

**Strategic Report, Report of the Director and
Financial Statements
for the Year Ended 31st October 2019
for
CAPSICUM MOTORSPORT LIMITED**

**Contents of the Financial Statements
for the year ended 31st October 2019**

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CAPSICUM MOTORSPORT LIMITED

**Company Information
for the year ended 31st October 2019**

DIRECTOR: G D Chilton

REGISTERED OFFICE: Suffolk House
George Street
Croydon
Surrey
CR0 0YN

REGISTERED NUMBER: 07047095 (England and Wales)

AUDITORS: Simpson Wreford & Partners
Chartered Accountants & Statutory Auditors
Suffolk House
George Street
Croydon
Surrey
CR0 0YN

BANKERS: Lloyds Bank Plc
Attn Audits Team
Citymark
150 Fountainbridge
Edinburgh
EH3 9PE

**Strategic Report
for the year ended 31st October 2019**

The director presents his strategic report for the year ended 31st October 2019.

REVIEW OF BUSINESS

The company reports a trading loss in the year, despite revenue increasing by 6.4%. This loss is due to the gross profit margin falling from 25% to 16% as a result of an increase in cost of sales. Distribution and administrative expenses also increased compared with the previous year. .

The company entered the Formula 2 Championship again this year coming fourth overall with the two drivers coming sixth and eighth in the drivers' championship.

In the FIA Euro F3 series the team came ninth overall after a weak season in this Championship with the three drivers coming 16th, 19th and 24th.

In the Euroformula Open Championship the team were second in the team championship.

Our drivers in the BRDC British Formula 3 championships were placed first, ninth and thirteenth. There was no team championship.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks are considered to be the wider global economic environment and the company's continued ability to attract sponsorship revenue. However, continued racing success and a wide geographic spread of the sources of sponsorship ensure the directors remain confident that this risk can be mitigated as far as possible.

The Covid-19 pandemic has had an immediate impact on the company's operations and, should the current situation be prolonged then the impact on the company's ability to generate revenue could become significant. It is uncertain as to when the racing calendar will be resumed, however in the meantime there has been an increase in income generating testing and the company maintains the support of its owner. Steps have also been taken to utilise the various support mechanisms made available by the UK government.

The company's operations expose it to a variety of financial risks that include the effect of changes in liquidity and cash flow risk and exchange rate risk.

The company has in place a risk management programme that seeks to limit the possible adverse effects on the financial performance of the company.

The director has not delegated the responsibility of monitoring financial risk management and the company's finance department implements the policies set by the company's board of directors. The department has specific guidelines agreed by the directors to manage those risks faced by the company.

Liquidity and cash flow risk

The company is primarily funded through intercompany balances and support by its ultimate controlling party, G Chilton. In addition, the company utilises banking facilities and the directors actively consider other sources of funding to ensure that the company has sufficient funds available for operational activities.

Foreign exchange risk

The company receive income and pay costs in both Euros and US dollars. It is the company's policy to continually monitor movements in the exchange rates and take appropriate action as necessary.

KEY PERFORMANCE INDICATORS

The company constantly monitors a number of key performance indicators to ensure optimal business performance. The directors consider that the race performance in the various championship series in which the company competes, together with sponsorship income and cost base are the key performance indicators of the business.

**Strategic Report
for the year ended 31st October 2019**

RESEARCH AND DEVELOPMENT

The company operates a number of research and development programmes; research and development costs are predominantly in relation to competing in multiple championships, including Formula 2 Championship and the FIA Euro F3 series.

ON BEHALF OF THE BOARD:

G D Chilton - Director

6th July 2020

**Report of the Director
for the year ended 31st October 2019**

The director presents his report with the financial statements of the company for the year ended 31st October 2019.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of generating sponsorship from running and operating motor racing teams.

DIVIDENDS

No dividends will be distributed for the year ended 31st October 2019 (2018 - £Nil).

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

G D Chilton has held office during the whole of the period from 1st November 2018 to the date of this report.

Other changes in directors holding office are as follows:

R W Swallow - resigned 1st April 2019

GOING CONCERN AND FUTURE DEVELOPMENTS

The company meets its working capital requirements through the ongoing support of its owner. Management prepare annual budgets and forecasts in order to ensure that the company has sufficient reserves in order to meet its liabilities as they fall due. In light of the current situation, these forecasts have been extended to a period of more than 24 months from the date the financial statements were authorised for issue and are reviewing these on a weekly basis as the impact of Covid-19 becomes clearer.

The director concludes that the Covid-19 pandemic has had an immediate impact on the company's operations, and is aware that should the current situation be prolonged then the impact on the company's ability to generate revenue could become significant. It is uncertain as to when the racing calendar will be resumed, in the meantime the company maintains the support of its owner while steps have been taken to utilise the various support mechanisms made available by the UK government.

In light of the above the director believes it is appropriate to adopt the going concern basis of accounting in preparing the financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

The principal risks and uncertainties facing the company have been considered in the Strategic Report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

**Report of the Director
for the year ended 31st October 2019**

AUDITORS

The auditors, Simpson Wreford & Partners, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

G D Chilton - Director

6th July 2020

**Statement of Director's Responsibilities
for the year ended 31st October 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- and 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of Capsicum Motorsport Limited

Opinion

We have audited the financial statements of Capsicum Motorsport Limited (the 'company') for the year ended 31st October 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st October 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Director and the Statement of Director's Responsibilities, but does not include the financial statements and our Report of the Auditors thereon.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

**Report of the Independent Auditors to the Members of
Capsicum Motorsport Limited**

Matters on which we are required to report by exception

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

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

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

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page six, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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

Deborah Wilkes (Senior Statutory Auditor)
for and on behalf of Simpson Wreford & Partners
Chartered Accountants & Statutory Auditors
Suffolk House
George Street
Croydon
Surrey
CR0 0YN

6th July 2020

**Statement of Comprehensive Income
for the year ended 31st October 2019**

	Notes	31.10.19 £	£	31.10.18 £	£
REVENUE	4		12,454,776		11,695,117
Cost of sales			10,369,650		8,811,981
GROSS PROFIT			<u>2,085,126</u>		<u>2,883,136</u>
Distribution costs		1,424,367		1,317,537	
Administrative expenses		<u>1,868,078</u>		<u>1,639,569</u>	
			3,292,445		2,957,106
OPERATING LOSS	6		<u>(1,207,319)</u>		<u>(73,970)</u>
Interest receivable and similar income			615		1,903
			<u>(1,206,704)</u>		<u>(72,067)</u>
Interest payable and similar expenses	8		119,634		154,287
LOSS BEFORE TAXATION			<u>(1,326,338)</u>		<u>(226,354)</u>
Tax on loss	9		<u>(1,064,788)</u>		<u>(731,629)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR			<u>(261,550)</u>		<u>505,275</u>
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u>(261,550)</u>		<u>505,275</u>

The notes form part of these financial statements

CAPSICUM MOTORSPORT LIMITED (REGISTERED NUMBER: 07047095)

**Statement of Financial Position
31st October 2019**

	Notes	31.10.19 £	£	31.10.18 £	£
FIXED ASSETS					
Property, plant and equipment	10		1,724,831		2,112,491
Investments	11		<u>100</u>		<u>100</u>
			1,724,931		2,112,591
CURRENT ASSETS					
Inventories	12	949,731		1,461,399	
Debtors	13	7,682,498		5,666,206	
Cash at bank and in hand		<u>183,102</u>		<u>711,338</u>	
		8,815,331		7,838,943	
CREDITORS					
Amounts falling due within one year	14	<u>15,511,301</u>		<u>14,632,423</u>	
NET CURRENT LIABILITIES			<u>(6,695,970)</u>		<u>(6,793,480)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(4,971,039)</u>		<u>(4,680,889)</u>
PROVISIONS FOR LIABILITIES	16		<u>195,185</u>		<u>223,785</u>
NET LIABILITIES			<u>(5,166,224)</u>		<u>(4,904,674)</u>
CAPITAL AND RESERVES					
Called up share capital	17		100		100
Retained earnings	18		<u>(5,166,324)</u>		<u>(4,904,774)</u>
SHAREHOLDERS' FUNDS			<u>(5,166,224)</u>		<u>(4,904,674)</u>

The financial statements were approved by the director and authorised for issue on 6th July 2020 and were signed by:

G D Chilton - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the year ended 31st October 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1st November 2017	100	(5,410,049)	(5,409,949)
Changes in equity			
Total comprehensive income	-	505,275	505,275
Balance at 31st October 2018	100	(4,904,774)	(4,904,674)
Changes in equity			
Total comprehensive income	-	(261,550)	(261,550)
Balance at 31st October 2019	100	(5,166,324)	(5,166,224)

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 31st October 2019**

1. STATUTORY INFORMATION

The principal activity of the company continues to be that of generating sponsorship from running and operating motor racing teams.

The company is a private company limited by shares and is registered in England and Wales. The address of its registered office is Suffolk House, George Street, Croydon, Surrey, CR0 0YN. The address of its principal place of business is 7 Coxbridge Business Park, Alton Road, Farnham, Surrey, GU10 5EH.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. The financial statements therefore present information about the company as an individual undertaking and not about its group.

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

Going Concern

Following the period end, the Covid-19 pandemic has resulted in significant business and social disruption around the world. The impact on the company has been immediate with the FIA temporarily suspending the racing calendar with no certain plan or timeline of when it will resume. The company's management are continually reviewing and updating the company's strategy to lessen the impact of the pandemic on the company's operations and believes that this, along with the continuing support of the owner, will allow the company to be able to meet its liabilities as they fall due for a period of at least 12 months from the date the financial statements were authorised for issue. Accordingly, the director is satisfied that the financial statements should be prepared on the going concern basis.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

**Notes to the Financial Statements - continued
for the year ended 31st October 2019**

2. ACCOUNTING POLICIES - continued

Turnover

Turnover comprises revenue recognised by the company in respect of the provision of services, prize money and sponsorship income, exclusive of Value Added Tax.

Turnover from a contract to provide services and sponsorship income is recognised in the period in which the services are provided when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract; and
- the stage of completion of the contract at the end of the reporting period can be measured reliably.

Prize money is recognised as revenue at the point that it is guaranteed in accordance with the rules of the racing championship.

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following basis:

Short leasehold	- 4% straight line
Plant and machinery	- 4% - 25% straight line
Motor vehicles	- 4% - 33% straight line
Computer equipment	- 25% straight line

The assets' residual value, 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 amounts and are recognised in the statement of comprehensive income.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on an average purchase price basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its estimated selling price less costs to sell. The impairment loss is recognised immediately in profit or loss.

**Notes to the Financial Statements - continued
for the year ended 31st October 2019**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, bank loans and amounts loaned to and from related and associated parties.

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 statement of comprehensive income.

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Foreign currencies

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

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised within administrative expenses in the statement of comprehensive income.

Pension costs and other post-retirement benefits

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

**Notes to the Financial Statements - continued
for the year ended 31st October 2019**

2. ACCOUNTING POLICIES - continued

Debtors

Short term debtors are measured at transaction price, less any impairment.

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.

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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying value of assets and liabilities. The director's judgement, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experiences and other factors that are considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates are recognised prospectively.

Recoverability of receivables

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability, the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of the debtor.

Determining residual values and useful economic lives of property, plant and equipment

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programme.

Judgement is applied by management when determining the residual values of tangible fixed assets. When determining the residual value, management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

Provision against old and slow moving inventory

The company establishes a provision for slow moving inventory. When determining the provision, the directors consider factors such the age of the inventory, the inventory holding and the continued requirement to hold such inventory.

4. REVENUE

The whole of turnover is attributed to the principal activity of the company.

All turnover arose within the United Kingdom.

Notes to the Financial Statements - continued
for the year ended 31st October 2019

5. EMPLOYEES AND DIRECTORS

	31.10.19	31.10.18
	£	£
Wages and salaries	2,419,119	2,132,873
Social security costs	267,809	195,865
Other pension costs	43,723	30,196
	<u>2,730,651</u>	<u>2,358,934</u>

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

	31.10.19	31.10.18
Racing and production	57	58
Administration	7	7
Directors	1	2
	<u>65</u>	<u>67</u>
	31.10.19	31.10.18
	£	£
Directors' remuneration	<u>10,649</u>	<u>27,876</u>

6. OPERATING LOSS

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

	31.10.19	31.10.18
	£	£
Other operating leases	156,767	140,016
Depreciation - owned assets	647,751	432,211
Auditors' remuneration	10,750	10,750
Auditors' remuneration for non audit work	1,500	1,500
Foreign exchange differences	<u>227,410</u>	<u>(126,633)</u>

7. EXCEPTIONAL ITEMS

	31.10.19	31.10.18
	£	£
Loss on write off of intercompany loan	<u>-</u>	<u>(327,938)</u>

There are no exceptional items this year. Included within the prior year administrative expenses is a loss of £327,938 relating to the formal write off of an intercompany loan owed to the company by Capsicum Motorsport Simulation Limited, a sister company.

Notes to the Financial Statements - continued
for the year ended 31st October 2019

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.10.19	31.10.18
	£	£
Bank interest payable	92,528	99,972
Bank charges	27,106	54,315
	<u>119,634</u>	<u>154,287</u>

9. TAXATION**Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

	31.10.19	31.10.18
	£	£
Current tax:		
UK corporation tax	(1,036,188)	(756,104)
Deferred tax	(28,600)	24,475
Tax on loss	<u>(1,064,788)</u>	<u>(731,629)</u>

Reconciliation of total tax credit included in profit and loss

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

	31.10.19	31.10.18
	£	£
Loss before tax	<u>(1,326,338)</u>	<u>(226,354)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(252,004)	(43,007)
Effects of:		
Capital allowances in excess of depreciation	-	(41,848)
Depreciation in excess of capital allowances	36,551	-
Deferred tax movement	(28,600)	24,475
Research & development tax credits	(1,036,189)	(734,626)
Pensions payable	-	1,172
Disallowable expenses	-	62,205
R&D enhanced deduction	(1,142,311)	-
Tax losses	1,357,765	-
Total tax credit	<u>(1,064,788)</u>	<u>(731,629)</u>

**Notes to the Financial Statements - continued
for the year ended 31st October 2019**

10. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st November 2018	977,822	1,401,057	2,059,004	100,559	4,538,442
Additions	-	72,634	227,437	4,806	304,877
Disposals	-	-	(95,485)	-	(95,485)
At 31st October 2019	<u>977,822</u>	<u>1,473,691</u>	<u>2,190,956</u>	<u>105,365</u>	<u>4,747,834</u>
DEPRECIATION					
At 1st November 2018	266,466	886,683	1,175,590	97,212	2,425,951
Charge for year	39,114	112,631	494,071	1,935	647,751
Eliminated on disposal	-	-	(50,699)	-	(50,699)
At 31st October 2019	<u>305,580</u>	<u>999,314</u>	<u>1,618,962</u>	<u>99,147</u>	<u>3,023,003</u>
NET BOOK VALUE					
At 31st October 2019	<u>672,242</u>	<u>474,377</u>	<u>571,994</u>	<u>6,218</u>	<u>1,724,831</u>
At 31st October 2018	<u>711,356</u>	<u>514,374</u>	<u>883,414</u>	<u>3,347</u>	<u>2,112,491</u>

11. FIXED ASSET INVESTMENTS**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Country of Incorporation	Class of Shares	Holding	Principal Activity
Carlin Motorsport LLC*	United States	Ordinary	100%	Motor racing
Carlin IC Limited**	England and Wales	Ordinary	100%	Motor racing

Registered office

* 855 NW 17th Avenue, Delray Beach, FL 33445, United States

** Suffolk House, George Street, Croydon, Surrey, CR0 0YN, United Kingdom

12. INVENTORIES

	31.10.19 £	31.10.18 £
Stocks	<u>949,731</u>	<u>1,461,399</u>

**Notes to the Financial Statements - continued
for the year ended 31st October 2019**

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.10.19	31.10.18
	£	£
Trade debtors	693,619	710,433
Amounts owed by group undertakings	5,384,230	3,682,746
Amounts owed by associates	3,702	7,303
Other debtors	17,317	17,317
Tax	1,036,189	756,105
VAT	349,666	200,419
Prepayments and accrued income	197,775	291,883
	<u>7,682,498</u>	<u>5,666,206</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.10.19	31.10.18
	£	£
Bank loans and overdrafts (see note 15)	1,787,527	2,597,123
Trade creditors	1,704,534	1,537,282
Amounts owed to group undertakings	7,166,395	7,437,422
Social security and other taxes	77,958	73,766
Other creditors	323,411	16,124
Directors' loan accounts	2,533,796	1,959,779
Accruals and deferred income	1,917,680	1,010,927
	<u>15,511,301</u>	<u>14,632,423</u>

15. LOANS

An analysis of the maturity of loans is given below:

	31.10.19	31.10.18
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,787,527</u>	<u>2,597,123</u>

The company has an agreed overdraft facility that is repayable on demand.

16. PROVISIONS FOR LIABILITIES

	31.10.19	31.10.18
	£	£
Deferred tax	<u>195,185</u>	<u>223,785</u>
		Deferred tax
		£
Balance at 1st November 2018		223,785
Utilised during year		<u>(28,600)</u>
Balance at 31st October 2019		<u>195,185</u>

**Notes to the Financial Statements - continued
for the year ended 31st October 2019**

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.10.19 £	31.10.18 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

18. RESERVES

	Retained earnings £
At 1st November 2018	(4,904,774)
Deficit for the year	<u>(261,550)</u>
At 31st October 2019	<u>(5,166,324)</u>

19. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

G D Chilton, a director, continued to provide financial support to the company. The total balance owed by the company at the year end was £2,533,796 (2018: £1,959,779). The loan is interest free and whilst technically repayable on demand, Mr Chilton has confirmed he will not seek repayment for a period of at least one year from accounts approval, and then only should funds permit.

20. RELATED PARTY TRANSACTIONS

No disclosure has been made of transactions with other wholly owned group companies in accordance with FRS 102 Section 33 paragraph 33.1A, as the company is itself a wholly owned subsidiary of Capsicum Motorsport Holdings Limited.

At 31 October 2019, the company was owed an amount of £3,702 by Capsicum Grand Prix Limited (2018: £3,675), a company under common control.

Within the year, the company paid £115,000 (2018: £180,000) of management service costs to Carlin Management Services Ltd, a company under common control.

21. EVENTS AFTER THE REPORTING PERIOD

On 11 March 2020 the World Health Organisation recognised the outbreak of the coronavirus disease 2019 (Covid-19) as a pandemic. This resulted in government-imposed restrictions of movement and trade that has had a significant impact to business and economies worldwide. The director has presented their consideration of the impact to the company in Note 2 to the financial statements and within the Report of the Directors. Whilst the director believes that the company will be financially impacted by the pandemic, it is not possible to make a reasonable estimate of the financial effect due to the unprecedented nature of the event. As a result, the director considers the pandemic to be a non-adjusting event after the reporting period.

**Notes to the Financial Statements - continued
for the year ended 31st October 2019**

22. ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent company is Capsicum Motorsport Holdings Limited, registered in England and Wales.

The ultimate controlling party is G D Chilton, by virtue of his shareholding.

Capsicum Motorsport Holdings Limited prepares consolidated financial statements and copies can be obtained from Suffolk House, George Street, Croydon, Surrey, CR0 0YN.

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