

**REGISTERED NUMBER: 07115142 (England and Wales)**

**Group Strategic Report, Report of the Directors and**

**Consolidated Financial Statements**

**for the Year Ended 31st October 2013**

**for**

**CAPSICUM MOTORSPORT HOLDINGS LIMITED**

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**Contents of the Consolidated Financial Statements  
for the year ended 31st October 2013**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Group Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Report of the Independent Auditors</b>	<b>5</b>
<b>Consolidated Profit and Loss Account</b>	<b>7</b>
<b>Consolidated Balance Sheet</b>	<b>8</b>
<b>Company Balance Sheet</b>	<b>9</b>
<b>Consolidated Cash Flow Statement</b>	<b>10</b>
<b>Notes to the Consolidated Cash Flow Statement</b>	<b>11</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>13</b>
<b>Consolidated Trading and Profit and Loss Account</b>	<b>25</b>

**CAPSICUM MOTORSPORT HOLDINGS LIMITED**

**Company Information  
for the year ended 31st October 2013**

**DIRECTORS:**

G D Chilton  
R W Swallow

**REGISTERED OFFICE:**

Suffolk House  
George Street  
Croydon  
Surrey  
CR0 0YN

**REGISTERED NUMBER:**

07115142 (England and Wales)

**AUDITORS:**

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

**Group Strategic Report  
for the year ended 31st October 2013**

The directors present their strategic report of the company and the group for the year ended 31st October 2013.

**REVIEW OF BUSINESS**

**Motorsport Businesses**

The Directors consider that race performance in the various championship series, in which it competes, together with sponsorship income and cost base are the key performance indicators of the business.

Continuing dominance in British F3 gave the team another 1st place in the Championship. However, the main focus in F3 was in the resurgent Euro F3 series where the team finished in a strong 3rd place and well placed to challenge for the top spot in 2014.

A disappointing 11th in the Renault 3.5 World Series Team championship was the only poor performance in 2013 and the directors have undertaken a detailed review of this result.

A solid 4th place in the GP3 series following on from 3rd place in the in the previous year makes Carlin a top choice now in this competitive championship.

Sponsorship revenue increased by over 5% over the previous season while cost of sales dropped by 9% reflecting improved control on travel costs and reduction in the cost of spares from the high expenditure in 2013 of upgrading F3 and World Series cars at the same time. Administration costs were in line with the previous year once a large bad debt write off is taken into account.

The restructuring that a subsidiary company, Omega Racing Limited, embarked upon in February 2013 was substantially completed by October 2013 and the company emerged from the Corporate Voluntary Arrangement in February 2014. The Directors remain confident that following this restructuring this company can continue to trade and prosper from its considerable knowledge base in the design and build of touring cars

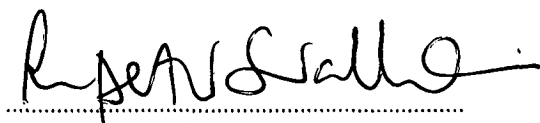
**Motorsport Entertainment Centre**

The rebranding of Capsicum Motorsport Simulation has been completed and while the results remain disappointing good progress has been made in building up this business.

**Summary**

While revenues fell from £11.9m in the previous year to £11.1m in the current year, cost of sales also fell from £12.4m to £8.7m due to dropping World Touring Cars and from improved cost controls. Net profit moved from a loss of £1m to a profit of £1m.

**ON BEHALF OF THE BOARD:**



R W Swallow - Director

Date: 17/07/14

**CAPSICUM MOTORSPORT HOLDINGS LIMITED (REGISTERED NUMBER: 07115142)**

**Report of the Directors  
for the year ended 31st October 2013**

The directors present their report with the financial statements of the company and the group for the year ended 31st October 2013.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of generating sponsorship from running and operating motor racing teams, and operation of a motorsport entertainment centre.

The group companies are as follows:-

Capsicum Motorsport Holdings Limited - non-trading holding company  
Capsicum Motorsport Limited - generating sponsorship from running and operating motor racing teams  
Capsicum Motorsport GP Limited - generating sponsorship from running and operating a motor racing team  
Capsicum Leasing Limited - leasing of freehold property, motor sports cars and equipment to other group companies  
Capsicum Motorsport Simulation Limited - operation of a motorsport entertainment centre  
Puretech Racing Limited - non trading company  
Omega Racing Limited - generating sponsorship from running and operating motor racing teams

In addition the group acquired and disposed of Capsicum SP Limited, a company which has not yet commenced trading and held no assets at the time of acquisition or disposal.

**DIVIDENDS**

No dividends will be distributed for the year ended 31st October 2013.

**FUTURE DEVELOPMENTS**

The restructuring and other actions that the directors have implemented over the previous few years leave the group well placed to improve its performance in 2014 and beyond.

**EVENTS SINCE THE END OF THE YEAR**

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

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st November 2012 to the date of this report.

G D Chilton  
R W Swallow

**PRINCIPAL RISKS AND UNCERTAINTIES**

The group's principal risk is its ability to continue to attract sponsorship revenue in the face of global economic uncertainty. However, strong race performance and a wide geographic spread of sources of sponsorship make the Directors confident that this risk can be mitigated as far as possible.

**FINANCIAL RISK MANAGEMENT**

As part of the review, the directors have considered the exposure of the group to liquidity risk and foreign exchange risk, in order that an overall assessment can be made of the group's assets, liabilities, its financial position and its results for the year.

**Liquidity Risk**

The group is primarily funded through financial support of the group by the ultimate controlling party, G D Chilton. In addition the group does have a loan with its bankers and operates bank overdraft facilities, and the directors actively consider other sources of funding to ensure that the group has sufficient funds available for operational activities.

**Foreign exchange risk**

The group has foreign currency transactions denominated in Euro and US Dollars. The directors review and agree policies for managing risks arising from the group's operations.

**Report of the Directors  
for the year ended 31st October 2013**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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). 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.

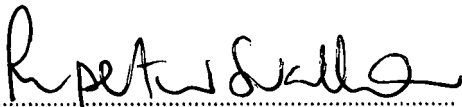
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**



R W Swallow - Director

Date: 17/7/14

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

We have audited the financial statements of Capsicum Motorsport Holdings Limited for the year ended 31st October 2013 on pages seven to twenty four. 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).

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.

**Respective responsibilities of directors and auditors**

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. 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 group's and the parent 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 Group Strategic Report and the Report of the Directors 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 group's and of the parent company's affairs as at 31st October 2013 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.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

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

**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 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.

*Simpson Wreford & Partners*

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

Date: *18 July 2014*



**CAPSICUM MOTORSPORT HOLDINGS LIMITED (REGISTERED NUMBER: 07115142)**

**Consolidated Profit and Loss Account  
for the year ended 31st October 2013**

	Notes	31.10.13 £	£	31.10.12 £	£
<b>TURNOVER</b>	2		11,139,082		11,943,788
Cost of sales			8,684,075		12,309,658
<b>GROSS PROFIT/(LOSS)</b>			2,455,007		(365,870)
Distribution costs		1,032,822		867,858	
Administrative expenses		961,075		1,772,337	
			1,993,897		2,640,195
<b>OPERATING PROFIT/(LOSS)</b>	4		461,110		(3,006,065)
Interest receivable and similar income			137		-
			461,247		(3,006,065)
Interest payable and similar charges	6		81,815		75,027
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			379,432		(3,081,092)
Tax on profit/(loss) on ordinary activities	7		(634,171)		(1,928,966)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>			1,013,603		(1,152,126)
Minority interest - equity			(84,119)		(82,073)
<b>RETAINED PROFIT/(DEFICIT) FOR THE GROUP CARRIED FORWARD</b>			1,097,722		(1,070,053)

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

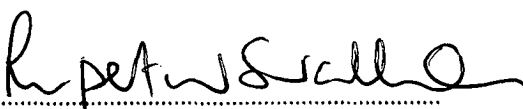
The notes form part of these financial statements

**CAPSICUM MOTORSPORT HOLDINGS LIMITED (REGISTERED NUMBER: 07115142)**

**Consolidated Balance Sheet  
31st October 2013**

	Notes	31.10.13 £	31.10.12 £
<b>FIXED ASSETS</b>			
Intangible assets	9	278,151	318,295
Tangible assets	10	5,535,857	6,253,898
Investments	11	56	56
		<u>5,814,064</u>	<u>6,572,249</u>
<b>CURRENT ASSETS</b>			
Stocks	12	1,097,927	1,075,274
Debtors	13	2,384,688	2,714,512
Cash at bank and in hand		892,735	134,519
		<u>4,375,350</u>	<u>3,924,305</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>1,575,351</u>	<u>3,804,278</u>
<b>NET CURRENT ASSETS</b>		<u>2,799,999</u>	<u>120,027</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,614,063</u>	<u>6,692,276</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(8,639,063)	(8,056,970)
<b>PROVISIONS FOR LIABILITIES</b>	19	(10,582)	(10,582)
<b>MINORITY INTERESTS</b>	20	166,172	82,053
<b>NET ASSETS/(LIABILITIES)</b>		<u><u>130,590</u></u>	<u><u>(1,293,223)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	100,000	100,000
Other reserves	22	326,091	-
Profit and loss account	22	(295,501)	(1,393,223)
<b>SHAREHOLDERS' FUNDS</b>	27	<u><u>130,590</u></u>	<u><u>(1,293,223)</u></u>

The financial statements were approved by the Board of Directors on 17/11/14 and were signed on its behalf by:

  
.....  
R W Swallow - Director

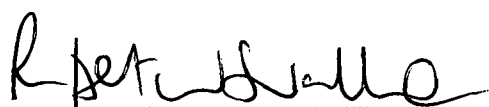
The notes form part of these financial statements

**CAPSICUM MOTORSPORT HOLDINGS LIMITED (REGISTERED NUMBER: 07115142)**

**Company Balance Sheet  
31st October 2013**

	Notes	31.10.13 £	£	31.10.12 £	£
<b>FIXED ASSETS</b>					
Intangible assets	9		-		-
Tangible assets	10		-		-
Investments	11		198,130		460
			<u>198,130</u>		<u>460</u>
<b>CURRENT ASSETS</b>					
Debtors	13	99,920		99,920	
<b>NET CURRENT ASSETS</b>			<u>99,920</u>		<u>99,920</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			298,050		100,380
<b>CREDITORS</b>					
Amounts falling due after more than one year	15		380		380
<b>NET ASSETS</b>			<u>297,670</u>		<u>100,000</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		100,000		100,000
Other reserves	22		326,091		-
Profit and loss account	22		(128,421)		-
<b>SHAREHOLDERS' FUNDS</b>	27		<u>297,670</u>		<u>100,000</u>

The financial statements were approved by the Board of Directors on 17/7/14 and were signed on its behalf by:



R W Swallow - Director

The notes form part of these financial statements

**CAPSICUM MOTORSPORT HOLDINGS LIMITED (REGISTERED NUMBER: 07115142)**

**Consolidated Cash Flow Statement  
for the year ended 31st October 2013**

	Notes	31.10.13 £	31.10.12 £
<b>Net cash outflow from operating activities</b>	1	(1,186,142)	(701,813)
<b>Returns on investments and servicing of finance</b>	2	(81,678)	(75,027)
<b>Taxation</b>		1,553,849	-
<b>Capital expenditure</b>	2	(228,168)	(2,421,556)
<b>Acquisitions and disposals</b>	2	-	1
		<u>57,861</u>	<u>(3,198,395)</u>
<b>Financing</b>	2	<u>708,684</u>	<u>3,036,683</u>
<b>Increase/(decrease) in cash in the period</b>		<u><u>766,545</u></u>	<u><u>(161,712)</u></u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net debt</b>	3		
Increase/(decrease) in cash in the period		<u>766,545</u>	<u>(161,712)</u>
Change in net debt resulting from cash flows		<u>766,545</u>	<u>(161,712)</u>
<b>Movement in net debt in the period</b>		<u>766,545</u>	<u>(161,712)</u>
<b>Net debt at 1st November</b>		<u>(1,400,460)</u>	<u>(1,238,748)</u>
<b>Net debt at 31st October</b>		<u><u>(633,915)</u></u>	<u><u>(1,400,460)</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement  
for the year ended 31st October 2013**

**1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	31.10.13	31.10.12
	£	£
Operating profit/(loss)	461,110	(3,006,065)
Depreciation charges	968,794	874,088
Loss on disposal of fixed assets	17,558	-
Directors loan written off	(750,500)	-
Increase in stocks	(22,653)	(297,775)
(Increase)/decrease in debtors	(589,853)	924,244
(Decrease)/increase in creditors	(1,270,598)	803,695
<b>Net cash outflow from operating activities</b>	<u>(1,186,142)</u>	<u>(701,813)</u>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.10.13	31.10.12
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	137	-
Interest paid	(61,114)	(59,064)
Finance costs	(20,701)	(15,963)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u>(81,678)</u>	<u>(75,027)</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(345,102)	(2,421,556)
Sale of tangible fixed assets	116,934	-
<b>Net cash outflow for capital expenditure</b>	<u>(228,168)</u>	<u>(2,421,556)</u>
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertaking	-	1
<b>Net cash inflow for acquisitions and disposals</b>	<u>-</u>	<u>1</u>
<b>Financing</b>		
Amount introduced by directors	582,112	3,678,683
Amount withdrawn by directors	(199,519)	(642,000)
Capital reserve contribution	326,091	-
<b>Net cash inflow from financing</b>	<u>708,684</u>	<u>3,036,683</u>

**Notes to the Consolidated Cash Flow Statement  
for the year ended 31st October 2013**

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

	At 1.11.12 £	Cash flow £	At 31.10.13 £
Net cash:			
Cash at bank and in hand	134,519	758,216	892,735
Bank overdrafts	(184,979)	8,329	(176,650)
	<u>(50,460)</u>	<u>766,545</u>	<u>716,085</u>
Debt:			
Debts falling due after one year	(1,350,000)	-	(1,350,000)
	<u>(1,350,000)</u>	<u>-</u>	<u>(1,350,000)</u>
Total	<u>(1,400,460)</u>	<u>766,545</u>	<u>(633,915)</u>

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements  
for the year ended 31st October 2013**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Basis of preparation**

The accounts have been drawn up on a going concern basis as the beneficial owner of the group has indicated his intention to continue providing financial support to the company and the group by way of loans. The directors anticipate that the group will achieve profitability in the forthcoming year.

The consolidated profit and loss account and balance sheet include the financial statements of the company and subsidiary undertakings made up to 31 October 2013. The results of the subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

**Related party exemption**

The company has taken advantage of the exemption under Financial Reporting Standard 8 from disclosing transactions with entities that are part of the group.

**Turnover**

Turnover represents sponsorship income and associated services, as well as income from the operation of a motorsport entertainment centre, excluding value added tax. Where sales invoices are raised during the year for periods subsequent to the balance sheet date, appropriate amounts are removed from turnover and included as deferred income in current liabilities. Where sales invoices are raised subsequent to the balance sheet date for services rendered during the financial year, appropriate amounts are added to turnover and included as accrued income in current assets.

**Goodwill**

Goodwill has been generated on the acquisition of businesses in 2010 and 2012. Goodwill arising on these acquisitions is being amortised evenly over their estimated useful life of ten years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Short leasehold	- Over length of lease
Motor racing cars	- At varying rates over the life of asset
Plant and machinery	- 25% on cost and 20% on cost
Tractors & trailers	- 25% on cost, 15% on cost and At varying rates over the life of asset
Motor vehicles	- 33% on cost, 25% on cost and 20% on cost
Computer equipment	- 25% on cost and 15% on cost

**Stocks**

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

**Deferred tax**

Deferred tax liabilities are recognised on all taxable temporary timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Unrecognised tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future tax profits will allow for the deferred tax asset to be recovered.

**Research and development**

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

**Notes to the Consolidated Financial Statements - continued**  
**for the year ended 31st October 2013**

**1. ACCOUNTING POLICIES - continued****Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**2. TURNOVER**

The turnover and profit (2012 - loss) before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	31.10.13	31.10.12
	£	£
United Kingdom	4,863,819	6,065,208
European Union	1,542,805	2,676,943
Rest of World	4,732,458	3,201,637
	<u>11,139,082</u>	<u>11,943,788</u>

**3. STAFF COSTS**

	31.10.13	31.10.12
	£	£
Wages and salaries	2,756,527	3,078,923
Social security costs	317,608	297,322
	<u>3,074,135</u>	<u>3,376,245</u>

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

	31.10.13	31.10.12
Racing and production	59	70
Simulation Centre	12	13
Administration	3	4
Directors	2	2
	<u>76</u>	<u>89</u>

**4. OPERATING PROFIT/(LOSS)**

The operating profit (2012 - operating loss) is stated after charging/(crediting):

	31.10.13	31.10.12
	£	£
Depreciation - owned assets	928,651	833,945
Loss on disposal of fixed assets	17,558	-
Goodwill amortisation	40,144	40,143
Auditors' remuneration	9,000	8,700
Foreign exchange differences	(12,595)	(43,979)
	<u>982,758</u>	<u>838,809</u>
Directors' remuneration	<u>50,000</u>	<u>50,000</u>



**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st October 2013**

**5. EXCEPTIONAL ITEMS**

On the 5th February 2013 a Company Voluntary Arrangement (CVA) was agreed at a Creditors and Members meeting of Omega Racing Limited, a wholly owned subsidiary company.

Under the terms of the CVA Omega Racing Limited agreed to pay 21p in the £1 on creditor balances at that date.

Included within administrative expenses is a credit of £1,234,178 which has arisen on creditor balances written off under the terms of the (CVA).

Whilst the CVA formally completed on the 24th February 2014 all material transactions under that arrangement took place during the financial year, and the directors therefore believe it appropriate to reflect the full credit in these financial statements.

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.10.13	31.10.12
	£	£
Bank interest	79	146
Bank loan interest	56,574	52,863
Interest payable	4,461	6,055
Bank charges	14,907	13,864
Other interest	5,794	2,099
	<u>81,815</u>	<u>75,027</u>

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

The tax credit on the profit on ordinary activities for the year was as follows:

	31.10.13	31.10.12
	£	£
Current tax:		
UK corporation tax	(634,171)	(1,986,431)
Deferred tax	-	57,465
Tax on profit/(loss) on ordinary activities	<u>(634,171)</u>	<u>(1,928,966)</u>

**Notes to the Consolidated Financial Statements - continued**  
**for the year ended 31st October 2013**

**7. TAXATION - continued****Factors affecting the tax credit**

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

	31.10.13 £	31.10.12 £
Profit/(loss) on ordinary activities before tax	<u>379,432</u>	<u>(3,081,092)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.580% (2012 - 24.670%)	89,470	(760,105)
Effects of:		
Depreciation in excess of capital allowances	36,248	58,873
Utilisation of tax losses	-	(17,018)
Adjustments to tax charge in respect of previous periods	290,042	-
Disallowed expenditure	(281,552)	27,279
Tax losses carried forward	30,751	-
Enhanced Research & Development expenditure	<u>(799,130)</u>	<u>(1,295,460)</u>
Current tax credit	<u>(634,171)</u>	<u>(1,986,431)</u>

**8. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(128,421) (2012 - £0 profit).

**9. INTANGIBLE FIXED ASSETS****Group**

	Goodwill £
<b>COST</b>	
At 1st November 2012 and 31st October 2013	<u>401,437</u>
<b>AMORTISATION</b>	
At 1st November 2012	83,142
Amortisation for year	<u>40,144</u>
At 31st October 2013	<u>123,286</u>
<b>NET BOOK VALUE</b>	
At 31st October 2013	<u>278,151</u>
At 31st October 2012	<u>318,295</u>

Notes to the Consolidated Financial Statements - continued  
for the year ended 31st October 2013

## 10. TANGIBLE FIXED ASSETS

## Group

	Freehold property £	Short leasehold £	Motor racing cars £	Plant and machinery £
<b>COST</b>				
At 1st November 2012	2,946,923	20,033	1,735,965	1,530,209
Additions	5,847	-	184,660	33,578
Disposals	-	(946)	(22,000)	(26,761)
At 31st October 2013	2,952,770	19,087	1,898,625	1,537,026
<b>DEPRECIATION</b>				
At 1st November 2012	82,429	83	566,233	368,547
Charge for year	95,421	955	325,767	356,592
Eliminated on disposal	-	-	-	(20,626)
At 31st October 2013	177,850	1,038	892,000	704,513
<b>NET BOOK VALUE</b>				
At 31st October 2013	2,774,920	18,049	1,006,625	832,513
At 31st October 2012	2,864,494	19,950	1,169,732	1,161,662
	Tractors & trailers £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1st November 2012	860,519	298,355	148,514	7,540,518
Additions	-	101,912	19,105	345,102
Disposals	(50,000)	(84,545)	(3,780)	(188,032)
At 31st October 2013	810,519	315,722	163,839	7,697,588
<b>DEPRECIATION</b>				
At 1st November 2012	100,434	126,893	42,001	1,286,620
Charge for year	67,093	47,132	35,691	928,651
Eliminated on disposal	-	(31,989)	(925)	(53,540)
At 31st October 2013	167,527	142,036	76,767	2,161,731
<b>NET BOOK VALUE</b>				
At 31st October 2013	642,992	173,686	87,072	5,535,857
At 31st October 2012	760,085	171,462	106,513	6,253,898

**CAPSICUM MOTORSPORT HOLDINGS LIMITED (REGISTERED NUMBER: 07115142)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st October 2013**

**11. FIXED ASSET INVESTMENTS**

**Group**

	Unlisted investments £
<b>COST</b>	
At 1st November 2012 and 31st October 2013	56
<b>NET BOOK VALUE</b>	
At 31st October 2013	56
At 31st October 2012	56

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1st November 2012	460
Additions	326,091
Impairments	(128,421)
At 31st October 2013	198,130
<b>NET BOOK VALUE</b>	
At 31st October 2013	198,130
At 31st October 2012	460

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

**Subsidiaries**

**Capsicum Motorsport Limited**

Nature of business: generating sponsorship from motor racing

	% holding	31.10.13 £	31.10.12 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		121,503	13,315
Profit/(loss) for the year		108,188	(53,137)

**Capsicum Leasing Limited**

Nature of business: leasing of property, motor cars and equipment

	% holding	31.10.13 £	31.10.12 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		721,608	504,538
Profit for the year		217,070	219,953

**Notes to the Consolidated Financial Statements - continued**  
**for the year ended 31st October 2013**

**11. FIXED ASSET INVESTMENTS - continued****Capsicum Motorsport GP Limited**

Nature of business: generating sponsorship from motor racing

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.10.13	31.10.12
		£	£
Aggregate capital and reserves		(623,292)	(658,861)
Profit for the year		<u>35,569</u>	<u>187,061</u>

**Omega Racing Limited**

Nature of business: generating sponsorship from motor racing

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.10.13	31.10.12
		£	£
Aggregate capital and reserves		197,770	(1,241,837)
Profit/(loss) for the year		<u>1,113,516</u>	<u>(1,241,937)</u>

**Capsicum Motorsport Simulation Limited**

Nature of business: operation of a motorsport entertainment centre

	%		
Class of shares:	holding		
Ordinary	80.00		
		31.10.13	31.10.12
		£	£
Aggregate capital and reserves		(830,860)	(410,266)
Loss for the year		<u>(420,594)</u>	<u>(410,366)</u>

**Puretech Racing Limited**

Nature of business: operation of a motorsport entertainment centre

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.10.13	31.10.12
		£	£
Profit for the year		<u>-</u>	<u>255,213</u>

On the 1st November 2012 the group acquired a 100% shareholding in Capsicum SP Limited. On the 17th April 2013 the group then disposed of its stake for no profit, and Capsicum SP Limited did not trade at any point during the time of its membership of the group.

**12. STOCKS**

	<b>Group</b>	
	31.10.13	31.10.12
	£	£
Stocks	<u>1,097,927</u>	<u>1,075,274</u>

**CAPSICUM MOTORSPORT HOLDINGS LIMITED (REGISTERED NUMBER: 07115142)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st October 2013**

**13. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	31.10.13	31.10.12	31.10.13	31.10.12
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	713,014	201,194	-	-
Other debtors	32,835	-	-	-
Tax	924,214	1,843,892	-	-
VAT	108,050	293,731	-	-
Prepayments and accrued income	606,575	375,695	-	-
	<u>2,384,688</u>	<u>2,714,512</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	99,920	99,920
	<u>-</u>	<u>-</u>	<u>99,920</u>	<u>99,920</u>
Aggregate amounts	<u>2,384,688</u>	<u>2,714,512</u>	<u>99,920</u>	<u>99,920</u>

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

	<b>Group</b>	
	31.10.13	31.10.12
	£	£
Bank loans and overdrafts (see note 16)	176,650	184,979
Trade creditors	575,951	1,454,015
Social security and other taxes	74,870	90,399
Other creditors	47,589	6,500
Directors' current accounts	-	950,000
Accruals and deferred income	700,291	1,118,385
	<u>1,575,351</u>	<u>3,804,278</u>

**15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	31.10.13	31.10.12	31.10.13	31.10.12
	£	£	£	£
Bank loans (see note 16)	1,350,000	1,350,000	-	-
Amounts owed to group undertakings	-	-	380	380
Directors' loan accounts	7,289,063	6,706,970	-	-
	<u>8,639,063</u>	<u>8,056,970</u>	<u>380</u>	<u>380</u>

**CAPSICUM MOTORSPORT HOLDINGS LIMITED (REGISTERED NUMBER: 07115142)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st October 2013**

**16. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>	
	31.10.13	31.10.12
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>176,650</u>	<u>184,979</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>107,865</u>	<u>107,865</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>431,460</u>	<u>431,460</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans more 5 yr by instal	<u>810,675</u>	<u>810,675</u>

**17. OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

**Group**

	<b>Land and buildings</b>	
	31.10.13	31.10.12
	£	£
Expiring:		
Within one year	<u>85,000</u>	<u>107,000</u>

**18. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>Group</b>	
	31.10.13	31.10.12
	£	£
Director's loan account	5,878,287	5,878,287
Bank Loan	<u>1,350,000</u>	<u>1,354,674</u>
	<u>7,228,287</u>	<u>7,232,961</u>

The bank and directors loans are secured by fixed and floating charges on all assets held by Capsicum Leasing Limited.

**19. PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	31.10.13	31.10.12
	£	£
Deferred tax	<u>10,582</u>	<u>10,582</u>

**CAPSICUM MOTORSPORT HOLDINGS LIMITED (REGISTERED NUMBER: 07115142)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st October 2013**

**19. PROVISIONS FOR LIABILITIES - continued**

**Group**

	Deferred tax £
Balance at 1st November 2012	10,582
Accelerated capital allowances	
Unrelieved tax losses	
	<hr/>
Balance at 31st October 2013	<u>10,582</u>

**20. MINORITY INTERESTS**

The minority interest of £166,172 represents a minority shareholder's share of the net liabilities in a subsidiary company that was acquired in the previous year.

**21. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	31.10.13 £	31.10.12 £
100,000	Ordinary		<u>100,000</u>	<u>100,000</u>

**22. RESERVES**

**Group**

	Profit and loss account £	Other reserves £	Totals £
At 1st November 2012	(1,393,223)	-	(1,393,223)
Profit for the year	1,097,722		1,097,722
Capital reserve	-	326,091	326,091
	<hr/>	<hr/>	<hr/>
At 31st October 2013	<u>(295,501)</u>	<u>326,091</u>	<u>30,590</u>

**Company**

	Profit and loss account £	Other reserves £	Totals £
Deficit for the year	(128,421)		(128,421)
Capital reserve	-	326,091	326,091
	<hr/>	<hr/>	<hr/>
At 31st October 2013	<u>(128,421)</u>	<u>326,091</u>	<u>197,670</u>

Other reserves represents a capital reserve formed on the introduction of funds by the ultimate beneficial owner, G D Chilton. These funds were introduced to assist in settling creditor balances under the terms of a Company Voluntary Arrangement entered into by a subsidiary company, Omega Racing Limited.



**Notes to the Consolidated Financial Statements - continued**  
**for the year ended 31st October 2013**

**23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

G D Chilton, a director, provided a further loan of £559,803 (2012: £3,036,683) to the group during the year. The group repaid £199,500, and wrote off £750,500 as part of a Company Voluntary Arrangement for a subsidiary company. The total balance owed by the group at the year end was £7,121,774 (2012: £6,561,990). The loan is interest free and not repayable within one year.

During the year G D Chilton introduced £326,091 to assist a group company, Omega Racing Limited, meet its obligations as part of the Company Voluntary Arrangement. These funds were introduced on the expectation that they would not be recovered by G D Chilton, and have therefore been credited to a capital reserve account.

In addition R W Swallow, a director, provided a further loan of £22,309 (2012: £144,980) to the group during the year. The total balance owed by the group at the year end was £167,289 (2012: £144,980). The loan is interest free and not repayable within one year.

**24. RELATED PARTY DISCLOSURES****Capsicum Private Office LLP**

An LLP in which both G D Chilton and R W Swallow are members.

Group companies were charged £50,000 (2012: £50,000) for directors fees during the year.

	31.10.13	31.10.12
	£	£
Amount due to related party at the balance sheet date	-	90,000
	<u>          </u>	<u>          </u>

**Bayly Associates Limited**

A company owned and controlled by J Bayly, part of the management team.

Group companies were charged £92,176 (2012: £66,000) for accountancy services provided during the year.

**Tomax Motorsport**

A business owned and controlled by G D Chilton.

During the year a group company made sales of £20,535 (2012: £1,682,327) to the above party.

	31.10.13	31.10.12
	£	£
Amount due from related party at the balance sheet date	-	18,430
	<u>          </u>	<u>          </u>

**Capsicum Technologies Limited**

A company controlled by the directors

During the year the group advanced £3,306 (2012: £Nil) to Capsicum Technologies Limited and this balance remained due at the end of the year. The loan is repayable on demand.

	31.10.13	31.10.12
	£	£
Amount due from related party at the balance sheet date	3,306	-
	<u>          </u>	<u>          </u>

**25. POST BALANCE SHEET EVENTS**

On the 24th February 2014 a subsidiary group company, Omega Racing Limited successfully completed a Company Voluntary Arrangement (CVA), that it had entered into in the year.

**CAPSICUM MOTORSPORT HOLDINGS LIMITED (REGISTERED NUMBER: 07115142)**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31st October 2013**

**26. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is G D Chilton, a director.

**27. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	31.10.13	31.10.12
	£	£
Profit/(loss) for the financial year	1,097,722	(1,070,053)
Capital reserve contribution	326,091	-
<b>Net addition/(reduction) to shareholders' funds</b>	<b>1,423,813</b>	<b>(1,070,053)</b>
Opening shareholders' funds	(1,293,223)	(223,170)
<b>Closing shareholders' funds</b>	<b>130,590</b>	<b>(1,293,223)</b>

**Company**

	31.10.13	31.10.12
	£	£
Loss for the financial year	(128,421)	-
Capital reserve contribution	326,091	-
<b>Net addition to shareholders' funds</b>	<b>197,670</b>	<b>-</b>
Opening shareholders' funds	100,000	100,000
<b>Closing shareholders' funds</b>	<b>297,670</b>	<b>100,000</b>