

Company Registration No. 03497831 (England and Wales)

**PANKL RACING SYSTEMS UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Richard Anthony**  
**Chartered Accountants and Registered Auditors**

# PANKL RACING SYSTEMS UK LIMITED

## COMPANY INFORMATION

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**Directors** Mr G Sarkoezi  
Mr N Passler  
Mr H Januschkowetz (Appointed 1 February 2016)

**Company number** 03497831

**Registered office** Telford Road  
Bicester  
Oxfordshire  
OX26 4LD

**Auditor** Richard Anthony  
Gadd House  
Arcadia Avenue  
Finchley  
London  
N3 2JU

# **PANKL RACING SYSTEMS UK LIMITED**

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# **PANKL RACING SYSTEMS UK LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present the strategic report for the year ended 31 December 2016.

#### **Fair review of the business**

The directors are satisfied with the performance and results for the year.

The Directors and Senior Management monitor management information on a regular basis to ensure that they are aware of trends and influences on profitability. They present to the European Group Board the monthly results, and the key performance indicators include turnover, EBIT, operative cash flow and relevant statistical information.

The turnover has increased by 23% during the year which in turn has resulted in an increase of the gross profit margin to 34%.

#### **Principal risks and uncertainties**

The economic uncertainty, both globally and more specifically in European jurisdictions, continues to pose a risk in terms of the liquidity risk with clients. The directors manage this risk by managing the debtor book to ensure prompt payments.

Any changes in Motor Racing regulations have both direct and indirect effect on the company and indeed the group's performance. Following the engine regulation changes in F1 racing in the prior year that saw changes in the company's sales, the current year saw very little changes in the regulations.

#### **Development and performance**


Due to the nature of the company's activity, the company continues to engage in research and development in connection with the precision engineering activities to ensure the company maintains its competitive position in the marketplace and claims appropriate research and development tax credits.

The company has plans to grow the business organically through continuous innovation and development of its products and services. By continuing to broaden, innovate and enhance its products, the directors seek to manage the ongoing development of the business and maintain strong relationships with key clients.

#### **Key performance indicators**

The Board at company and group levels continued to use specific key performance indicators to monitor performance and control assets. The performance of the company is monitored both on a stand-alone basis and from a Group perspective in terms of the overall contribution to group profits.

On behalf of the board



Mr N Passler

Director

29 March 2017

# **PANKL RACING SYSTEMS UK LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their annual report and financial statements for the year ended 31 December 2016.

#### **Principal activities**

The principal activity of the company continued to be that of precision engineers, principally focused on motorsport components.

#### **Directors**

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

Mr G Sarkoezi

Mr N Passler

Mr H Januschkowetz

(Appointed 1 February 2016)

#### **Results and dividends**

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £1,100,000. The directors do not recommend payment of a final dividend.

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Richard Anthony be reappointed as auditor of the company will be put at a General Meeting.

#### **Statement of disclosure to auditor**

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

On behalf of the board



Mr N Passler

**Director**

29 March 2017

# **PANKL RACING SYSTEMS UK LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

# **PANKL RACING SYSTEMS UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF PANKL RACING SYSTEMS UK LIMITED**

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We have audited the financial statements of Pankl Racing Systems UK Limited for the year ended 31 December 2016 set out on pages 6 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report and the Directors' Report.

# **PANKL RACING SYSTEMS UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PANKL RACING SYSTEMS UK LIMITED**

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

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Michael Barnett BA FCA (Senior Statutory Auditor)**  
**for and on behalf of Richard Anthony**

29 March 2017

**Chartered Accountants**  
**Statutory Auditor**

Gadd House  
Arcadia Avenue  
Finchley  
London  
N3 2JU



# PANKL RACING SYSTEMS UK LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2016

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	Notes	2016 £	2015 £
Turnover	3	9,630,818	7,859,400
Cost of sales		(6,345,243)	(5,303,701)
<b>Gross profit</b>		<b>3,285,575</b>	<b>2,555,699</b>
Administrative expenses		(2,157,930)	(2,158,066)
Other operating income		65,175	83,681
<b>Operating profit</b>	4	<b>1,192,820</b>	<b>481,314</b>
Interest receivable and similar income	7	708	1,942
Interest payable and similar expenses	8	(42,281)	(50,411)
<b>Profit before taxation</b>		<b>1,151,247</b>	<b>432,845</b>
Taxation	9	(226,036)	(14,333)
<b>Profit for the financial year</b>		<b>925,211</b>	<b>418,512</b>

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The profit and loss account has been prepared on the basis that all operations are continuing operations.

# **PANKL RACING SYSTEMS UK LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	<b>925,211</b>	<b>418,512</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>925,211</b>	<b>418,512</b>

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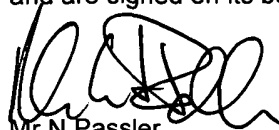
# PANKL RACING SYSTEMS UK LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Goodwill	11		676,494		737,076
Tangible assets	12		814,464		875,872
			<u>1,490,958</u>		<u>1,612,948</u>
<b>Current assets</b>					
Stocks	14	1,330,110		1,783,506	
Debtors	15	1,544,141		1,431,296	
Cash at bank and in hand		950,022		781,491	
		<u>3,824,273</u>		<u>3,996,293</u>	
<b>Creditors: amounts falling due within one year</b>	16	(1,474,608)		(1,311,118)	
<b>Net current assets</b>			<u>2,349,665</u>		<u>2,685,175</u>
<b>Total assets less current liabilities</b>			<u>3,840,623</u>		<u>4,298,123</u>
<b>Creditors: amounts falling due after more than one year</b>	17		(1,614,923)		(1,886,800)
<b>Provisions for liabilities</b>	19		(77,856)		(88,690)
<b>Net assets</b>			<u><u>2,147,844</u></u>		<u><u>2,322,633</u></u>
<b>Capital and reserves</b>					
Called up share capital	22		510,000		510,000
Profit and loss reserves			1,637,844		1,812,633
<b>Total equity</b>			<u><u>2,147,844</u></u>		<u><u>2,322,633</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29 March 2017 and are signed on its behalf by:



Mr N Passler  
Director

Company Registration No. 03497831

# PANKL RACING SYSTEMS UK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2015</b>		510,000	1,394,121	1,904,121
<b>Year ended 31 December 2015:</b>				
Profit and total comprehensive income for the year		-	418,512	418,512
<b>Balance at 31 December 2015</b>		510,000	1,812,633	2,322,633
<b>Year ended 31 December 2016:</b>				
Profit and total comprehensive income for the year		-	925,211	925,211
Dividends	10	-	(1,100,000)	(1,100,000)
<b>Balance at 31 December 2016</b>		510,000	1,637,844	2,147,844

# PANKL RACING SYSTEMS UK LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	27	2,064,710		486,600	
Interest paid		(42,253)		(50,404)	
Income taxes (paid)/refunded		(159,000)		27,836	
<b>Net cash inflow from operating activities</b>		<b>1,863,457</b>		<b>464,032</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(314,140)		(308,998)	
Proceeds on disposal of tangible fixed assets		2,542		65,196	
Proceeds from other investments and loans		(12,131)		-	
Interest received		708		1,942	
<b>Net cash used in investing activities</b>		<b>(323,021)</b>		<b>(241,860)</b>	
<b>Financing activities</b>					
Repayment of borrowings		(271,905)		(11,919)	
Dividends paid		(1,100,000)		-	
<b>Net cash used in financing activities</b>		<b>(1,371,905)</b>		<b>(11,919)</b>	
<b>Net increase in cash and cash equivalents</b>		<b>168,531</b>		<b>210,253</b>	
Cash and cash equivalents at beginning of year		781,491		571,238	
<b>Cash and cash equivalents at end of year</b>		<b>950,022</b>		<b>781,491</b>	

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

#### Company information

Pankl Racing Systems UK Limited is a company limited by shares incorporated in England and Wales. The registered office is Telford Road, Bicester, Oxfordshire, OX26 4LD.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

#### 1.2 Going concern

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

#### 1.3 Turnover

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

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

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

#### 1.4 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

#### 1.5 Tangible fixed assets

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

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

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

Land and buildings Leasehold	20% on cost
Plant and machinery	20% on cost
Fixtures, fittings & equipment	25%-33% on cost
Motor vehicles	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### 1.8 Cash and cash equivalents

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

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

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

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.



# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

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

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

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

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

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

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

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

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.10 Equity instruments**

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

#### **1.11 Taxation**

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

##### ***Current tax***

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

##### ***Deferred tax***

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### **1.12 Employee benefits**

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

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

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

#### **1.13 Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### **1.14 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### **1.15 Foreign exchange**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover	9,630,818	7,859,400

#### Other significant revenue

Interest income	708	1,942
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#### Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	2,869,150	2,724,459
European Community	4,860,590	3,727,536
Other	1,901,078	1,407,405
	9,630,818	7,859,400

### 4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(41,712)	131,430
Fees payable to the company's auditor for the audit of the company's financial statements	21,633	17,658
Depreciation of owned tangible fixed assets	374,618	391,948
Profit on disposal of tangible fixed assets	(1,612)	(38,092)
Amortisation of intangible assets	60,582	60,582
Cost of stocks recognised as an expense	1,814,981	1,417,140
Operating lease charges	161,922	158,727

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Administration staff	15	15
Direct labour	51	54
	<u>66</u>	<u>69</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	2,098,199	2,054,254
Social security costs	194,312	202,722
Pension costs	45,297	45,448
	<u>2,337,808</u>	<u>2,302,424</u>

### 6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	24,100	28,285
Company pension contributions to defined contribution schemes	840	840
	<u>24,940</u>	<u>29,125</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015 - 1).

### 7 Interest receivable and similar income

	2016 £	2015 £
<b>Interest income</b>		
Interest on bank deposits	708	396
Other interest income	-	1,546
	<u>708</u>	<u>1,942</u>

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

(Continued)

### 7 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	708	396
	<u>708</u>	<u>396</u>

### 8 Interest payable and similar expenses

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	42,253	50,404
<b>Other finance costs:</b>		
Finance costs for financial instruments measured at fair value through profit or loss	28	7
	<u>42,281</u>	<u>50,411</u>

### 9 Taxation

	2016 £	2015 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	252,538	85,088
Adjustments in respect of prior periods	(15,668)	(73,452)
Total current tax	<u>236,870</u>	<u>11,636</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(10,834)</u>	<u>2,697</u>
Total tax charge	<u>226,036</u>	<u>14,333</u>

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	1,151,247	432,845
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	230,249	86,569
Tax effect of expenses that are not deductible in determining taxable profit	5,537	6,332
Permanent capital allowances in excess of depreciation	16,752	(7,886)
Under/(over) provided in prior years	(15,668)	(73,452)
Tax at marginal rate	-	73
Deferred tax movement for the year	(10,834)	2,697
Taxation for the year	226,036	14,333

### 10 Dividends

	2016 £	2015 £
Interim paid	1,100,000	-

### 11 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	1,223,950
<b>Amortisation and impairment</b>	
At 1 January 2016	486,874
Amortisation charged for the year	60,582
At 31 December 2016	547,456
<b>Carrying amount</b>	
At 31 December 2016	676,494
At 31 December 2015	737,076

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 12 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2016	539,761	3,591,079	418,112	51,886	4,600,838
Additions	-	281,542	32,597	-	314,139
Disposals	-	(78,309)	-	(4,890)	(83,199)
At 31 December 2016	539,761	3,794,312	450,709	46,996	4,831,778
<b>Depreciation and impairment</b>					
At 1 January 2016	477,078	2,863,259	370,421	14,207	3,724,965
Depreciation charged in the year	46,739	291,314	28,969	7,596	374,618
Eliminated in respect of disposals	-	(78,031)	-	(4,238)	(82,269)
At 31 December 2016	523,817	3,076,542	399,390	17,565	4,017,314
<b>Carrying amount</b>					
At 31 December 2016	15,944	717,770	51,319	29,431	814,464
At 31 December 2015	62,684	727,820	47,689	37,679	875,872

### 13 Financial instruments

	2016 £	2015 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	1,386,848	1,342,336
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	2,390,507	2,909,708

### 14 Stocks

	2016 £	2015 £
Raw materials and consumables	526,598	883,208
Work in progress	648,504	597,617
Finished goods and goods for resale	155,008	302,681
	1,330,110	1,783,506

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 15 Debtors

	2016 £	2015 £
<b>Amounts falling due within one year:</b>		
Trade debtors	941,683	882,589
Amounts due from fellow group undertakings	421,362	426,564
Other debtors	147,900	62,404
Prepayments and accrued income	33,196	59,739
	<u>1,544,141</u>	<u>1,431,296</u>

Trade debtors disclosed above are measured at amortised cost.

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

	2016 £	2015 £
Trade creditors	775,584	522,715
Amounts due to group undertakings	-	491,914
Corporation tax	106,986	29,116
Other taxation and social security	67,866	55,654
Other creditors	-	8,279
Accruals and deferred income	524,172	203,440
	<u>1,474,608</u>	<u>1,311,118</u>

### 17 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Other borrowings	18	<u>1,614,923</u>	<u>1,886,800</u>

### 18 Loans and overdrafts

	2016 £	2015 £
Other loans	<u>1,614,923</u>	<u>1,886,800</u>
Payable after one year	<u>1,614,923</u>	<u>1,886,800</u>



# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 19 Provisions for liabilities

	Notes	2016 £	2015 £
Deferred tax liabilities	20	77,856	88,690
		<u>77,856</u>	<u>88,690</u>

### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2016 £	Liabilities 2015 £
<b>Balances:</b>		
Accelerated Capital Allowances	77,856	88,690
	<u>77,856</u>	<u>88,690</u>
<b>Movements in the year:</b>		2016 £
Liability at 1 January 2016		88,690
Credit to profit or loss		(10,834)
Liability at 31 December 2016		<u>77,856</u>

### 21 Retirement benefit schemes

	2016 £	2015 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	45,297	45,448
	<u>45,297</u>	<u>45,448</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £45,297 (2015 - £45,448).

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 22 Share capital

	2016 £	2015 £
<b>Ordinary share capital</b>		
<b>Authorised</b>		
510,000 Ordinary of £1 each	510,000	510,000
	<u>          </u>	<u>          </u>
<b>Issued and fully paid</b>		
510,000 Ordinary of £1 each	510,000	510,000
	<u>          </u>	<u>          </u>

### 23 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the company in respect of the three properties it operates from with lease terms ranging from 15 years for one property (expiring 2023) to 3 years each for the other two properties (expiring 2018).

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	118,413	117,063
Between two and five years	274,533	332,946
In over five years	85,000	145,000
	<u>          </u>	<u>          </u>
	477,946	595,009
	<u>          </u>	<u>          </u>

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Aggregate compensation	24,940	29,125
	<u>          </u>	<u>          </u>

No guarantees have been given or received.

### 25 Directors' transactions

At the balance sheet date an amount of £12,131 (2015: £nil) was due from Mr G Sarkoezi. The loan is interest free and repayable within nine months from the balance sheet date.

# PANKL RACING SYSTEMS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 26 Controlling party

The company is a wholly owned subsidiary of Pankl Racing Systems AG, a company incorporated in Austria.

### 27 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	925,211	418,512
<b>Adjustments for:</b>		
Taxation charged	226,036	14,333
Finance costs	42,281	50,411
Investment income	(708)	(1,942)
Gain on disposal of tangible fixed assets	(1,612)	(38,092)
Amortisation and impairment of intangible assets	60,582	60,582
Depreciation and impairment of tangible fixed assets	374,618	391,948
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	453,396	(123,307)
(Increase) in debtors	(100,714)	(241,454)
Increase/(decrease) in creditors	85,620	(44,391)
<b>Cash generated from operations</b>	<b>2,064,710</b>	<b>486,600</b>