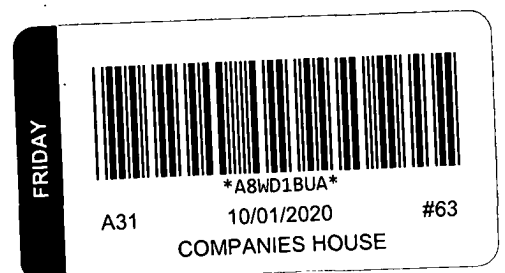


Company Registration No. 02935536 (England and Wales)

**FORMEL D (UK) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



# FORMEL D (UK) LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	Mr N Davies Mr J L Esteyez	(Appointed 2 October 2019) (Appointed 2 October 2019)
------------------	-------------------------------	--

<b>Company number</b>	02935536
-----------------------	----------

<b>Registered office</b>	4 The Cottages Deva Centre Trinity Way Manchester M3 7BE
--------------------------	--

<b>Auditor</b>	KPMG LLP One Snow Hill, Snowhill, Queensway Birmingham B4 6GH
----------------	--

<b>Business address</b>	38 Cygnet Court Timothy's Bridge Road Stratford upon Avon CV37 9NW
-------------------------	---

---

# FORMEL D (UK) LIMITED

## CONTENTS

---

	Page
Directors' report	1
Directors' responsibilities statement	2
Independent auditor's report to the members of FORMEL D (UK) LIMITED	3 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 13

---

# FORMEL D (UK) LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2018**

---

The directors present their annual report and financial statements for the year ended 31 December 2018.

### Principal activities

The principal activity of the company continued to be that of supply of technical expertise and documentation, retrofit and rework services to the motor industry.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr Jurgen Laakmann	(Resigned 2 October 2019)
Mr N Davies	(Appointed 2 October 2019)
Mr J L Estevez	(Appointed 2 October 2019)

### Auditor

In accordance with the company's articles, a resolution proposing that KPMG LLP be re-appointed as auditor of the company will be put at a General Meeting.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. As a result of the small companies' exemption, the company is not required to prepare a Strategic Report.

On behalf of the board

*Neil Davies*

.....  
Mr N Davies  
Director

Date: 10th January 2020  
.....

# **FORMEL D (UK) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2018***

---

The directors are responsible for preparing the directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# FORMEL D (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF FORMEL D (UK) LIMITED

---

#### Opinion

We have audited the financial statements of Formel D (UK) Limited (the "Company") for the year ended 31 December 2018, which comprise the Profit and Loss Account, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty (other than in the areas excluded from the scope of our audit) when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

#### Going Concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

# FORMEL D (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FORMEL D (UK) LIMITED

---

### Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

### Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

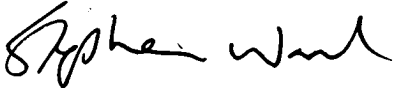
# FORMEL D (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF FORMEL D (UK) LIMITED

---

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



Stephen Ward (Senior Statutory Auditor)  
for and on behalf of KPMG LLP

Statutory Auditor

10 January 2020

.....  
One Snow Hill,  
Snowhill,  
Queensway  
Birmingham  
B4 6GH



## FORMEL D (UK) LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Turnover	18,406,700	9,225,057
Cost of sales	(14,239,812)	(7,136,958)
<b>Gross profit</b>	<b>4,166,888</b>	<b>2,088,099</b>
Administrative expenses	(2,499,684)	(1,336,618)
<b>Operating profit</b>	<b>1,667,204</b>	<b>751,481</b>
Interest receivable and similar income	4,250	919
<b>Profit before taxation</b>	<b>1,671,454</b>	<b>752,400</b>
Tax on profit	(285,892)	(144,912)
<b>Profit for the financial year</b>	<b>1,385,562</b>	<b>607,488</b>

The accompanying notes form an integral part of financial statements.

# FORMEL D (UK) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Intangible assets	3		15,865		-
Tangible assets	4		349,622		17,951
			<u>365,487</u>		<u>17,951</u>
<b>Current assets</b>					
Debtors	5	9,850,714		2,618,022	
Cash at bank and in hand		1,648,467		664,650	
		<u>11,499,181</u>		<u>3,282,672</u>	
<b>Creditors: amounts falling due within one year</b>	6	<u>(8,347,399)</u>		<u>(1,168,916)</u>	
<b>Net current assets</b>			<u>3,151,782</u>		<u>2,113,756</u>
<b>Total assets less current liabilities</b>			<u>3,517,269</u>		<u>2,131,707</u>
<b>Provisions for liabilities</b>			<u>(4,419)</u>		<u>(4,419)</u>
<b>Net assets</b>			<u><u>3,512,850</u></u>		<u><u>2,127,288</u></u>
<b>Capital and reserves</b>					
Called up share capital	7		19,176		19,176
Profit and loss reserves			3,493,674		2,108,112
<b>Total equity</b>			<u><u>3,512,850</u></u>		<u><u>2,127,288</u></u>

The accompanying notes form an integral part of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 10th January 2020 and are signed on its behalf by:

*Neil Davies*

Mr N Davies  
Director

Company Registration No. 02935536

# FORMEL D (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

---

### 1 Accounting policies

#### Company information

Formel D (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 4 The Cottages, Deva Centre, Trinity Way, Manchester, M3 7BE.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continued to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

# FORMEL D (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Class	Amortisation method
Patents	44% straight-line

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Class	Depreciation method
Plant and machinery	8%-33% straight-line

#### 1.6 Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### 1.7 Financial instruments

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# FORMEL D (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

---

### 1 Accounting policies

(Continued)

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# FORMEL D (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 158 (2017 - 15)

### 3 Intangible fixed assets

	Intangible fixed assets Patents £
<b>Cost</b>	
At 1 January 2018	-
Additions	28,557
At 31 December 2018	28,557
<b>Amortisation and impairment</b>	
At 1 January 2018	-
Amortisation charged for the year	12,692
At 31 December 2018	12,692
<b>Carrying amount</b>	
At 31 December 2018	15,865
At 31 December 2017	-

# FORMEL D (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 4 Tangible fixed assets

	Plant and machinery £
<b>Cost</b>	
At 1 January 2018	103,880
Additions	385,944
At 31 December 2018	489,824
<b>Depreciation and impairment</b>	
At 1 January 2018	85,929
Depreciation charged in the year	54,273
At 31 December 2018	140,202
<b>Carrying amount</b>	
At 31 December 2018	349,622
At 31 December 2017	17,951

### 5 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	5,964,527	2,485,891
Amounts owed by group undertakings	551,227	102,166
Other debtors	3,334,960	29,965
	9,850,714	2,618,022

Included in other debtors is accrued income of £3,283,010 (2017: £nil).

### 6 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	1,676,718	462,995
Amounts owed to group undertakings	3,620,211	261,396
Corporation tax	71,329	119,761
Other taxation and social security	852,814	248,598
Other creditors	2,126,327	76,166
	8,347,399	1,168,916

We are not aware of any guarantees of any kind entered into by the company, or by any of its subsidiary undertakings.

## FORMEL D (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

---

**7 Called up share capital**

	2018	2017
	£	£
Ordinary share capital Issued and fully paid		
19,176 Ordinary shares of £1 each	19,176	19,176
	<u>          </u>	<u>          </u>

**8 Related party transactions**

During the year there were no related party transactions outside the normal course of business.

**9 Parent company**

The ultimate controlling party is Formel D GmbH, who were incorporated in Germany, by virtue of its 100% (2017: 100%) shareholding in Formel D (UK) Limited.

Key management personnel are employed and remunerated by the ultimate controlling party. There are no amounts to disclose in relation to key management personnel compensation.

There were no related party transactions outside the normal course of business during the year.