9.22	30.9.21
	£	£	£	£
Raw materials	<u>4,119,612</u>	<u>2,815,054</u>	<u>4,010,714</u>	<u>2,588,004</u>

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

	<b>Group</b>		<b>Company</b>	
	30.9.22	30.9.21	30.9.22	30.9.21
	£	£	£	£
Trade debtors	1,343,841	1,364,826	815,363	989,000
Amounts owed by group undertakings	-	-	160,217	543,526
Other debtors	229,867	147,909	214,819	164,745
Tax	204,879	858	246,173	858
Prepayments and accrued income	<u>194,523</u>	<u>218,040</u>	<u>166,138</u>	<u>178,368</u>
	<u>1,973,110</u>	<u>1,731,633</u>	<u>1,602,710</u>	<u>1,876,497</u>

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

	<b>Group</b>		<b>Company</b>	
	30.9.22	30.9.21	30.9.22	30.9.21
	£	£	£	£
Trade creditors	487,494	462,133	455,220	440,476
Tax	-	62,214	-	-
Social security and other taxes	197,855	145,004	168,758	120,157
Other creditors	6,280	39,698	-	35,512
Accruals and deferred income	<u>177,581</u>	<u>255,048</u>	<u>114,642</u>	<u>238,013</u>
	<u>869,210</u>	<u>964,097</u>	<u>738,620</u>	<u>834,158</u>

15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2022

**Group**

	Non-cancellable operating leases	
	30.9.22	30.9.21
	£	£
Within one year	54,919	60,423
Between one and five years	141,875	264,858
	<u>196,794</u>	<u>325,281</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £81,751 (2021 - £50,757). The above disclosure relates to the group only. There are no non-cancellable operating lease agreements held by the company only.

16. **FINANCIAL INSTRUMENTS**

**Group**

Financial instruments that are debt instruments measured at amortised cost totalled £3,532,181 as at 30 September 2022 (2021 - £3,384,589).

Financial liabilities that are measured at amortised cost totalled £487,494 as at 30 September 2022 (2021 - £462,133).

**Company**

Financial instruments that are debt instruments measured at amortised cost totalled £2,749,871 as at 30 September 2022 (2021 - £3,121,977).

Financial liabilities that are measured at amortised cost totalled £455,220 as at 30 September 2022 (2021 - £440,476).

17. **PROVISIONS FOR LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	30.9.22	30.9.21	30.9.22	30.9.21
	£	£	£	£
Deferred tax				
Accelerated capital allowances	<u>75,000</u>	<u>67,000</u>	<u>75,000</u>	<u>67,000</u>

**Group**

	Deferred tax
	£
Balance at 1 October 2021	67,000
Provided during year	8,000
Balance at 30 September 2022	<u>75,000</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2022

17. PROVISIONS FOR LIABILITIES - continued

Company

	Deferred tax £
Balance at 1 October 2021	67,000
Provided during year	8,000
Balance at 30 September 2022	<u>75,000</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.9.22 £	30.9.21 £
1,095,337	Ordinary	0.0001p	109	108
64,162	B Ordinary	0.0001p	<u>6</u>	<u>6</u>
			<u>115</u>	<u>114</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.

10,000 Ordinary shares of 0.0001p per share were purchased during the year at a premium of £4.90 per share. 3,542 B Ordinary shares of 0.0001p per share were also purchased at a premium of £10.00 per share. 178 B Ordinary shares of 0.0001p per share were sold during the year at a premium of £6.91.

19. RESERVES

Group

	Retained earnings £	Share premium £	Capital redemption reserve £	Non Distributable Reserves £	Totals £
At 1 October 2021	6,210,743	825,435	10	(12,622)	7,023,566
Profit for the year	3,885,778				3,885,778
Dividends	(2,250,000)				(2,250,000)
Purchase of own shares	-	(1,230)	-	-	(1,230)
Cash share issue	-	84,419	-	-	84,419
Currency translation differences	-	-	-	99,006	99,006
At 30 September 2022	<u>7,846,521</u>	<u>908,624</u>	<u>10</u>	<u>86,384</u>	<u>8,841,539</u>

Notes to the Consolidated Financial Statements - continued  
for the Year Ended 30 September 2022

19. **RESERVES - continued**

**Company**

	Retained earnings £	Share premium £	Capital redemption reserve £	Totals £
At 1 October 2021	5,730,792	825,435	10	6,556,237
Profit for the year	3,556,518			3,556,518
Dividends	(2,250,000)			(2,250,000)
Purchase of own shares	-	(1,230)	-	(1,230)
Cash share issue	-	84,419	-	84,419
At 30 September 2022	<u>7,037,310</u>	<u>908,624</u>	<u>10</u>	<u>7,945,944</u>

20. **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 £168,611 (2021 - £128,291).

There were outstanding contributions of £35,512 (2021 - £nil) but no prepaid contributions at the beginning of the financial year. There were no outstanding (2021 - £35,512) or prepaid contributions (2021 - £nil) at the end of the financial year.

21. **RELATED PARTY DISCLOSURES**

During the year, dividends of £2,162,284 (2021 - £2,273,355) were paid to the directors.

During the year the group received services totalling £163,197 (2021 - £139,807) 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 (2021 - £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 5 to the consolidated financial statements.

22. **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.