

Ilmor Engineering Limited

Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 05475534



Ilmor Engineering Limited

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Company Information

Directors	R S Penske MIS Motors Holding AG S J O'Connor
Company secretary	P J Rogers
Registered number	05475534
Registered office	Quarry Road Brixworth Northamptonshire NN6 9UB
Independent auditor	BDO LLP Two Snowhill Birmingham B4 6GA

Ilmor Engineering Limited

Group Strategic Report For the Year Ended 31 December 2020

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2020.

Summary of principal activities

The principal activities of the Group and Company are the design, development, manufacture and testing of both internal combustion engines and electric powertrain units for a range of world renowned customers. Income derived from North American racing programmes remains at the core of the business and Ilmor is proud of its successful technical partnership with Chevrolet in the NTT Indycar Championship. Ilmor has also seen continued growth in motorsport and electric powertrain markets outside of North America.

Business review

2020 was a challenging year for the business with reduced income due to the unforeseen impact of the worldwide pandemic despite our continued work for our core customers.

The consolidated income statement set out on page 11 shows the loss for the year, after taxation, of £261,446 (2019 - profit £1,821,563). The revenue in 2020 was £12,320,919 which represents a decrease of £4,296,398 (25.9%) over the same period in 2019. A concerted effort to manage costs during the difficult trading conditions combined with a drive to remain competitive in our racing programmes resulted in an operating profit of £86,334 (2019 - £2,629,040).

The business continued to invest in its fixed asset base to maintain the capacity to work in this technically advanced environment. £2,024,880 was invested in tangible fixed asset additions during the year (2019 - £2,183,201).

The consolidated cash flow statement on pages 18 shows a net increase in cash of £957,177 (2019 - decrease of £2,205,454) over the year. Net current assets at the end of the year stood at £3,635,589 (2019 - £4,387,602) and total assets less current liabilities were £11,847,303 (2019 - £11,565,161).

The management team meet regularly for business reviews and to identify trends in the key performance indicators of revenue, costs, profit, and cash. The business actively looks at long term solutions to maintain revenues and to those short-term actions that help to improve both profitability and cash flow.

Subsequent to 2020 these continued efforts have placed Ilmor in a strong position to recover from the impact of the worldwide pandemic. The Company will return to a profitable trading position in 2021 and has managed to maintain a strong cash balance whilst continuing to invest in its fixed assets. The renewed and continued technical partnership with Chevrolet will enable the business to build on this position in the future years as the impact of the pandemic reduces.

The business continued to operate its facility throughout the pandemic and adopted a strict COVID 19 health and safety regime with regular risk assessments which are over and above the UK government guidelines. Where possible the business implemented a work from home policy and ran its own track and trace system which records all staff that need to work on site including any essential visitors. During the second half of 2021 the business expects that all staff that have been working from home will return to working from the business premises.

Research and development

In total the Group invested £5,357,101 in R&D activities (£5,613,912 in 2019). This represented 42.2% of the annual revenue (33.8% in 2019). Net tax credits of £550,800 (2019 - £545,672) have been recognised in relation to R&D expenditure incurred in 2020.

Ilmor Engineering Limited

Group Strategic Report (continued) For the Year Ended 31 December 2020

Principal risks and uncertainties

COVID 19

Ilmor have assessed the risk that COVID 19 represents to its business. Our observations are that, despite the unprecedented and far reaching impacts on the world economies, the existing markets for our engineering programmes have adjusted to the challenges of the COVID pandemic and this has resulted in all our existing customers continuing to operate their programmes this year and beyond. The business has seen many OEM's now placing enquiries and orders back to levels seen before the pandemic began.

Market risk

The market for engineering programmes and services remains extremely competitive, and new programmes of long term work are rarely awarded by OEM's, even with Ilmor's track record of success. The business recognises the importance of delivering for Ilmor's existing customers to ensure that we secure any related follow on business. At the same time Ilmor continues to develop new products to attract customers in new markets.

Recruitment and retention of staff

Ilmor understand that its people are its most valuable assets and are essential to its ability to deliver successful programmes of work. Staff retention levels are very good but the business understands that to maintain this talent pool it must offer competitive reward packages to its employees and a stimulating environment where their talents can benefit themselves and the Group.

A high fixed cost structure

The nature of the business requires a considerable capital investment programme to ensure that it has the tools to provide a world class facility for the design, manufacture and testing of our products. The business is therefore vulnerable when income levels fall. Management priority is given to identifying long term programmes of work to provide stability and underpin the core business, whilst maintaining the ability to respond to shorter term opportunities that may develop into larger programmes.

Financial risk management

Credit risk

Credit risks arise from the potential vulnerability of trade debtors. This risk is addressed by setting credit limits that are frequently reviewed in light of their customer payment histories.

Exchange rate fluctuations

The business holds a high proportion of its loan capital denominated in US Dollars and as such the valuation of these loans is subject to unrealised valuation differences from one accounting period to the next. In terms of trading arrangements, wherever possible, commercial agreements with overseas customers are denominated in GB Pounds to minimise trading exposures.

Interest rate fluctuations

Similarly, the business is vulnerable to upward changes in the interest rate thereby increasing the loan interest costs. All debt is currently on a floating rate basis, however the Directors are continuing to monitor the debt portfolio in light of interest rate changes.

Ilmor Engineering Limited

**Group Strategic Report (continued)
For the Year Ended 31 December 2020**

Financial risk management (continued)

Liquidity

The business maintains adequate facilities to meet its day to day requirements, and maintains a rolling cash flow forecast to identify the net cash or funding needs on a month by month basis.

This report was approved by the board and signed on its behalf by:



S J O'Connor
Director

Date: 10/8/2021

Ilmor Engineering Limited

Directors' Report For the Year Ended 31 December 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The loss for the year, after taxation, amounted to £261,446 (2019 - profit £1,821,563).

Financial risk management objectives and policies

Financial risk management objectives and policies have been formulated by the Group to control the exposure to foreign currency exchange risk, credit risk, liquidity risk and cash flow risk.

Further disclosures are included in the Strategic Report.

Indemnity provisions

The Company has in place qualifying third party indemnity provisions for the benefit of its Directors.

Directors

The Directors who served during the year and up to the date of this report were:

R S Penske
MIS Motors Holding AG
S J O'Connor

Going concern

Based on the forecasts prepared by the Directors, which have taken into account all reasonably foreseeable events and circumstances, the known and expected impacts of the C-19 pandemic, the terms of medium and longer term financing in place and the current trading performance of the Group the Directors are confident that there is sufficient funding in place for the continued operation of the business.

Shareholder loan maturity has been assessed by the Directors. Following a renegotiation of the repayment date concluded in November 2020, £3,329,645 is repayable in June 2022 and the remaining balance in June 2025. Given the shareholder's aligned interests in the continued operation of the business the Directors are confident the repayment terms for the debt maturing in June 2022 will be successfully renegotiated should this be necessary.

Based on the above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Ilmor Engineering Limited

Directors' Report (continued) For the Year Ended 31 December 2020

Post balance sheet events

During January 2021, the Group concluded negotiations with its bankers, under which the repayment terms of the bank loan was rescheduled, resulting in an amount of £668,613 now falling due after more than 12 months from the balance sheet date.

During January 2021, an additional 20,408 Ordinary shares were issued for total consideration of £29,898. This increases the number of ordinary shares in issue to 2,520,408.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



S J O'Connor
Director

Date: 10/2/2021

Ilmor Engineering Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2020

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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.

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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Ilmor Engineering Limited

Independent Auditor's Report to the Members of Ilmor Engineering Limited

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ilmor Engineering Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company 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.

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 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.

Ilmor Engineering Limited

Independent Auditor's Report to the Members of Ilmor Engineering Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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.

Other Companies Act 2006 reporting

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

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

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 and Directors' Report.

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

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

Responsibilities of directors

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

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

Ilmor Engineering Limited

Independent Auditor's Report to the Members of Ilmor Engineering Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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 design and execution of our procedures and the extent to which they are capable of detecting irregularities, including fraud, is detailed below.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Enquiring of management and the Directors, including obtaining and reviewing supporting documentation, concerning the Group and the Parent Company's policies and procedures relating to:
 - a) identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - b) detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud; and
 - c) the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks applicable to the Group and the Parent Company based on our understanding of the business, sector experience and discussions with management. The most significant considerations are the application of UK Accounting Standards, the Companies Act 2006, corporate taxes and VAT legislation, employment taxes, health and safety and the Bribery Act 2010.
- Discussing amongst the engagement team to assess how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - a) management override of controls; and
 - b) revenue recognition, specifically the manipulation of revenue using fraudulent journals and the risk of bias in the assessment of the stage of completion of customer contracts.

We executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures included the following:

- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations.
- We tested the appropriateness of accounting journals and other adjustments made in the preparation of the financial statements. We used data assurance techniques to identify and analyse the complete population of all journals in the year to identify and substantively test any which we considered were indicative of management override.
- We reviewed the Company's accounting policies for non-compliance with relevant standards. Our work also included considering significant accounting estimates for evidence of misstatement or possible bias and testing any significant transactions that appeared to be outside the normal course of business.
- We critically assessed the appropriateness and tested the application of the revenue and cost recognition policies, with particular focus on contracts which were in progress at the year end.

Ilmor Engineering Limited

Independent Auditor's Report to the Members of Ilmor Engineering Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

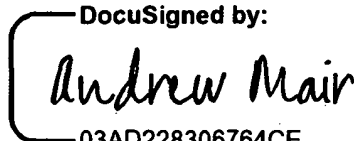
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Andrew Mair (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Birmingham

United Kingdom

Date: 10 August 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Ilmor Engineering Limited

Consolidated Income Statement For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	12,320,919	16,617,317
Cost of sales		(9,642,028)	(11,026,923)
Gross profit		2,678,891	5,590,394
Administrative expenses		(3,791,648)	(3,719,227)
Other operating income	5	1,199,091	757,873
Operating profit	6	86,334	2,629,040
Interest receivable and similar income	9	6,871	29,841
Interest payable and similar expenses	10	(268,625)	(391,385)
(Loss)/profit before tax		(175,420)	2,267,496
Tax on (loss)/profit	11	(86,026)	(445,933)
(Loss)/profit for the financial year		(261,446)	1,821,563
(Loss)/profit for the year attributable to:			
Owners of the parent		(261,446)	1,821,563
		(261,446)	1,821,563

The notes on pages 20 to 39 form part of these financial statements.

Ilmor Engineering Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £	2019 £
(Loss)/profit for the financial year		(261,446)	1,821,563
Other comprehensive income			
Currency translation differences		38,056	36,784
Other comprehensive income for the year		38,056	36,784
Total comprehensive (loss)/income for the year		(223,390)	1,858,347
Total comprehensive (loss)/income attributable to:			
Owners of the parent Company		(223,390)	1,858,347
		(223,390)	1,858,347


The notes on pages 20 to 39 form part of these financial statements.

Ilmor Engineering Limited
Registered number: 05475534

Consolidated Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	12		619,911		757,671
Tangible assets	13		7,591,802		6,419,887
Investment property	15		1		1
			<u>8,211,714</u>		<u>7,177,559</u>
Current assets					
Stocks	16	903,452		778,854	
Debtors: amounts falling due within one year	17	5,735,097		3,235,232	
Cash at bank and in hand	18	4,027,297		3,070,120	
		<u>10,665,846</u>		<u>7,084,206</u>	
Creditors: amounts falling due within one year	19	(7,030,257)		(2,696,604)	
Net current assets			<u>3,635,589</u>		<u>4,387,602</u>
Total assets less current liabilities			<u>11,847,303</u>		<u>11,565,161</u>
 Creditors: amounts falling due after more than one year	20		6,171,841		5,819,376
Provisions for liabilities					
Deferred taxation	22		153,067		-
Capital and reserves					
Called up share capital	23	2,500,000		2,500,000	
Profit and loss account		3,022,395		3,245,785	
Total equity shareholders funds			<u>5,522,395</u>		<u>5,745,785</u>
			<u>11,847,303</u>		<u>11,565,161</u>

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


S J O'Connor
Director

Date: 10/8/2021

The notes on pages 20 to 39 form part of these financial statements.

Ilmor Engineering Limited
Registered number:05475534

Company Statement of Financial Position
As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	12		619,911		757,671
Tangible assets	13		7,591,802		6,419,887
Investments	14		61,500		61,500
			<u>8,273,213</u>		<u>7,239,058</u>
Current assets					
Stocks	16	903,452		778,854	
Debtors: amounts falling due within one year	17	5,737,371		3,186,487	
Cash at bank and in hand	18	3,591,959		2,740,704	
		<u>10,232,782</u>		<u>6,706,045</u>	
Creditors: amounts falling due within one year	19	(7,143,705)		(2,803,757)	
Net current assets			<u>3,089,077</u>		<u>3,902,288</u>
Total assets less current liabilities			<u><u>11,362,290</u></u>		<u><u>11,141,346</u></u>
 Creditors: amounts falling due after more than one year	20		6,171,841		5,819,376
Provisions for liabilities					
Deferred taxation	22		153,067		-
Capital and reserves					
Called up share capital	23	2,500,000		2,500,000	
Profit and loss account		2,537,382		2,821,970	
Total equity shareholders funds			<u>5,037,382</u>		<u>5,321,970</u>
			<u><u>11,362,290</u></u>		<u><u>11,141,346</u></u>

Ilmor Engineering Limited

Registered number:05475534

Company Statement of Financial Position (continued) As at 31 December 2020

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the Parent Company for the year was £284,588 (2019 - profit after tax of £1,798,183).

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


S J O'Connor
Director

Date: 10/8/2021

The notes on pages 20 to 39 form part of these financial statements.

Ilmor Engineering Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	2,500,000	3,245,785	5,745,785
Comprehensive loss for the year			
Loss for the year	-	(261,446)	(261,446)
Currency translation differences	-	38,056	38,056
Total comprehensive loss for the year	-	(223,390)	(223,390)
At 31 December 2020	2,500,000	3,022,395	5,522,395

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	2,500,000	1,387,438	3,887,438
Comprehensive income for the year			
Profit for the year	-	1,821,563	1,821,563
Currency translation differences	-	36,784	36,784
Total comprehensive income for the year	-	1,858,347	1,858,347
At 31 December 2019	2,500,000	3,245,785	5,745,785

The notes on pages 20 to 39 form part of these financial statements.

Ilmor Engineering Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	2,500,000	2,821,970	5,321,970
Comprehensive loss for the year			
Loss for the year	-	(284,588)	(284,588)
Total comprehensive loss for the year	-	(284,588)	(284,588)
At 31 December 2020	2,500,000	2,537,382	5,037,382

Company Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	2,500,000	1,023,787	3,523,787
Comprehensive income for the year			
Profit for the year	-	1,798,183	1,798,183
Total comprehensive income for the year	-	1,798,183	1,798,183
At 31 December 2019	2,500,000	2,821,970	5,321,970

The notes on pages 20 to 39 form part of these financial statements.

Ilmor Engineering Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2020

	2020 £	2019 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(261,446)	1,821,563
Adjustments for:		
Depreciation and amortisation of fixed assets	990,725	750,814
Net interest payable	261,754	361,544
Taxation charge	86,026	445,933
(Increase)/decrease in stocks	(124,598)	352,137
(Increase) in debtors	(2,268,893)	(500,042)
Increase in creditors	4,257,291	245,906
Foreign exchange movement on loans	(110,366)	(45,348)
Corporation tax (paid)	(6,252)	(77,982)
(Increase) in R&D tax credits accrued	(680,000)	(673,669)
R&D tax credits received	530,077	527,363
Net cash generated from operating activities	2,674,318	3,208,219
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,024,880)	(2,183,201)
Government grants received on tangible fixed assets	521,500	-
Interest received	6,871	29,841
Net cash used from investing activities	(1,496,509)	(2,153,360)
Cash flows from financing activities		
Repayment of loans	(43,480)	(2,806,047)
Interest paid	(177,152)	(454,266)
Net cash used in financing activities	(220,632)	(3,260,313)
Net increase/(decrease) in cash and cash equivalents	957,177	(2,205,454)
Cash and cash equivalents at beginning of year	3,070,120	5,275,574
Cash and cash equivalents at the end of year	4,027,297	3,070,120
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,027,297	3,070,120

The notes on pages 20 to 39 form part of these financial statements.

Ilmor Engineering Limited

Consolidated Analysis of Net Debt For the Year Ended 31 December 2020

	At 1 January 2020 £	Cash flows £	Other non- cash changes £	At 31 December 2020 £
Cash at bank and in hand	3,070,120	957,177	-	4,027,297
Other loans	(5,819,376)	-	110,366	(5,709,010)
Bank loans	(768,646)	43,480	-	(725,166)
	<u>(3,517,902)</u>	<u>1,000,657</u>	<u>110,366</u>	<u>(2,406,879)</u>

The notes on pages 20 to 39 form part of these financial statements.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

Ilmor Engineering Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Group and the Company's operations and their principal activities are set out in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The financial statements have been prepared in the Group's functional currency, pound sterling.

The following principal accounting policies have been consistently applied:

2.2 Parent company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the Parent Company;
- Disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

2.3 Basis of consolidation

The consolidated financial statements incorporate the results of Ilmor Engineering Limited and all of its subsidiary undertakings as at 31 December 2020 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

2.4 Going concern

Based on the forecasts prepared by the Directors, which have taken into account all reasonably foreseeable events and circumstances, the known and expected impacts of the C-19 pandemic, the terms of medium and longer term financing in place and the current trading performance of the Group the Directors are confident that there is sufficient funding in place for the continued operation of the business.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.4 Going concern (continued)

Shareholder loan maturity has been assessed by the Directors. Following a renegotiation of the repayment date concluded in November 2020, £3,329,645 is repayable in June 2022 and the remaining balance in June 2025. Given the shareholder's aligned interests in the continued operation of the business the Directors are confident the repayment terms for the debt maturing in June 2022 will be successfully renegotiated should this be necessary.

Based on the above, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover is measured at fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Sale of goods

Turnover from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the customer in accordance with the contracted terms. For the sale of goods this reflects the contractual terms and can either be at the point of despatch or at the time of delivery.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill is being amortised over 20 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed and any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	3% per annum
Plant and machinery	-	15% per annum
Motor vehicles	-	33% per annum
Fixtures and fittings	-	15% per annum
Computer equipment	-	33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.10 Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.11 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost in relation to finished goods and goods for resale is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Work in progress is valued at the cost of labour and materials with an appropriate proportion of overheads based on the normal level of activity. Provisions are made where necessary to recognise the potential for slow moving stocks and the potential for reworking.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.13 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Government grants

Grants are accounted under the accruals model, unless the receipt of monies cannot be foreseen with reasonable certainty. Grants of a revenue nature are recognised in "other operating income" within profit or loss, where receipt can be foreseen with reasonable certainty, in order to match income with the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income. This includes the Electric Powertrain Test Facility (ePTF) - Foundations for Growth grant.

2.16 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'pounds sterling', which is the Company's functional and the Group's presentational currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date, including any goodwill in relation to that entity. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.17 Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instruments contractual obligations, rather than the financial instruments legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.18 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.19 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.21 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.23 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.24 Research and development

Expenditure on pure and applied research and development is charged to the profit and loss account in the year in which it is incurred.

R&D tax credits are accounted for under the accruals model, unless the receipt of monies cannot be foreseen with reasonable certainty. R&D tax credits are recognised in "other operating income" within profit or loss, where receipt can be foreseen with reasonable certainty, in order to match income with the related expenditure.

In the prior year, R&D tax credits were presented within exceptional items to reflect the fact that amounts recognised in 2018 represented claims for multiple accounting periods whilst 2019 represented claims for a single accounting period. R&D tax credits in the current and comparative period represent the amount expected to be earned in that year and have been represented within "other operating income".

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

Indicators of impairment

Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

The key sources of estimation uncertainty and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Goodwill and other intangible fixed assets (see note 12)

Intangible fixed assets are amortised over their useful economic lives. The economic life considered to be appropriate by the Directors is 20 years and has been determined based on the fact that there are large barriers to entry in this market.

Tangible fixed assets (see note 13)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stock provisions (see note 16)

The Group has recognised provisions for the impairment of stock. The estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors. This includes obsolescence through technological or customer specific reasons. This provision is based on the assessment of stock value and ageing, quantities on hand, usage, changes in the market, technical developments and warranty periods. The value of stock in note 17 is net of the provision for the impairment of stock.

Revenue recognised on service contracts

The Group has recognised revenue on service contracts in line with the stage of completion of the contracts. Estimates have been made in relation to the stage of completion of the contracts based on costs incurred and expected costs to complete.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

4. Turnover

Turnover is wholly attributable to the principal activity of the Group.

The analysis of turnover by geographical market required by paragraph 68 of Schedule 1 to the large and medium-sized companies and groups (accounts and reports) Regulations 2008 has not been provided as, in the opinion of the Directors, such disclosure would be seriously prejudicial to the interests of the Group.

5. Other operating income

	2020 £	2019 £
Royalties received	39,370	38,856
Coronavirus job retention scheme	369,355	-
Unrealised foreign exchange gain on long term borrowings	110,366	45,348
R&D tax credits	680,000	673,669
	<u>1,199,091</u>	<u>757,873</u>

6. Operating profit

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

	2020 £	2019 £
Research & development	5,357,101	5,613,912
Depreciation of tangible fixed assets	852,965	613,053
Amortisation of positive goodwill	137,760	137,761
Fees payable to the Company's auditor for the auditing of the Company's annual accounts	26,000	23,875
Fees payable to the Group's auditor and its associates for non-audit services	22,200	27,535
Pension costs	512,514	540,988

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	6,060,679	5,968,361	5,596,297	5,479,800
Social security costs	624,261	609,426	624,261	609,426
Cost of defined contribution scheme	512,514	540,988	512,514	534,960
	<u>7,197,454</u>	<u>7,118,775</u>	<u>6,733,072</u>	<u>6,624,186</u>

The average number of employees (including Directors) during the year was 95 (2019 - 97).

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	588,519	332,450
Company contributions to defined contribution pension schemes	5,832	20,236
	<u>594,351</u>	<u>352,686</u>

The total amount payable to the highest paid Director in respect of emoluments was £588,519 (2019 - £332,450). Company pension contributions of £5,832 (2019 - £20,236) were made to a money purchase scheme on their behalf.

9. Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	<u>6,871</u>	<u>29,841</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	16,580	22,750
All other loans (including loans from group companies)	252,045	368,635
	<u>268,625</u>	<u>391,385</u>

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on (losses)/profits for the year	(81,484)	211,075
Adjustment in respect of prior periods	8,873	7,096
Foreign tax		
Foreign tax on income for the year	5,516	6,832
Total current tax	<u>(67,095)</u>	<u>225,003</u>
Deferred tax		
Origination and reversal of timing differences	180,146	237,143
Adjustment in respect of prior periods/changes in tax rates	(27,025)	(16,213)
Total deferred tax	<u>153,121</u>	<u>220,930</u>
Taxation on (loss)/profit	<u><u>86,026</u></u>	<u><u>445,933</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	<u>(175,420)</u>	<u>2,228,640</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(33,330)	430,824
Effects of:		
Expenses not deductible for tax purposes	11,743	22,309
Higher/(lower) rate taxes on overseas earnings	(3,473)	1,917
Adjustment in respect of prior periods	(18,152)	7,096
Impact of changes in tax rates on the deferred tax movements	-	(16,213)
R&D expenditure credits	129,238	-
Total tax (credit)/charge for the year	<u><u>86,026</u></u>	<u><u>445,933</u></u>

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

11. Taxation (continued)

Factors that may affect future tax charges

The Corporation tax is calculated at 19% (2019 - 19%) of the estimated assessable profit for the year. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the Statement of Financial Position date have been measured using these enacted rates and reflected in these financial statements. The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19% to 25% from April 2023. As this rate was not substantively enacted at the Statement of Financial Position date it has not been used to calculate the deferred tax balances.

12. Intangible assets

Group

	Goodwill £
Cost	
At 1 January 2020	2,772,951
At 31 December 2020	<u>2,772,951</u>
Amortisation	
At 1 January 2020	2,015,280
Charge for the year	137,760
At 31 December 2020	<u>2,153,040</u>
Net book value	
At 31 December 2020	<u>619,911</u>
At 31 December 2019	<u>757,671</u>

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Intangible assets (continued)

Company

	Goodwill £
Cost	
At 1 January 2020	2,755,178
At 31 December 2020	<u>2,755,178</u>
Amortisation	
At 1 January 2020	1,997,507
Charge for the year	137,760
At 31 December 2020	<u>2,135,267</u>
Net book value	
At 31 December 2020	<u>619,911</u>
At 31 December 2019	<u>757,671</u>

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

13. Tangible fixed assets

Group and Company

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 January 2020	2,986,107	9,722,815	58,703	866,281	2,192,521	15,826,427
Additions	-	1,958,902	-	15,554	50,424	2,024,880
Disposals	-	(1,389)	-	-	(960)	(2,349)
At 31 December 2020	2,986,107	11,680,328	58,703	881,835	2,241,985	17,848,958
Depreciation						
At 1 January 2020	470,682	6,245,627	47,052	620,791	2,022,388	9,406,540
Charge for the year on owned assets	59,722	647,119	7,185	56,196	82,743	852,965
Disposals	-	(1,389)	-	-	(960)	(2,349)
At 31 December 2020	530,404	6,891,357	54,237	676,987	2,104,171	10,257,156
Net book value						
At 31 December 2020	2,455,703	4,788,971	4,466	204,848	137,814	7,591,802
At 31 December 2019	2,515,425	3,477,188	11,651	245,490	170,133	6,419,887

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

13. Tangible fixed assets (continued)

The value of the land not depreciated is £1,180,605 (2019 - £1,180,605).

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2020	61,500
At 31 December 2020	61,500

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Ilmor AG Limited	Management services company	Ordinary	100%
Ilmor GP Limited	Dormant	Ordinary	100%
Brixworth Technology Park Freehold Limited	Property management services	Ordinary	100%

The registered address of Ilmor AG is Seestrasse 115, CH-8806 Baech, Bäch Schwyz 8806, Switzerland.

The registered address of Ilmor GP Limited and Brixworth Technology Park Freehold Limited is Quarry Road, Brixworth, Northampton, NN6 9UB.

The Group agreed to guarantee the liabilities of Brixworth Technology Park Freehold Limited, thereby allowing this company to take exemption from an audit under Section 479A of the Companies Act 2006.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Investment property

Group

	Freehold investment property £
Valuation	
At 1 January 2020	1
At 31 December 2020	1

The freehold investment property relates to property held by Brixworth Technology Park Freehold Limited which is leased on a 998 year lease. Brixworth Technology Park Freehold Limited is a recharge company that manages the property for the lessees, but does not receive any economic benefit related to the residual interest in the property as a result.

16. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Work in progress	414,168	258,871	414,168	258,871
Finished goods and goods for resale	489,284	519,983	489,284	519,983
	903,452	778,854	903,452	778,854

There is no material difference between the replacement cost of stocks and the amounts stated above.

There are impairment provisions in relation to inventories recognised of £732,256 (2019 - £782,369).

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

17. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	1,345,458	1,578,393	1,324,244	1,520,992
Amounts owed by group companies	-	-	97,784	115,407
Amounts owed by participating interests	26,980	34,568	-	-
Other debtors	145,243	281,843	98,990	212,168
Prepayments and accrued income	3,003,777	349,468	3,002,714	346,960
Tax recoverable	1,213,639	990,906	1,213,639	990,906
Deferred taxation (note 22)	-	54	-	54
	<u>5,735,097</u>	<u>3,235,232</u>	<u>5,737,371</u>	<u>3,186,487</u>

There is no impairment gain/loss (2019 - £Nil) recognised in the Group and Company profit or loss for the year in respect of bad and doubtful trade debtors.

18. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	<u>4,027,297</u>	<u>3,070,120</u>	<u>3,591,959</u>	<u>2,740,704</u>

19. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Bank loans (secured)	725,166	768,646	725,166	768,646
Trade creditors	500,886	278,892	493,781	259,506
Amounts owed to group undertakings	-	-	168,352	176,611
Amounts owed to related party undertakings (note 25)	17,460	58,864	17,460	58,864
Corporation tax	4,558	5,095	-	-
Other taxation and social security	671,283	-	671,283	-
Accruals and deferred income	5,110,904	1,585,107	5,067,663	1,540,130
	<u>7,030,257</u>	<u>2,696,604</u>	<u>7,143,705</u>	<u>2,803,757</u>

At 31 December 2020, the bank loan due to Barclays, net of unamortised deal costs of £1,959 (2019 - £4,309) was £725,166 (2019 - £768,646). Bank loans are secured by the way of a first legal charge over the freehold land and buildings of the Company. The loans attract interest of 2% above the Barclays Base Rate.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

20. Creditors: amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Other loans	5,709,010	5,819,376	5,709,010	5,819,376
Accruals and deferred income	462,831	-	462,831	-
	<u>6,171,841</u>	<u>5,819,376</u>	<u>6,171,841</u>	<u>5,819,376</u>

21. Loans

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due within one year				
Bank loans	725,166	768,646	725,166	768,646
Amounts falling due 2-5 years				
Other loans	5,709,010	3,329,645	5,709,010	3,329,645
Amounts falling after more than 5 years				
Other loans	-	2,489,731	-	2,489,731
	<u>6,434,176</u>	<u>6,588,022</u>	<u>6,434,176</u>	<u>6,588,022</u>

The other loans are unsecured. Following a renegotiation of the repayment date concluded in November 2020, £3,329,645 is repayable in June 2022 and the remaining balance in June 2025. Interest is charged on these loans at 4% (2019 - 4%) above the National Westminster Bank Plc base rate. £Nil (2019 - £2,806,047) of the loans were repaid in 2020.

22. Deferred tax

Group

	2020 £
At beginning of year	54
Charged to profit or loss	(153,121)
At end of year	<u>(153,067)</u>

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

22. Deferred tax (continued)

Company

	2020 £
At beginning of year	54
Charged to profit or loss	(153,121)
At end of year	<u>(153,067)</u>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	(153,067)	(156)	(153,067)	(156)
Tax losses carried forward	-	210	-	210
	<u>(153,067)</u>	<u>54</u>	<u>(153,067)</u>	<u>54</u>

23. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
2,500,000 Ordinary shares of £1 each	<u>2,500,000</u>	<u>2,500,000</u>

The Ordinary shares have full voting and dividend rights and full entitlement to assets on winding up.

24. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge amounted to £512,514 (2019 - £540,988). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Ilmor Engineering Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

25. Related party transactions

	Sales to related parties £	Purchases from related parties £	Amounts owed to related undertakings £	Interest charged and management fees received £
2020				
Ilmor Engineering Inc	2,453,816	2,124,528	17,460	-
Penske Racing of Delaware (Delaware Corporation)	-	-	3,260,061	143,442
Mario Illien	-	-	2,448,949	106,876
	<u>2,453,816</u>	<u>2,124,528</u>	<u>3,276,410</u>	<u>250,318</u>
2019				
Ilmor Engineering Inc	4,304,623	3,058,272	58,864	-
Penske Racing of Delaware (Delaware Corporation)	-	-	3,329,646	234,726
Mario Illien	-	-	2,489,731	191,809
Ilmor Marine Inc	2,842	-	-	-
	<u>4,304,623</u>	<u>3,058,272</u>	<u>3,448,201</u>	<u>426,535</u>

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £621,299 (2019 - £624,171).

The Company has taken advantage of the exemption offered by Financial Reporting Standard 102 (Section 33) from the requirement to disclose transactions with other group companies that are 100% owned.

26. Post balance sheet events

During January 2021, the Group concluded negotiations with its bankers, under which the repayment terms of the bank loan was rescheduled, resulting in an amount of £668,613 now falling due after more than 12 months from the balance sheet date.

During January 2021, an additional 20,408 Ordinary shares were issued for total consideration of £29,898. This increases the number of ordinary shares in issue to 2,520,408.

27. Ultimate parent company and parent undertaking of larger group

The Directors do not consider there to be one ultimate controlling party of the Group due to the shareholding structure.