

REGISTERED NUMBER: 06718623 (England and Wales)

**Strategic Report,
Report of the Directors and
Audited Financial Statements
for the Year Ended 31 March 2018
for
Norton Motorcycles (UK) Limited**

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for the Year Ended 31 March 2018**

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Norton Motorcycles (UK) Limited

**Company Information
for the Year Ended 31 March 2018**

DIRECTORS: S J Garner
S P Skinner

REGISTERED OFFICE: Donington Hall
Castle Donington
Derbyshire
DE74 2SG

REGISTERED NUMBER: 06718623 (England and Wales)

AUDITORS: HSKS Greenhalgh
Chartered Accountants &
Statutory Auditor
18 St Christopher's Way
Pride Park
Derby
DE24 8JY

**Strategic Report
for the Year Ended 31 March 2018**

The directors present their strategic report for the year ended 31 March 2018.

REVIEW OF BUSINESS

Norton Motorcycles (UK) Limited, "Norton", manufactures and sells motorcycles and related parts, accessories and clothing merchandise both directly and indirectly through independent distributors and dealerships around the world. In addition to this, Norton also receives royalty payments through licence deals for use of the brand and design IP.

The company has performed strongly over the last few years with revenues and EBITDA continuing to grow, creating a stronger balance sheet. Intangibles have grown significantly over the last three years as the business has invested money into the research and development of new engine platforms and model ranges, being the V4 and 650 model ranges. Both of these new model variants have achieved strong order books. With our V4 model now delivering and our 650cc range expected to deliver Summer/Autumn 2019, we expect continued growth going forward.

The company continues to expand its geographic footprint and invest in the development of its dealer and distribution network.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is a high priority. Processes are designed to identify, mitigate and manage risk. The board of directors are ultimately responsible for the risk management.

Strict processes are followed to evaluate varying levels of opportunities, whether this be new funding opportunities, investment in new motorcycle models, entering new markets and geographical locations, or selection of new suppliers.

ON BEHALF OF THE BOARD:

S J Garner - Director

24 April 2019

**Report of the Directors
for the Year Ended 31 March 2018**

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacture and sale of motorcycles and related merchandise.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2018.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

S J Garner
S P Skinner

POLITICAL DONATIONS AND EXPENDITURE

During the year the company made political donations as follows:

North West Leicester Conservative Association £2,500
Others £183

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**Report of the Directors
for the Year Ended 31 March 2018**

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 company'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 company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

S J Garner - Director

24 April 2019

Report of the Independent Auditors to the Members of Norton Motorcycles (UK) Limited

Disclaimer of opinion

We were engaged to audit the financial statements of Norton Motorcycles (UK) Limited (the 'company') for the year ended 31 March 2018 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The financial statements of the year ended 31 March 2017 were not audited. We have obtained audit evidence to support certain opening balances for the year ended 31 March 2018. However, there were opening balances that could not be audited as detailed in the following five paragraphs:

Development costs reflected in the company's assets at 31 March 2017 with a carrying value of £3,718,992 include an estimate of labour and other costs which is based on an apportionment of costs incurred. These estimates are judgemental and therefore subject to an inherent estimation uncertainty and this asset represents 34.5% of the company's gross assets. As a result of this estimation uncertainty we are unable to determine whether any adjustments were necessary in respect of the carrying value of this asset at 31 March 2017.

The company's investment in Norton America LLC, a foreign subsidiary, is carried at £1,511,063 in the balance sheet as at 31 March 2017. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Norton Motorcycles (UK) Limited's investment in Norton America LLC as at 31 March 2017 because financial information for this entity was not available. Consequently, we were unable to determine whether any adjustment to the amount of the investment was necessary.

Stock as at 31 March 2017 had a carrying value of £1,257,889. The audit evidence available to us was limited because we did not observe counting of the physical stock at 31 March 2017, since that date was prior to our appointment as auditor of the company. We were unable to obtain sufficient appropriate evidence regarding the stock quantities by using other audit procedures and were therefore unable to determine whether any adjustments were necessary in respect of the carrying value of this asset.

Trade debtors as at 31 March 2017, and after the prior period adjustment totalled £166,472, and we were unable to obtain sufficient appropriate evidence regarding this balance by using other audit procedures.

Included within other debtors as at 31 March 2017 were amounts totalling £348,087 due from two related parties and we were unable to obtain sufficient appropriate evidence regarding this balance by any other audit procedures.

Furthermore, with regard to the year ended 31 March 2018:

Development expenditure has not been accounted for in line with the accounting policy or FRS 102 in so far as a proportion of development expenditure incurred in the year has been expensed through the income statement. Development cost additions have been understated by £1,054,888 and pre tax profit for the year has been understated by the same amount. As a result the amortisation of development costs, being £300 per motorcycle, is potentially insufficient. Furthermore, given that we were unable to determine whether any adjustment was necessary in respect of the carrying value of this asset at 31 March 2017, we are unable to determine similar at 31 March 2018.

Report of the Independent Auditors to the Members of Norton Motorcycles (UK) Limited

Given that development costs have been accounted for incorrectly as above, the grant income receivable during the year ended 31 March 2018 relating to such development costs has also been accounted for incorrectly. Grant income of £1,054,888 should be recognised on a systematic basis over the expected useful life of the asset with any deferred income being carried in the balance sheet. Furthermore the accounting policy for government grants is not compliant with FRS 102. As a result, other income and net profit before tax for the year are overstated by £1,054,688 and deferred income is understated by the same amount. The overall effect on net profit before tax of this incorrect accounting treatment and that described in the preceding paragraph is £nil for the year ended 31 March 2018.

The company's investment in Norton America LLC, a foreign subsidiary, is carried at £1,511,063 in the balance sheet as at 31 March 2018. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Norton Motorcycles (UK) Limited's investment in Norton America LLC as at 31 March 2018 because financial information for this entity was not available. Consequently, we were unable to determine whether any adjustment to the amount of the investment was necessary.

Material uncertainty relating to going concern

We draw attention to the going concern section in note 2 in the financial statements which indicates that the company made a pre tax profit of £33,701 (equating to a loss after tax of £1,537) during the year ended 31 March 2018 and, as of that date, the company's current liabilities exceeded its current assets by £3,384,200. As stated in the going concern section in note 2, these conditions, along with the other matters as detailed in that section, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Other matter

In the previous accounting period the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit.

Report of the Independent Auditors to the Members of Norton Motorcycles (UK) 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Notwithstanding our disclaimer of an opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitations described above, we have not identified material misstatements in the strategic report or the directors' report.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Report of the Independent Auditors to the Members of
Norton Motorcycles (UK) Limited**

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.

Philip Handley FCA (Senior Statutory Auditor)
for and on behalf of HSKS Greenhalgh
Chartered Accountants &
Statutory Auditor
18 St Christopher's Way
Pride Park
Derby
DE24 8JY

26 April 2019

Norton Motorcycles (UK) Limited (Registered number: 06718623)

Income Statement
for the Year Ended 31 March 2018

	Notes	2018 £	2017 as restated £
TURNOVER	3	6,718,914	5,599,337
Cost of sales		<u>(5,092,384)</u>	<u>(4,503,811)</u>
GROSS PROFIT		1,626,530	1,095,526
Administrative expenses		<u>(2,116,371)</u>	<u>(2,322,387)</u>
		(489,841)	(1,226,861)
Other operating income		1,127,931	1,103,540
OPERATING PROFIT/(LOSS)	5	<u>638,090</u>	<u>(123,321)</u>
Loan written off	7	373,359	186,680
Related party balances written off	7	<u>(479,335)</u>	<u>-</u>
		532,114	63,359
Interest receivable and similar income		<u>1,981</u>	<u>271</u>
		534,095	63,630
Amounts written off investments	8	<u>(125,321)</u>	<u>-</u>
		408,774	63,630
Interest payable and similar expenses	9	<u>(375,073)</u>	<u>(265,472)</u>
PROFIT/(LOSS) BEFORE TAXATION		33,701	(201,842)
Tax on profit/(loss)	10	<u>(35,238)</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(1,537)</u></u>	<u><u>(201,842)</u></u>

The notes form part of these financial statements

Norton Motorcycles (UK) Limited (Registered number: 06718623)

Other Comprehensive Income
for the Year Ended 31 March 2018

	Notes	2018 £	2017 as restated £
LOSS FOR THE YEAR		(1,537)	(201,842)
OTHER COMPREHENSIVE INCOME			
Reduction in capital contribution		(80,138)	163,682
Income tax relating to other comprehensive income		<u>-</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(80,138)</u>	<u>163,682</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(81,675)</u>	<u>(38,160)</u>

The notes form part of these financial statements

Norton Motorcycles (UK) Limited (Registered number: 06718623)

Balance Sheet
31 March 2018

		2018		2017 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	13		5,237,572		3,824,695
Tangible assets	14		2,626,397		2,179,422
Investments	15		1,683,446		1,808,767
			<u>9,547,415</u>		<u>7,812,884</u>
CURRENT ASSETS					
Stocks	16	1,487,290		1,257,889	
Debtors	17	2,545,968		1,706,401	
Cash at bank and in hand		58,116		3,465	
		<u>4,091,374</u>		<u>2,967,755</u>	
CREDITORS					
Amounts falling due within one year	18	7,475,574		4,066,527	
NET CURRENT LIABILITIES			<u>(3,384,200)</u>		<u>(1,098,772)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,163,215</u>		<u>6,714,112</u>
CREDITORS					
Amounts falling due after more than one year	19		5,712,150		6,181,372
NET ASSETS			<u>451,065</u>		<u>532,740</u>
CAPITAL AND RESERVES					
Called up share capital	23		1		1
Capital contribution reserve	24		475,753		705,328
Fair value reserve	24		42,661		42,661
Retained earnings	24		(67,350)		(215,250)
SHAREHOLDERS' FUNDS			<u>451,065</u>		<u>532,740</u>

The financial statements were approved by the Board of Directors on 24 April 2019 and were signed on its behalf by:

S J Garner - Director

**Statement of Changes in Equity
for the Year Ended 31 March 2018**

	Called up share capital £	Retained earnings £	Capital contribution reserve £	Fair value reserve £	Total equity £
Balance at 1 April 2016	1	(177,090)	-	42,661	(134,428)
Changes in equity					
Total comprehensive income	-	(38,160)	705,328	-	667,168
Balance at 31 March 2017	<u>1</u>	<u>(215,250)</u>	<u>705,328</u>	<u>42,661</u>	<u>532,740</u>
Changes in equity					
Total comprehensive income	-	147,900	(229,575)	-	(81,675)
Balance at 31 March 2018	<u>1</u>	<u>(67,350)</u>	<u>475,753</u>	<u>42,661</u>	<u>451,065</u>

**Notes to the Financial Statements
for the Year Ended 31 March 2018**

1. **STATUTORY INFORMATION**

Norton Motorcycles (UK) 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 Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standards 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.

Going concern

The financial statements for the year ended 31 March 2018 detail a pre-tax profit of £33,701 for the year (2017 - £201,842 loss) with net current liabilities of £3,384,200 (2017 - £1,098,772).

The company is therefore dependent on the future financial support of its bankers and creditors.

Net current liabilities have grown in the year due to use of a new overdraft facility for the funding of V4 SS stock as this new model went into production. As the new model is now successfully in production the company has received Heads of Terms to develop a new funding proposal to convert short term overdraft funding into a committed term loan, which would improve the net current liabilities position.

With an incredibly successful new model launch, it should also be noted that short-term creditors include customer deposits. Despite being classed as current liabilities, the directors consider it very unlikely this would ever materialise in any material short term cash requirements given current trading conditions and given the minimal number of cancellations in the past resulting in customer refunds.

The company meets its day to day working capital requirements through an agreed overdraft facility, provided by Santander Bank on an evergreen automatic renewal basis.

The company has a wide range of banking facilities and its bankers continue to support all of these facilities. Further to this, as above the company has received Heads of Terms to develop a proposal for refinancing, including the provision of further growth capital to enable Norton to expand and scale its business.

The directors have prepared projected cash flow information for the period ending 12 months from the date of their approval of these financial statements. On the basis of the cash flow information and on the basis of the information above, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Preparation of consolidated financial statements

The financial statements contain information about Norton Motorcycles (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Norton Motorcycle Holdings Limited, Donington Hall, Castle Donington, Derbyshire, DE74 2SG.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

2. ACCOUNTING POLICIES - continued

Turnover

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer. Sales of motorcycles and related parts, merchandise and accessories are recognised in turnover at the point of dispatch, which is when the risks and rewards of ownership pass to the customer. Turnover is measured at the fair value of the consideration receivable, excluding value added tax and discounts.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of two businesses in 2013, is being amortised evenly over its estimated useful life of ten years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of 10 years.

Developments costs are being amortised at a rate of £300 per motorcycle sold in the financial year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- 10% on cost
Demonstrators	- 10% on cost
Tooling	- 10% on cost
Plant and machinery	- 33% on cost and 10% on cost
Fixtures and fittings	- 10% on cost
Motor vehicles	- 20% on cost
Office and computer equipment	- 15% on cost

Tooling expenditure is depreciated once the asset has been brought into operational use.

Investments in subsidiaries and associates

Investments in subsidiary and associate undertakings are recognised at cost less any provision for impairment.

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the 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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

2. ACCOUNTING POLICIES - continued

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.

Development

Development expenditure is capitalised where the project is technically, commercially and financially viable. The expenditure is deferred and amortised over the period the company is expected to benefit.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date unless settled at a contracted rate. 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.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs and other post-retirement benefits

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

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. Grants related to purchase of assets and expenses are treated as other income in the profit and loss in the year of receipt.

3. TURNOVER

The turnover and profit (2017 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2018	2017 as restated
	£	£
United Kingdom	1,646,436	1,189,384
Europe	2,411,946	2,156,516
Rest of world	2,660,532	2,253,437
	<u>6,718,914</u>	<u>5,599,337</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

4. EMPLOYEES AND DIRECTORS

	2018	2017 as restated
	£	£
Wages and salaries	1,270,111	1,397,042
Social security costs	153,719	117,861
Other pension costs	18,842	-
	<u>1,442,672</u>	<u>1,514,903</u>

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

	2018	2017 as restated
Directors	2	2
Direct and administrative staff	72	57
Apprentices	11	12
	<u>85</u>	<u>71</u>

	2018	2017 as restated
	£	£
Directors' remuneration	95,618	95,000
Directors' pension contributions to money purchase schemes	632	-

5. OPERATING PROFIT/(LOSS)

The operating profit (2017 - operating loss) is stated after charging:

	2018	2017 as restated
	£	£
Depreciation - owned assets	439,413	246,027
Depreciation - assets on hire purchase contracts	86,045	59,258
Loss on disposal of fixed assets	-	2,250
Goodwill amortisation	9,000	9,000
Patents and licences amortisation	15,952	6,085
Development costs amortisation	124,200	119,700
Foreign exchange differences	32,423	16,200

6. AUDITORS' REMUNERATION

	2018	2017 as restated
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	8,600	-
Total audit fees	<u>8,600</u>	<u>-</u>

Norton Motorcycles (UK) Limited (Registered number: 06718623)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

7. EXCEPTIONAL ITEMS

	2018	2017 as restated
	£	£
Loan written off	373,359	186,680
Related party balances written off	(479,335)	-
	<u>(105,976)</u>	<u>186,680</u>

During the year ended 31 March 2017 the directors were of the opinion that an amount owed to M Sipp (a pension scheme in which a shareholder of the ultimate parent company, Norton Motorcycle Holdings Limited, has an interest) was very unlikely to ever become payable. As such, it was decided to write the total of the loan off over a period of 3 years. However, during this year, the directors have decided to write off the remaining loan amount of £373,359 in full.

A debt due from Lantern Seven Limited (previously Fireworks World Limited), a company in which S J Garner was a director until 29 June 2018 and is a shareholder, amounting to £324,002 was deemed irrecoverable and therefore written off in full during the year.

During the year, the company has written off a loan amounting to £61,094 from Priest House Hotel Limited, a company in which S J Garner is a sole shareholder and director.

During the year, the company has written off a debtor balance amounting to £22,052 from Greensward Limited, a company in which S J Garner is a shareholder and director.

During the year, the company has recognised an additional creditor amounting to £14,005 to British Motorcycle Manufacturing Academy Limited, a company in which S J Garner is a sole shareholder and director.

During the year, the company has written off an intercompany balance amounting to £58,182 from Norton America LLC, a company in which S J Garner is a director.

8. AMOUNTS WRITTEN OFF INVESTMENTS

During the year, the company has recognised an impairment of Spondon Engineering Limited, a subsidiary company, amounting to £42,661 in light of its cessation and net assets position.

During the year, the company has recognised an impairment of Spondon Developments Limited, an associate company, amounting to £82,660 in light of its cessation and net assets position.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017 as restated
	£	£
Bank interest	191,912	88,552
Other loan interest	175,639	172,237
Hire purchase interest	7,522	4,683
	<u>375,073</u>	<u>265,472</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

10. TAXATION

Analysis of the tax charge

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

	2018	2017 as restated
	£	£
Current tax:		
UK corporation tax	<u>35,238</u>	-
Tax on profit/(loss)	<u>35,238</u>	<u>-</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2018 Tax £	Net £
Reduction in capital contribution	<u>(80,138)</u>	-	<u>(80,138)</u>
		2017	
	Gross £	Tax £	Net £
Release of capital contribution	163,682	-	163,682
Capital contribution reserve	<u>705,328</u>	-	<u>705,328</u>
	<u>869,010</u>	-	<u>869,010</u>

No provision for deferred tax has been recognised in the financial statements in light of trading losses being available to extinguish any charge arising.

11. PRIOR YEAR ADJUSTMENT

The company has an accounting policy to recognise turnover at the point of dispatch. However, during the year ended 31 March 2018 it came to the attention of the director that the turnover had been recognised on placement of order by the customer for the years ended 31 March 2016 and 31 March 2017.

In the year ended 31 March 2016, overstated turnover and retained earnings amounted to £1,281,036 and for the year ended 31 March 2017 the overstatement amounted to £973,360.

Accordingly, the results and reserves of the prior period has been amended to reflect the correction of these prior period errors.

12. INTERCOMPANY LOANS

During the year ending 31 March 2017, the parent company Norton Motorcycle Holdings Limited made a five year interest free loan amounting to £6,325,076 to Norton Motorcycle (UK) Limited, which was discounted using the market interest rate of 3% per annum.

The total discount of £869,010 for five years was credited to the capital contribution reserve, but has subsequently been adjusted to reflect an amended loan profile, and is being released to the profit and loss account over the period of the loan.

During the year ended 31 March 2018, total loan repayments made amounted to £718,641 and therefore the total interest free undiscounted balance repayable as at 31 March 2018 is £5,606,435.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

13. INTANGIBLE FIXED ASSETS

	Goodwill £	Patents and licences £	Development costs £	Totals £
COST				
At 1 April 2017	90,000	60,857	4,073,522	4,224,379
Additions	-	98,661	1,463,368	1,562,029
At 31 March 2018	<u>90,000</u>	<u>159,518</u>	<u>5,536,890</u>	<u>5,786,408</u>
AMORTISATION				
At 1 April 2017	36,000	9,154	354,530	399,684
Amortisation for year	9,000	15,952	124,200	149,152
At 31 March 2018	<u>45,000</u>	<u>25,106</u>	<u>478,730</u>	<u>548,836</u>
NET BOOK VALUE				
At 31 March 2018	<u>45,000</u>	<u>134,412</u>	<u>5,058,160</u>	<u>5,237,572</u>
At 31 March 2017	<u>54,000</u>	<u>51,703</u>	<u>3,718,992</u>	<u>3,824,695</u>

Development costs represent design and testing costs incurred in adapting the existing Commando motorcycle platform and new platforms to be used to produce the future models, and for two race bikes used to partake in the Isle of Man TT races. These platforms will be used to generate current and future sales.

14. TANGIBLE FIXED ASSETS

	Short leasehold £	Demonstrators £	Tooling £	Plant and machinery £
COST				
At 1 April 2017	791,992	104,767	1,235,336	207,087
Additions	7,146	15,340	274,965	485,157
At 31 March 2018	<u>799,138</u>	<u>120,107</u>	<u>1,510,301</u>	<u>692,244</u>
DEPRECIATION				
At 1 April 2017	79,199	19,906	278,915	111,964
Charge for year	79,914	12,010	149,432	160,155
At 31 March 2018	<u>159,113</u>	<u>31,916</u>	<u>428,347</u>	<u>272,119</u>
NET BOOK VALUE				
At 31 March 2018	<u>640,025</u>	<u>88,191</u>	<u>1,081,954</u>	<u>420,125</u>
At 31 March 2017	<u>712,793</u>	<u>84,861</u>	<u>956,421</u>	<u>95,123</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

14. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings £	Motor vehicles £	Office and computer equipment £	Totals £
COST				
At 1 April 2017	111,240	436,520	136,006	3,022,948
Additions	33,121	142,028	14,676	972,433
At 31 March 2018	<u>144,361</u>	<u>578,548</u>	<u>150,682</u>	<u>3,995,381</u>
DEPRECIATION				
At 1 April 2017	79,099	168,880	105,563	843,526
Charge for year	8,542	96,910	18,495	525,458
At 31 March 2018	<u>87,641</u>	<u>265,790</u>	<u>124,058</u>	<u>1,368,984</u>
NET BOOK VALUE				
At 31 March 2018	<u>56,720</u>	<u>312,758</u>	<u>26,624</u>	<u>2,626,397</u>
At 31 March 2017	<u>32,141</u>	<u>267,640</u>	<u>30,443</u>	<u>2,179,422</u>

Tangible fixed assets with a carrying amount of £2,360,876 (2017 - £1,961,790) are pledged as security for the group's borrowing facilities.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 April 2017	296,290
Additions	133,934
At 31 March 2018	<u>430,224</u>
DEPRECIATION	
At 1 April 2017	78,658
Charge for year	86,045
At 31 March 2018	<u>164,703</u>
NET BOOK VALUE	
At 31 March 2018	<u>265,521</u>
At 31 March 2017	<u>217,632</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

15. **FIXED ASSET INVESTMENTS**

	2018	2017 as restated
	£	£
Shares in group undertakings	1,532,313	1,574,974
Participating interests	141,133	223,793
Other investments not loans	10,000	10,000
	<u>1,683,446</u>	<u>1,808,767</u>

Additional information is as follows:

	Shares in group undertakings £	Interest in associate £	Totals £
COST OR VALUATION			
At 1 April 2017	1,574,974	291,250	1,866,224
Impairments	(42,661)	(82,660)	(125,321)
At 31 March 2018	<u>1,532,313</u>	<u>208,590</u>	<u>1,740,903</u>
PROVISIONS			
At 1 April 2017 and 31 March 2018	-	67,457	67,457
NET BOOK VALUE			
At 31 March 2018	<u>1,532,313</u>	<u>141,133</u>	<u>1,673,446</u>
At 31 March 2017	<u>1,574,974</u>	<u>223,793</u>	<u>1,798,767</u>

Cost or valuation at 31 March 2018 is represented by:

	Shares in group undertakings £	Interest in associate £	Totals £
Valuation in 2018	-	(82,660)	(82,660)
Cost	<u>1,532,313</u>	<u>291,250</u>	<u>1,823,563</u>
	<u>1,532,313</u>	<u>208,590</u>	<u>1,740,903</u>

Investments (neither listed nor unlisted) were as follows:

	2018	2017 as restated
	£	£
Other assets	<u>10,000</u>	<u>10,000</u>

Norton Motorcycles (UK) Limited (Registered number: 06718623)

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

15. FIXED ASSET INVESTMENTS - continued

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

Subsidiaries

Norton America LLC

Registered office: 80 South 8th Street 500 Minneapolis, MN 55402, USA

Nature of business: Sale of motorcycles

Class of shares:	%
Investment capital	holding 100.00

Spondon Engineering Limited (Company number 06999582)

Registered office: Donington Hall, Castle Donington, Derbyshire, DE74 2SG

Nature of business: Engineering

Class of shares:	%
Ordinary A shares	holding 100.00
Ordinary B shares	100.00

Associated company

Spondon Developments Limited (company number 02446090)

Registered office: Donington Hall, Castle Donington, Derbyshire, DE74 2SG

Nature of business: Non-trading company

Class of shares:	%
Ordinary	holding 50.00

16. STOCKS

	2018	2017 as restated
	£	£
Stocks	<u>1,487,290</u>	<u>1,257,889</u>

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017 as restated
	£	£
Trade debtors	942,572	166,472
Amounts owed by group undertakings	866,183	648,041
Other debtors	165,815	570,305
Directors' current accounts	216,099	-
Prepayments & accrued income	355,299	321,583
	<u>2,545,968</u>	<u>1,706,401</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017 as restated
	£	£
Bank loans and overdrafts (see note 20)	4,181,605	1,195,480
Other loans (see note 20)	30,000	403,359
Hire purchase contracts (see note 21)	57,171	42,850
Trade creditors	1,984,988	1,390,238
Amounts owed to group undertakings	20,226	22,988
Amounts owed to associates	63,176	65,816
Tax	117,604	-
Social security and other taxes	232,837	75,211
Other creditors	168,235	223,789
Customer deposits	509,644	553,079
Directors' current accounts	-	2,257
Accruals & deferred income	64,325	50,273
Deferred government grants	45,763	41,187
	<u>7,475,574</u>	<u>4,066,527</u>

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017 as restated
	£	£
Hire purchase contracts (see note 21)	261,126	190,944
Amounts owed to group undertakings	5,130,683	5,619,748
Deferred government grants	320,341	370,680
	<u>5,712,150</u>	<u>6,181,372</u>

20. LOANS

An analysis of the maturity of loans is given below:

	2018	2017 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	2,799,706	738,846
Bank loans	1,381,899	456,634
Other loans	30,000	403,359
	<u>4,211,605</u>	<u>1,598,839</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

21. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2018	2017 as restated
	£	£
Net obligations repayable:		
Within one year	57,171	42,850
Between one and five years	<u>261,126</u>	<u>190,944</u>
	<u>318,297</u>	<u>233,794</u>

22. SECURED DEBTS

The following secured debts are included within creditors:

	2018	2017 as restated
	£	£
Bank overdrafts	2,799,706	738,846
Bank loans	1,381,899	456,634
Hire purchase contracts	<u>318,297</u>	<u>233,794</u>
	<u>4,499,902</u>	<u>1,429,274</u>

The company's bankers have a fixed and floating charge covering all the property or undertaking of the company in support of the bank overdraft and a loan amounting to £499,604 (2017 - £389,110).

Also included within bank loans is an Exports Enterprise Finance Guarantee Scheme (ExEFG) loan amounting to £882,295 (2017 - £67,524) which is guaranteed by the UK government.

The hire purchase liabilities are secured against the individual assets concerned.

23. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017 as restated
			£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2018

24. RESERVES

	Retained earnings £	Capital contribution reserve £	Fair value reserve £	Totals £
At 1 April 2017	(215,250)	705,328	42,661	532,739
Deficit for the year	(1,537)			(1,537)
Discount of intercompany loan	-	(80,138)	-	(80,138)
Intercompany loan discount	149,437	(149,437)	-	-
At 31 March 2018	<u>(67,350)</u>	<u>475,753</u>	<u>42,661</u>	<u>451,064</u>

25. ULTIMATE PARENT COMPANY

The immediate and ultimate parent company is Norton Motorcycle Holdings Limited which owns 100% of the issued share capital of Norton Motorcycles (UK) Limited. The registered office is Donington Hall, Castle Donington, Derby, DE74 2SG.

The ultimate controlling party is S J Garner by virtue of his controlling interest in the voting share capital of Norton Motorcycle Holdings Limited.

Copies of the group accounts for Norton Motorcycle Holdings Limited are available from Companies House. This is the only group that the company is consolidated into during the year.

26. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 March 2018 and 31 March 2017:

	2018 £	2017 as restated £
S J Garner		
Balance outstanding at start of year	(2,257)	(11,373)
Amounts advanced	223,556	16,816
Amounts repaid	(5,200)	(7,700)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>216,099</u>	<u>(2,257)</u>

This amount is unsecured, had interest charged at 2.5% per annum on any overdrawn balances throughout the year and has no fixed repayment date.

27. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2018**

27. RELATED PARTY DISCLOSURES - continued

Spondon Developments Limited (company number 02446090)

An associated company in which S J Garner is also a director.

At the year end the company had a long term loan owing to Spondon Developments Limited amounting to £63,176 (2017 - £65,816). This amount is unsecured, interest free and has no fixed repayment date.

Greensward Limited

A company in which S J Garner is a shareholder and director.

At the year end the company had a short term loan owing from Greensward Limited amounting to £63,728 (2017 - £125,913). This amount is unsecured, interest free and has no fixed repayment date.

Lantern Seven Limited (previously Fireworks World Limited)

A company in which S J Garner was a director and is a shareholder.

As detailed at note 7, the amount owing from Lantern Seven Limited of £324,002 (2017: £110,239) was deemed irrecoverable and written off in the year. S J Garner resigned as a director on 29 June 2018.

Priest House Hotel Limited

A company in which S J Garner is sole director.

At the year end the company had a short term loan owing to Priest House Hotel Limited amounting to £19,721 (2017 - £237,848). This amount is unsecured, interest free and has no fixed repayment date.

British Motorcycle Manufacturing Academy Limited

A company in which S J Garner is sole director.

At the year end the company had a short term loan owing to British Motorcycle Manufacturing Academy Limited amounting to £165,565 (2017 - £223,291). This amount is unsecured, interest free and has no fixed repayment date.

During the year the company sold goods amounting to £25,000 (2017: £nil) to British Motorcycle Manufacturing Academy limited. The balance due at the year end amounted to £30,000 (2017: £nil) and is included within trade debtors.

Norton America LLC

A group company in which S J Garner is also a director.

At the year end the company had a short term loan owing from Norton America LLC amounting to £nil (2017 - £58,182). This amount is unsecured, interest free and has no fixed repayment date.

A C Garner

During the year the company purchased plant and machinery for £90,000 (2017: £nil) from A C Garner, the father of S J Garner.

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