

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 30 September 2023
for
Racelogic Limited

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for the Year Ended 30 September 2023

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DIRECTORS:

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

SECRETARY:

M J Marshall

REGISTERED OFFICE:

Swan Business Park
Unit 10 -11 Osier Way
Buckingham
MK18 1TB

REGISTERED NUMBER:

02743719 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

Nicola Beeson

AUDITORS:

NB Consulting Limited
Chartered Accountants and Statutory Auditors
2 Foxglove Close
Buckingham
MK18 1FU

The directors present their strategic report of the company and the group for the year ended 30 September 2023.

REVIEW OF BUSINESS

The group continues to specialise in the design and manufacture of electronic systems for the automotive, motorsport, and satellite receiver industries. This year we expanded our research and market development efforts into new and innovative areas such as indoor positioning systems for TV production, sports broadcasting, and safety-critical GPS systems for tunnel use.

Our key financial indicators demonstrate strong performance this year. Revenue increased by 17.59%, while gross profit saw a rise of 18.37%. Profit before taxation also showed significant growth, increasing by £1,162,648 (27.92%).

To support our growth, we have increased our stock values to £5,105,009, up from £4,119,612 in the previous year.

The group enters the new financial year in a strong, stable position, with a positive outlook. Our diverse product range and wide geographic sales spread position us well for continued growth and market expansion.

PRINCIPAL RISKS AND UNCERTAINTIES

While we remain optimistic, we acknowledge that unforeseen events may impact our future plans. Key areas of focus include:

Global Supply Chain

Supply chain issues and component shortages have largely resolved, allowing us to return to normal 7-10 day service levels for most products.

Market Dynamics

We have seen increased R&D budgets in the automotive sector, driven by the push for electric vehicles. Additionally, ongoing demand for testing next-generation GNSS receivers continues due to advances in satellite technology.

Customer Base

Our strength continues to lie in our market and geographic diversity. We have also seen growing interest in our newer developments, including indoor positioning, GPS simulation in tunnels, and standalone GNSS and inertial systems for integration by third parties.

Supplier Relations

We maintain close collaboration with key suppliers to mitigate production risks and take a proactive approach to anticipating and addressing component supply issues.

Workforce Management

By retaining our hybrid working model we have continued to expand our recruitment reach for specialised roles.

Economic and political challenges

We continue to monitor economic risks and adopt policies and procedures to mitigate their effect.

Systems Upgrade

We successfully implemented a new cloud-based Enterprise Resource Planning and accounting system, which went live on October 1st, 2023. This is expected to improve workflow and application integration.

Cash Flow Management

While we have maintained healthy cash reserves, we are taking a prudent approach to cash management and dividend timing in light of global economic pressures.

RESEARCH AND DEVELOPMENT

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

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

ON BEHALF OF THE BOARD:

G R Mackie - Director

29 July 2024

Report of the Directors
for the Year Ended 30 September 2023

The directors present their report with the financial statements of the company and the group for the year ended 30 September 2023.

DIVIDENDS

During the year the following interim dividends were paid:

25/01/2023 - £1,100,000

28/04/2023 - £1,250,000

15/09/2023 - £750,000

Since the year end the directors have recommended that a final dividend of £35,906 be paid.

The total distribution of dividends for the year ended 30 September 2023 was £2,958,092 to the Ordinary shareholders and £177,814 to the B Ordinary shareholders.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2022 to the date of this report.

J A D Thomas

H F Thuillier

C P Smith

K Bursnall

Mrs A J Clifton

G R Mackie

I M Jones

M C Papps

DISCLOSURE IN THE STRATEGIC REPORT

Future developments and details of research and development as required under Schedule 7 of the Companies Act 2006 to be disclosed in the Directors' Report are set out in the Strategic Report in accordance with section 414(C) of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Directors
for the Year Ended 30 September 2023

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

AUDITORS

The auditors, NB Consulting Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

G R Mackie - Director

29 July 2024

Opinion

We have audited the financial statements of Racelogic Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2023 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 30 September 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

Consolidated Income Statement
for the Year Ended 30 September 2023

| | Notes | 30.9.23 £ | 30.9.22 £ |
|---|-------|-------------------------|-------------------------|
| TURNOVER | 3 | 24,041,633 | 20,444,805 |
| Cost of sales | | <u>8,215,847</u> | <u>7,075,067</u> |
| GROSS PROFIT | | <u>15,825,786</u> | <u>13,369,738</u> |
| Administrative expenses | | <u>10,506,057</u> | <u>9,205,251</u> |
| | | 5,319,729 | 4,164,487 |
| Other operating income | 4 | <u>3,177</u> | <u>-</u> |
| OPERATING PROFIT | 6 | <u>5,322,906</u> | <u>4,164,487</u> |
| Interest receivable and similar income | | <u>4,229</u> | <u>-</u> |
| PROFIT BEFORE TAXATION | | <u>5,327,135</u> | <u>4,164,487</u> |
| Tax on profit | 7 | <u>790,089</u> | <u>278,709</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u><u>4,537,046</u></u> | <u><u>3,885,778</u></u> |
| Profit attributable to: Owners of the parent | | <u><u>4,537,046</u></u> | <u><u>3,885,778</u></u> |

The notes form part of these financial statements

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Consolidated Other Comprehensive Income
for the Year Ended 30 September 2023

| | | |
|--|-------------------------|-------------------------|
| | 30.9.23 | 30.9.22 |
| Notes | £ | £ |
| PROFIT FOR THE YEAR | 4,537,046 | 3,885,778 |
| OTHER COMPREHENSIVE (LOSS)/INCOME | | |
| Currency translation differences | (408,402) | 99,006 |
| Income tax relating to other comprehensive (loss)/income | - | - |
| OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF INCOME TAX | <u>(408,402)</u> | <u>99,006</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u><u>4,128,644</u></u> | <u><u>3,984,784</u></u> |
| Total comprehensive income attributable to: Owners of the parent | <u><u>4,128,644</u></u> | <u><u>3,984,784</u></u> |

The notes form part of these financial statements

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Consolidated Balance Sheet
30 September 2023

| | Notes | 30.9.23 | | 30.9.22 | |
|--|-------|------------------|-------------------------|------------------|-------------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 10 | | 1,813,256 | | 1,504,802 |
| Investments | 11 | | - | | - |
| | | | <u>1,813,256</u> | | <u>1,504,802</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 12 | 5,105,009 | | 4,119,612 | |
| Debtors | 13 | 2,538,824 | | 1,973,110 | |
| Cash at bank | | <u>2,144,203</u> | | <u>2,188,340</u> | |
| | | 9,788,036 | | 8,281,062 | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 14 | <u>1,563,755</u> | | <u>869,210</u> | |
| NET CURRENT ASSETS | | | <u>8,224,281</u> | | <u>7,411,852</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 10,037,537 | | 8,916,654 |
| PROVISIONS FOR LIABILITIES | 17 | | <u>149,000</u> | | <u>75,000</u> |
| NET ASSETS | | | <u><u>9,888,537</u></u> | | <u><u>8,841,654</u></u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 18 | | 117 | | 115 |
| Share premium | 19 | | 926,861 | | 908,624 |
| Capital redemption reserve | 19 | | 10 | | 10 |
| Non Distributable Reserves | 19 | | (322,018) | | 86,384 |
| Retained earnings | 19 | | <u>9,283,567</u> | | <u>7,846,521</u> |
| SHAREHOLDERS' FUNDS | | | <u><u>9,888,537</u></u> | | <u><u>8,841,654</u></u> |

The financial statements were approved by the Board of Directors and authorised for issue on 29 July 2024 and were signed on its behalf by:

G R Mackie - Director

The notes form part of these financial statements

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Company Balance Sheet

30 September 2023

| | Notes | 30.9.23 | | 30.9.22 | |
|--|-------|------------------|-------------------------|------------------|-------------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 10 | | 1,559,134 | | 1,350,175 |
| Investments | 11 | | 21,789 | | 21,789 |
| | | | <u>1,580,923</u> | | <u>1,371,964</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 12 | 4,700,885 | | 4,010,714 | |
| Debtors | 13 | 2,091,597 | | 1,602,710 | |
| Cash at bank | | 1,816,001 | | 1,774,291 | |
| | | <u>8,608,483</u> | | <u>7,387,715</u> | |
| CREDITORS | | | | | |
| Amounts falling due within one year | 14 | <u>1,305,629</u> | | <u>738,620</u> | |
| NET CURRENT ASSETS | | | <u>7,302,854</u> | | <u>6,649,095</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 8,883,777 | | 8,021,059 |
| PROVISIONS FOR LIABILITIES | 17 | | <u>149,000</u> | | <u>75,000</u> |
| NET ASSETS | | | <u><u>8,734,777</u></u> | | <u><u>7,946,059</u></u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 18 | | 117 | | 115 |
| Share premium | 19 | | 926,861 | | 908,624 |
| Capital redemption reserve | 19 | | 10 | | 10 |
| Retained earnings | 19 | | 7,807,789 | | 7,037,310 |
| SHAREHOLDERS' FUNDS | | | <u><u>8,734,777</u></u> | | <u><u>7,946,059</u></u> |
| Company's profit for the financial year | | | <u><u>3,870,479</u></u> | | <u><u>3,556,518</u></u> |

The financial statements were approved by the Board of Directors and authorised for issue on 29 July 2024 and were signed on its behalf by:

G R Mackie - Director

The notes form part of these financial statements

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Consolidated Statement of Changes in Equity
for the Year Ended 30 September 2023

| | Called up share capital £ | Retained earnings £ | Share premium £ |
|-------------------------------------|---------------------------------------|---------------------------------------|-----------------------|
| Balance at 1 October 2021 | 114 | 6,210,743 | 825,435 |
| Changes in equity | | | |
| Issue of share capital | 1 | - | 83,189 |
| Dividends | - | (2,250,000) | - |
| Total comprehensive income | - | 3,885,778 | - |
| Balance at 30 September 2022 | <u>115</u> | <u>7,846,521</u> | <u>908,624</u> |
| Changes in equity | | | |
| Issue of share capital | 2 | - | 18,237 |
| Dividends | - | (3,100,000) | - |
| Total comprehensive income | - | 4,537,046 | - |
| Balance at 30 September 2023 | <u>117</u> | <u>9,283,567</u> | <u>926,861</u> |
| | Capital redemption reserve £ | Non Distributable Reserves £ | Total equity £ |
| Balance at 1 October 2021 | 10 | (12,622) | 7,023,680 |
| Changes in equity | | | |
| Issue of share capital | - | - | 83,190 |
| Dividends | - | - | (2,250,000) |
| Total comprehensive income | - | 99,006 | 3,984,784 |
| Balance at 30 September 2022 | <u>10</u> | <u>86,384</u> | <u>8,841,654</u> |
| Changes in equity | | | |
| Issue of share capital | - | - | 18,239 |
| Dividends | - | - | (3,100,000) |
| Total comprehensive income | - | (408,402) | 4,128,644 |
| Balance at 30 September 2023 | <u>10</u> | <u>(322,018)</u> | <u>9,888,537</u> |

The notes form part of these financial statements

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Company Statement of Changes in Equity
for the Year Ended 30 September 2023

| | Called up share capital £ | Retained earnings £ | Share premium £ | Capital redemption reserve £ | Total equity £ |
|-------------------------------------|------------------------------------|---------------------------|-----------------------|---------------------------------------|----------------------|
| Balance at 1 October 2021 | 114 | 5,730,792 | 825,435 | 10 | 6,556,351 |
| Changes in equity | | | | | |
| Issue of share capital | 1 | - | 83,189 | - | 83,190 |
| Dividends | - | (2,250,000) | - | - | (2,250,000) |
| Total comprehensive income | - | 3,556,518 | - | - | 3,556,518 |
| Balance at 30 September 2022 | <u>115</u> | <u>7,037,310</u> | <u>908,624</u> | <u>10</u> | <u>7,946,059</u> |
| Changes in equity | | | | | |
| Issue of share capital | 2 | - | 18,237 | - | 18,239 |
| Dividends | - | (3,100,000) | - | - | (3,100,000) |
| Total comprehensive income | - | 3,870,479 | - | - | 3,870,479 |
| Balance at 30 September 2023 | <u>117</u> | <u>7,807,789</u> | <u>926,861</u> | <u>10</u> | <u>8,734,777</u> |

The notes form part of these financial statements

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Consolidated Cash Flow Statement
for the Year Ended 30 September 2023

| | Notes | 30.9.23 £ | 30.9.22 £ |
|---|-------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 4,260,356 | 3,033,206 |
| Tax paid | | (272,199) | (536,944) |
| Net cash from operating activities | | <u>3,988,157</u> | <u>2,496,262</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (570,906) | (246,289) |
| Sale of tangible fixed assets | | 15,751 | 6,156 |
| Interest received | | 4,229 | - |
| Net cash from investing activities | | <u>(550,926)</u> | <u>(240,133)</u> |
| Cash flows from financing activities | | | |
| Share issue | | 28,559 | 84,420 |
| Share buyback | | (10,320) | (1,230) |
| Equity dividends paid | | (3,100,000) | (2,250,000) |
| Net cash from financing activities | | <u>(3,081,761)</u> | <u>(2,166,810)</u> |
| Increase in cash and cash equivalents | | <u>355,470</u> | <u>89,319</u> |
| Cash and cash equivalents at beginning of year | 2 | 2,188,340 | 2,019,763 |
| Effect of foreign exchange rate changes | | (399,607) | 79,258 |
| Cash and cash equivalents at end of year | 2 | <u><u>2,144,203</u></u> | <u><u>2,188,340</u></u> |

The notes form part of these financial statements

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Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 September 2023

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

| | | |
|--|-------------------------|-------------------------|
| | 30.9.23 | 30.9.22 |
| | £ | £ |
| Profit before taxation | 5,327,135 | 4,164,487 |
| Depreciation charges | 252,777 | 242,073 |
| (Profit)/loss on disposal of fixed assets | (14,871) | 1,333 |
| Finance income | (4,229) | - |
| | <u>5,560,812</u> | <u>4,407,893</u> |
| Increase in stocks | (985,397) | (1,304,558) |
| Increase in trade and other debtors | (770,593) | (37,456) |
| Increase/(decrease) in trade and other creditors | 455,534 | (32,673) |
| Cash generated from operations | <u><u>4,260,356</u></u> | <u><u>3,033,206</u></u> |

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 September 2023

| | | |
|---------------------------|------------------|------------------|
| | 30.9.23 | 1.10.22 |
| | £ | £ |
| Cash and cash equivalents | <u>2,144,203</u> | <u>2,188,340</u> |

Year ended 30 September 2022

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

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

| | | | |
|-----------------|-------------------------|------------------------|-------------------------|
| | At 1.10.22 | Cash flow | At 30.9.23 |
| | £ | £ | £ |
| Net cash | | | |
| Cash at bank | 2,188,340 | (44,137) | 2,144,203 |
| | <u>2,188,340</u> | <u>(44,137)</u> | <u>2,144,203</u> |
| Total | <u><u>2,188,340</u></u> | <u><u>(44,137)</u></u> | <u><u>2,144,203</u></u> |

The notes form part of these financial statements

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1. **STATUTORY INFORMATION**

Racelogic Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

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

Basis of consolidation

The consolidated accounts incorporate the financial statements of Racelogic Limited and its subsidiary undertakings as at 30 September 2023 using the acquisition method of accounting.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Any revisions to estimates are recognised in the period of the revision and future periods if applicable.

There are not considered to be any key sources of estimation uncertainty that have a significant effect on the amounts recognised in either the Group or company financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue is recognised when the significant risks and rewards of ownership have been passed to the buyer, the Group retains no continuing involvement or control over the goods and it is probable that the future economic benefit of the goods will flow to the entity.

Tangible fixed assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all fixed assets other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold property - 2.5% straight line

Equipment, fixtures and software - 12.5%, 20% and 33.3% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

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2. **ACCOUNTING POLICIES - continued**

Stocks

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

Cost is based on a first-in, first out basis and includes an addition for labour and overheads where appropriate.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

When stocks are sold the carrying amount of these stocks is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for obsolete or slow moving items is recognised as an expense in the period in which the write-down or loss occurs.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

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2. ACCOUNTING POLICIES - continued**Foreign currencies****Company**

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

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

The Group financial statements are presented in pounds sterling. The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses are translated at an average rate. All resulting exchange differences are recognised in other comprehensive income. Non-monetary items that are measured at historic cost are not retranslated.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

Investments in subsidiaries

Investment in a subsidiary is held at cost less accumulated impairment losses. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Cash and cash equivalents

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

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

| | 30.9.23 | 30.9.22 |
|----------------|-------------------|-------------------|
| | £ | £ |
| United Kingdom | 2,297,787 | 1,642,754 |
| Europe | 5,692,603 | 4,828,747 |
| Asia | 6,981,875 | 7,301,134 |
| Americas | 8,331,852 | 6,307,113 |
| Rest of world | 737,516 | 365,057 |
| | <u>24,041,633</u> | <u>20,444,805</u> |

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Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

4. **OTHER OPERATING INCOME**

| | 30.9.23 | 30.9.22 |
|-----------------|--------------|----------|
| | £ | £ |
| Sundry receipts | <u>3,177</u> | <u>-</u> |

5. **EMPLOYEES AND DIRECTORS**

| | 30.9.23 | 30.9.22 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 6,788,205 | 5,949,441 |
| Social security costs | 676,188 | 601,070 |
| Other pension costs | 239,494 | 223,516 |
| | <u>7,703,887</u> | <u>6,774,027</u> |

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

| | 30.9.23 | 30.9.22 |
|----------------|------------|------------|
| Administration | 15 | 16 |
| Development | 69 | 63 |
| Distribution | 6 | 8 |
| Manufacturing | 13 | 12 |
| Sales | 13 | 12 |
| | <u>116</u> | <u>111</u> |

| | 30.9.23 | 30.9.22 |
|--|---------------|---------------|
| | £ | £ |
| Directors' remuneration | 872,572 | 743,954 |
| Directors' pension contributions to money purchase schemes | <u>38,093</u> | <u>30,290</u> |

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

| | | |
|------------------------|----------|----------|
| Money purchase schemes | <u>6</u> | <u>6</u> |
|------------------------|----------|----------|

Information regarding the highest paid director is as follows:

| | 30.9.23 | 30.9.22 |
|---|--------------|--------------|
| | £ | £ |
| Emoluments etc | 226,944 | 181,136 |
| Pension contributions to money purchase schemes | <u>2,923</u> | <u>2,657</u> |

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Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

6. **OPERATING PROFIT**

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

| | 30.9.23 | 30.9.22 |
|---|----------------|------------------|
| | £ | £ |
| Other operating leases | 148,960 | 124,429 |
| Depreciation - owned assets | 252,777 | 242,073 |
| (Profit)/loss on disposal of fixed assets | (14,871) | 1,333 |
| Auditors' remuneration | 10,000 | 10,000 |
| Foreign exchange differences | <u>109,494</u> | <u>(113,245)</u> |

7. **TAXATION**

Analysis of the tax charge

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

| | 30.9.23 | 30.9.22 |
|----------------------------|-----------------------|-----------------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 457,335 | 156,130 |
| Prior year under provision | 128,927 | - |
| Overseas taxation | <u>129,827</u> | <u>114,579</u> |
| Total current tax | <u>716,089</u> | <u>270,709</u> |
| Deferred tax | <u>74,000</u> | <u>8,000</u> |
| Tax on profit | <u><u>790,089</u></u> | <u><u>278,709</u></u> |

Reconciliation of total tax charge included in profit and loss

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

| | 30.9.23 | 30.9.22 |
|---|-----------------------|-----------------------|
| | £ | £ |
| Profit before tax | <u>5,327,135</u> | <u>4,164,487</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 22 % (2022 - 19 %) | 1,171,970 | 791,253 |
| Effects of: | | |
| Capital allowances in excess of depreciation | (49,501) | (2,039) |
| Adjustments to tax charge in respect of previous periods | 128,927 | - |
| Research and development enhanced deduction | (491,785) | (548,523) |
| Foreign currency translation | (74,964) | - |
| Overseas tax differences | 29,584 | 30,249 |
| Deferred tax | 74,000 | 8,000 |
| Other reconciling items | <u>1,858</u> | <u>(231)</u> |
| Total tax charge | <u><u>790,089</u></u> | <u><u>278,709</u></u> |

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Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

7. **TAXATION - continued**

Tax effects relating to effects of other comprehensive income

| | 30.9.23 | | 30.9.22 |
|----------------------------------|------------------|----------|------------------|
| | Gross £ | Tax £ | Net £ |
| Currency translation differences | <u>(408,402)</u> | <u>-</u> | <u>(408,402)</u> |
| | Gross £ | Tax £ | Net £ |
| Currency translation differences | <u>99,006</u> | <u>-</u> | <u>99,006</u> |

8. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

9. **DIVIDENDS**

| | 30.9.23 | 30.9.22 |
|--|------------------|------------------|
| | £ | £ |
| Ordinary shares of 0.0001p each Interim | 2,928,415 | 2,131,174 |
| B Ordinary shares of 0.0001p each Interim | <u>171,585</u> | <u>118,826</u> |
| | <u>3,100,000</u> | <u>2,250,000</u> |

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Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

10. TANGIBLE FIXED ASSETS

Group

| | Freehold property £ | Equipment, fixtures and software £ | Totals £ |
|------------------------|---------------------------|--|------------------|
| COST | | | |
| At 1 October 2022 | 1,638,655 | 2,567,309 | 4,205,964 |
| Additions | 20,323 | 550,583 | 570,906 |
| Disposals | - | (18,304) | (18,304) |
| Exchange differences | - | (58,447) | (58,447) |
| At 30 September 2023 | <u>1,658,978</u> | <u>3,041,141</u> | <u>4,700,119</u> |
| DEPRECIATION | | | |
| At 1 October 2022 | 598,234 | 2,102,928 | 2,701,162 |
| Charge for year | 45,227 | 207,550 | 252,777 |
| Eliminated on disposal | - | (17,424) | (17,424) |
| Exchange differences | - | (49,652) | (49,652) |
| At 30 September 2023 | <u>643,461</u> | <u>2,243,402</u> | <u>2,886,863</u> |
| NET BOOK VALUE | | | |
| At 30 September 2023 | <u>1,015,517</u> | <u>797,739</u> | <u>1,813,256</u> |
| At 30 September 2022 | <u>1,040,421</u> | <u>464,381</u> | <u>1,504,802</u> |

Company

| | Freehold property £ | Equipment, fixtures and software £ | Totals £ |
|-----------------------|---------------------------|--|------------------|
| COST | | | |
| At 1 October 2022 | 1,638,655 | 1,890,975 | 3,529,630 |
| Additions | 20,323 | 332,948 | 353,271 |
| At 30 September 2023 | <u>1,658,978</u> | <u>2,223,923</u> | <u>3,882,901</u> |
| DEPRECIATION | | | |
| At 1 October 2022 | 598,234 | 1,581,221 | 2,179,455 |
| Charge for year | 45,227 | 99,085 | 144,312 |
| At 30 September 2023 | <u>643,461</u> | <u>1,680,306</u> | <u>2,323,767</u> |
| NET BOOK VALUE | | | |
| At 30 September 2023 | <u>1,015,517</u> | <u>543,617</u> | <u>1,559,134</u> |
| At 30 September 2022 | <u>1,040,421</u> | <u>309,754</u> | <u>1,350,175</u> |

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Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

11. **FIXED ASSET INVESTMENTS**

Company

| | Shares in group undertakings £ |
|--|---|
| COST | |
| At 1 October 2022 and 30 September 2023 | <u>21,789</u> |
| NET BOOK VALUE | |
| At 30 September 2023 | <u>21,789</u> |
| At 30 September 2022 | <u><u>21,789</u></u> |

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Racelogic USA Corporation

Registered office: United States of America

Nature of business: Electronic systems for the automotive industry

| | % |
|------------------|---------|
| Class of shares: | holding |
| Ordinary | 100.00 |

| | | |
|--------------------------------|----------------|----------------|
| | 30.9.23 | 30.9.22 |
| | £ | £ |
| Aggregate capital and reserves | 2,031,178 | 1,673,117 |
| Profit for the year | <u>358,061</u> | <u>516,202</u> |

Racelogic Gmbh

Registered office: Germany

Nature of business: Electronic systems for the automotive industry

| | % |
|------------------|---------|
| Class of shares: | holding |
| Ordinary | 100.00 |

| | | |
|--------------------------------|--------------|---------------|
| | 30.9.23 | 30.9.22 |
| | £ | £ |
| Aggregate capital and reserves | 193,250 | 189,444 |
| Profit for the year | <u>3,806</u> | <u>44,965</u> |

12. **STOCKS**

| | Group | | Company | |
|---------------|------------------|------------------|------------------|------------------|
| | 30.9.23 | 30.9.22 | 30.9.23 | 30.9.22 |
| | £ | £ | £ | £ |
| Raw materials | <u>5,105,009</u> | <u>4,119,612</u> | <u>4,700,885</u> | <u>4,010,714</u> |

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Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

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

| | Group | | Company | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 30.9.23 | 30.9.22 | 30.9.23 | 30.9.22 |
| | £ | £ | £ | £ |
| Trade debtors | 1,907,973 | 1,343,841 | 1,038,090 | 815,363 |
| Amounts owed by group undertakings | - | - | 683,402 | 160,217 |
| Other debtors | 172,589 | 229,867 | 162,313 | 214,819 |
| Tax | - | 204,879 | - | 246,173 |
| Prepayments and accrued income | 458,262 | 194,523 | 207,792 | 166,138 |
| | <u>2,538,824</u> | <u>1,973,110</u> | <u>2,091,597</u> | <u>1,602,710</u> |

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

| | Group | | Company | |
|---------------------------------|------------------|----------------|------------------|----------------|
| | 30.9.23 | 30.9.22 | 30.9.23 | 30.9.22 |
| | £ | £ | £ | £ |
| Trade creditors | 602,557 | 487,494 | 571,948 | 455,220 |
| Tax | 239,011 | - | 189,169 | - |
| Social security and other taxes | 223,454 | 197,855 | 193,345 | 168,758 |
| Other creditors | 154,144 | 6,280 | 45,200 | - |
| Accruals and deferred income | 344,589 | 177,581 | 305,967 | 114,642 |
| | <u>1,563,755</u> | <u>869,210</u> | <u>1,305,629</u> | <u>738,620</u> |

15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

| | Non-cancellable operating leases | |
|----------------------------|----------------------------------|----------------|
| | 30.9.23 | 30.9.22 |
| | £ | £ |
| Within one year | 118,549 | 54,919 |
| Between one and five years | 379,495 | 141,875 |
| In more than five years | 340,337 | - |
| | <u>838,381</u> | <u>196,794</u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £103,368 (2022 - £81,751). The above disclosure relates to the group only. There are no non-cancellable operating lease agreements held by the company only.

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Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

16. **FINANCIAL INSTRUMENTS**

Group

Financial instruments that are debt instruments measured at amortised cost totalled £4,052,176 as at 30 September 2023 (2022 - £3,532,181).

Financial liabilities that are measured at amortised cost totalled £602,557 as at 30 September 2023 (2022 - £487,494).

Company

Financial instruments that are debt instruments measured at amortised cost totalled £3,537,493 as at 30 September 2023 (2022 - £2,749,871).

Financial liabilities that are measured at amortised cost totalled £571,948 as at 30 September 2023 (2022 - £455,220).

17. **PROVISIONS FOR LIABILITIES**

| | Group | | Company | |
|--------------------------------|----------------|---------------|----------------|---------------|
| | 30.9.23 | 30.9.22 | 30.9.23 | 30.9.22 |
| | £ | £ | £ | £ |
| Deferred tax | | | | |
| Accelerated capital allowances | <u>149,000</u> | <u>75,000</u> | <u>149,000</u> | <u>75,000</u> |

Group

| | |
|------------------------------|----------------|
| | Deferred tax |
| | £ |
| Balance at 1 October 2022 | 75,000 |
| Provided during year | 74,000 |
| Balance at 30 September 2023 | <u>149,000</u> |

Company

| | |
|------------------------------|----------------|
| | Deferred tax |
| | £ |
| Balance at 1 October 2022 | 75,000 |
| Provided during year | 74,000 |
| Balance at 30 September 2023 | <u>149,000</u> |

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Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 September 2023

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 30.9.23 £ | 30.9.22 £ |
|-----------|------------|----------------|--------------|--------------|
| 1,095,337 | Ordinary | 0.0001p | 110 | 109 |
| 65,749 | B Ordinary | 0.0001p | 7 | 6 |
| | | | <u>117</u> | <u>115</u> |

The Ordinary shares have full rights without exception to dividends, capital in the event of wind up and voting rights. The B Ordinary shares rank pari passu with the Ordinary shares in respect of dividends and capital but carry no voting rights.

2,608 B Ordinary shares of 0.0001p per share were purchased at a premium of £10.96 per share. 907 and 114 B Ordinary shares of 0.0001p per share were sold during the year at premiums of £10.00 and £10.96 per share, respectively.

19. RESERVES

Group

| | Retained earnings £ | Share premium £ | Capital redemption reserve £ | Non Distributable Reserves £ | Totals £ |
|----------------------------------|------------------------|--------------------|---------------------------------|---------------------------------|------------------|
| At 1 October 2022 | 7,846,521 | 908,624 | 10 | 86,384 | 8,841,539 |
| Profit for the year | 4,537,046 | | | | 4,537,046 |
| Dividends | (3,100,000) | | | | (3,100,000) |
| Purchase of own shares | - | (10,320) | - | - | (10,320) |
| Cash share issue | - | 28,557 | - | - | 28,557 |
| Currency translation differences | - | - | - | (408,402) | (408,402) |
| At 30 September 2023 | <u>9,283,567</u> | <u>926,861</u> | <u>10</u> | <u>(322,018)</u> | <u>9,888,420</u> |

Company

| | Retained earnings £ | Share premium £ | Capital redemption reserve £ | Totals £ |
|------------------------|------------------------|--------------------|---------------------------------|------------------|
| At 1 October 2022 | 7,037,310 | 908,624 | 10 | 7,945,944 |
| Profit for the year | 3,870,479 | | | 3,870,479 |
| Dividends | (3,100,000) | | | (3,100,000) |
| Purchase of own shares | - | (10,320) | - | (10,320) |
| Cash share issue | - | 28,557 | - | 28,557 |
| At 30 September 2023 | <u>7,807,789</u> | <u>926,861</u> | <u>10</u> | <u>8,734,660</u> |

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20. **PENSION COMMITMENTS**

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £239,494 (2022 - £168,611).

There were no outstanding contributions of (2022 - £nil) or prepaid contributions (2022 - £nil) at the beginning of the financial year. There were outstanding contributions of £45,200 (2022 - £nil) but no prepaid contributions (2022 - £nil) at the end of the financial year.

21. **RELATED PARTY DISCLOSURES**

During the year, dividends of £2,967,365 (2022 - £2,162,284) were paid to the directors and final dividends of £31,252 (2022 - £nil) have been approved since the year end.

During the year the group received services totalling £275,036 (2022 - £163,197) from entities controlled by a close family member of key management personnel. The balance owed by the group at the end of the year was £306 (2022 - £nil). All transactions were conducted on an arms length basis.

All directors of the parent company have authority and are responsible for the planning, directing and controlling of the activities of the Group and are considered to be the key management personnel of the Group. Their total remuneration is outlined in note 5 to the consolidated financial statements.

22. **ULTIMATE CONTROLLING PARTY**

J A D Thomas, director and family are the ultimate controlling party owning 69% of the issued share capital of the company.

