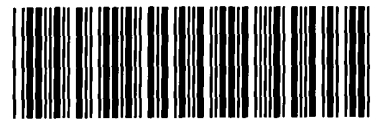


Company Registration No. 01261512 (England and Wales)

BROMPTON BICYCLE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2018

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BROMPTON BICYCLE LIMITED

COMPANY INFORMATION

Directors

W D Butler-Adams OBE
T W N Guinness
J Sendell
J A Stenton-Putt
L Vary
W Carleysmith
S Loftus
L Johnson
R Kendall

Secretary

F Coles

Company number

01261512

Registered office

Unit 1
Ockham Drive
Greenford
UB6 0FD

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH
United Kingdom

BROMPTON BICYCLE LIMITED

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BROMPTON BICYCLE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

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

Review of the business

The principal activity of the Group is that of the development, manufacture and sale of the Brompton folding bicycle, as well as associated spares and accessories.

This was our first full year in our new factory in Greenford and we are now well bedded in at the new facility. The move has been a success with some encouraging efficiency savings already materialising and more planned in the year ahead. As well as efficiency savings, bringing back in sub-contracted processes has also supported our growth in gross margin. Other benefits associated with the move are having the space to innovate and also meet future increase in demand.

Turnover was up 11% over last year to £36,158,333 (2017: £32,669,148) with pre-tax profits increasing to £3,139,945 for the year (2017: £2,541,777).

At 31 March 2018, the Group had net assets of £16,263,827 (2017: £13,894,145).

Key performance indicators

Bike unit sales were 45,410 (2017: 43,964).

Exports accounted for 71% of bike unit sales (2017: 77%) due to the growth experienced in our home market.

The gross margin has continued to improve and reached 46.5% for the year (2017: 43.6%) due to the benefits of the new factory; increase in sales where we have direct distribution, a higher proportion of special edition bike sales which carry achieve greater margins, and gains associated with foreign currency.

Operating costs increased by 17% to £13,679,980 (2017: £11,732,724), 38% of revenue (2017: 36%), as a result of increased staff and the annualised impact of the new premises costs and increased costs from the taking of distribution in key territories in house. Profit on ordinary activities before taxation of £3.1m (2017: £2.5m) is an 8% margin on sales (2017: 5% - excluding exceptional costs).

The Group held net cash of £7.1m at 31st March 2018 (2017: £5.6m).

Principal Risks

The principal risks and uncertainties facing the Group remain largely unchanged and relate to:

- Competition selling similar products at lower prices, especially foreign clones.
- Ensuring the group's UK based manufacturing costs are globally competitive.
- Difficulties in maintaining gross margins in the face of high labour costs as well as commodity price and exchange rate fluctuations.
- Difficulties in maintaining net margins if demand slows before planned overhead expenditure can be cut-back.
- Retention of key management and staff.
- Product-related litigation and reputational risk relating thereto.
- Ensuring demand for our bikes continues to be strong.
- Reliance on individual suppliers for certain parts.

The Group mitigates the risks mentioned above by having a continual improvement programme to reduce the labour and material cost per bike to ensure our bikes are priced competitively. Internal KPI's, management accounts and monitoring of performance v budget ensure the business is well equipped to adapt quickly should the economic climate change.

In the opinion of the directors there are no further principal risks and uncertainties whose disclosure is necessary for an understanding of the development, performance or position of the business, other than those disclosed above.

On behalf of the board



W D Butler-Adams OBE

Director

Dated: 20 December 2018

BROMPTON BICYCLE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the audited consolidated financial statements of the group and the company for the year ended 31 March 2018.

Dividends

During the year, the Group paid dividends of £549,336, which equates to £6.00 per share (2017: £406,804 and £4.50 per share). The Group is proposing a dividend for 2019 of £7.50 per share.

Directors

The directors who served during the year, and up to the date of signing, were:

W D Butler-Adams OBE (Managing Director)
L A Vary (Finance Director)
W Carleysmith (Director)
S Loftus (Director)

T W N Guinness (Chairman)
L Johnson (non-executive)
R Kendall (non-executive)
J Sendell (non-executive)
J A Stenton-Putt (non-executive)

Charitable donations

During the year, the Group made donations totalling £8,675 (2017: £19,400) to charitable organisations in the United Kingdom.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

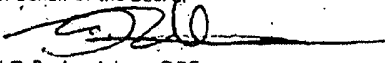
Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, that the auditors are unaware of. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board,



W D Butler-Adams OBE

Director

Dated: 20 December 2018

BROMPTON BICYCLE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROMPTON BICYCLE LIMITED FOR THE YEAR ENDED 31 MARCH 2018

Report on the audit of the financial statements

Opinion

In our opinion, Brompton Bicycle Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2018 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the consolidated and company balance sheets as at 31 March 2018; the consolidated profit and loss account, the consolidated cash flow statement, and the consolidated and company statements of changes in equity for the year then ended; and the notes to the financial statements which include the accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

BROMPTON BICYCLE LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BROMPTON BICYCLE LIMITED (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is 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 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 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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

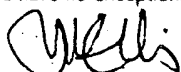
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



John Ellis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

20 DECEMBER 2018

BROMPTON BICYCLE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	5	36,158,333	32,669,148
Cost of sales		(19,348,688)	(18,432,884)
Gross profit		16,809,645	14,236,264
Administrative expenses		(13,679,980)	(11,732,724)
Operating profit		3,129,665	2,503,540
Other interest receivable and similar income		10,289	8,237
Profit on ordinary activities before taxation		3,139,954	2,511,777
Tax on profit on ordinary activities	11	(49,570)	(369,941)
Profit for the year before minority interests		3,090,384	2,141,836
Minority interests		40,600	(40,246)
Profits for the financial year		3,130,984	2,101,590

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

There are no other items of comprehensive income and therefore no separate statement of other comprehensive income has been presented.

BROMPTON BICYCLE LIMITED
CONSOLIDATED AND COMPANY BALANCE SHEETS
AS AT 31 MARCH 2018

	Notes	Group		Company	
		2018	2017	2018	2017
		£	£	£	£
Fixed assets					
Intangible assets	12	374,240	195,080	58,692	53,091
Tangible assets	13	3,484,461	3,673,124	3,455,551	3,636,387
Investments	14			3,685,659	3,001,917
		<u>3,858,701</u>	<u>3,868,204</u>	<u>7,199,902</u>	<u>6,691,395</u>
Current assets					
Stocks	15	5,391,074	4,430,366	4,890,770	3,852,244
Debtors	16	4,237,239	4,609,471	5,625,860	5,184,011
Cash at bank and in hand		7,131,561	5,572,147	6,750,736	5,070,070
		<u>16,759,874</u>	<u>14,611,984</u>	<u>17,267,366</u>	<u>14,106,325</u>
Creditors: amounts falling due within one year	17	<u>(4,354,748)</u>	<u>(4,586,043)</u>	<u>(4,069,443)</u>	<u>(3,501,759)</u>
Net current assets		<u>12,405,126</u>	<u>10,025,941</u>	<u>13,197,923</u>	<u>10,604,566</u>
Total assets less current liabilities		<u>16,263,827</u>	<u>13,894,145</u>	<u>20,397,825</u>	<u>17,295,961</u>
Creditors: amounts falling due after more than one year					
Net assets		<u>16,263,827</u>	<u>13,894,145</u>	<u>20,397,825</u>	<u>17,295,961</u>
Capital and reserves:					
Called up share capital	19	91,556	90,851	91,556	90,851
Share premium account		1,920,559	1,871,081	1,920,559	1,871,081
Other reserves		155,047	120,378	161,548	120,378
Profit and loss account		14,160,309	11,817,371	18,224,162	15,213,651
Total shareholders' funds		<u>16,327,471</u>	<u>13,899,681</u>	<u>20,397,825</u>	<u>17,295,961</u>
Minority interests	20	<u>(63,644)</u>	<u>(5,536)</u>		
Capital employed		<u>16,263,827</u>	<u>13,894,145</u>	<u>20,397,825</u>	<u>17,295,961</u>

The notes for these financial statements are on pages 13 to 32.

The financial statements on pages 8 to 32 were approved by the Board and authorised for issue on 20 December 2018.

Director


W D Butler-Adams OBE

Director


T W N Guinness

BROMPTON BICYCLE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £	Share premium £	Share based payment reserve £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total shareholders' funds £	Minority interest £	Total £
Balance at 1 April 2016	88,301	1,589,131	68,362	18,600	-	10,201,996	11,966,390	34,710	12,001,100
Profit for the year	-	-	-	-	-	2,141,836	2,141,836	(40,246)	2,101,590
Other movements	-	-	-	-	-	(130,373)	(130,373)	-	(130,373)
Transactions with equity holders:									
Dividends paid	-	-	-	-	-	(406,804)	(406,804)	-	(406,804)
Provision for share options	-	-	44,132	-	-	-	44,132	-	44,132
Share options exercised during the year	2,550	281,950	(10,716)	-	-	10,716	284,500	-	284,500
Total transactions with equity holders	2,550	281,950	33,416	-	-	(396,088)	(78,172)	-	(78,172)
Balance at 31 March 2017	90,851	1,871,081	101,778	18,600	-	11,817,371	13,899,681	(5,536)	13,894,145
Balance at 1 April 2017	90,851	1,871,081	101,778	18,600	-	11,817,371	13,899,681	(5,536)	13,894,145
Profit for the year	-	-	-	-	-	3,090,384	3,090,384	40,600	3,130,984
Other movements	-	(40,687)	-	-	(6,502)	(208,112)	(255,301)	(98,709)	(354,010)
Transactions with equity holders:									
Dividends paid	-	-	-	-	-	(549,336)	(549,336)	-	(549,336)
Provision for share options	-	-	51,173	-	-	-	51,173	-	51,173
Share options exercised during the year	705	90,165	(10,003)	-	-	10,003	90,870	-	90,870
Total transactions with equity holders	705	90,165	41,170	-	-	(539,333)	(407,293)	-	(407,293)
Balance at 31 March 2018	91,556	1,920,559	142,948	18,600	(6,502)	14,160,309	16,327,471	(63,644)	16,263,827

BROMPTON BICYCLE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital £	Share premium £	Share based payment reserve £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total shareholders' funds £	Minority interest £	Total £
Balance at 1 April 2016	88,301	1,589,131	68,362	18,600	-	10,201,996	11,966,390	34,710	12,001,100
Profit for the year	-	-	-	-	-	2,141,836	2,141,836	(40,246)	2,101,590
Other movements	-	-	-	-	-	(130,373)	(130,373)	-	(130,373)
Transactions with equity holders:									
Dividends paid	-	-	-	-	-	(406,804)	(406,804)	-	(406,804)
Provision for share options	-	-	44,132	-	-	-	44,132	-	44,132
Share options exercised during the year	2,550	281,950	(10,716)	-	-	10,716	284,500	-	284,500
Total transactions with equity holders	2,550	281,950	33,416	-	-	(396,088)	(78,172)	-	(78,172)
Balance at 31 March 2017	90,851	1,871,081	101,778	18,600	-	11,817,371	13,899,681	(5,536)	13,894,145
Balance at 1 April 2017	90,851	1,871,081	101,778	18,600	-	11,817,371	13,899,681	(5,536)	13,894,145
Profit for the year	-	-	-	-	-	3,090,384	3,090,384	40,600	3,130,984
Other movements	-	(40,687)	-	-	(6,501)	(208,113)	(255,301)	(98,708)	(354,009)
Transactions with equity holders:									
Dividends paid	-	-	-	-	-	(549,336)	(549,336)	-	(549,336)
Provision for share options	-	-	51,173	-	-	-	51,173	-	51,173
Share options exercised during the year	705	90,165	(10,003)	-	-	10,003	90,870	-	90,870
Total transactions with equity holders	705	90,165	41,170	-	-	(539,333)	(407,293)	-	(407,293)
Balance at 31 March 2018	91,556	1,920,559	142,948	18,600	(6,501)	14,160,309	16,327,471	(63,644)	16,263,827

BROMPTON BICYCLE LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Ordinary share capital £	Share premium £	Share based payment reserve £	Capital redemption reserve £	Profit and loss account £	Total shareholders' funds £
Balance at 1 April 2016	88,301	1,589,131	68,362	18,600	12,872,183	14,636,577
Profit for the year	-	-	-	-	2,737,556	2,737,556
Transactions with equity holders						
Dividends paid	-	-	-	-	(406,804)	(406,804)
Provision for share options	-	-	44,132	-	-	44,132
Share options exercised during the year	2,550	281,950	(10,716)	-	10,716	284,500
Total transactions with equity holders	2,550	281,950	33,416	-	(396,088)	(78,172)
Balance at 31 March 2017	90,851	1,871,081	101,778	18,600	15,213,651	17,295,961
Balance at 1 April 2017	90,851	1,871,081	101,778	18,600	15,213,651	17,295,961
Profit for the year	-	-	-	-	3,577,429	3,577,429
Other movements	-	(40,687)	-	-	(27,585)	(68,272)
Transactions with equity holders						
Dividends paid	-	-	-	-	(549,336)	(549,336)
Provision for share options	-	-	51,173	-	-	51,173
Share options exercised during the year	705	90,165	(10,003)	-	10,003	90,870
Total transactions with equity holders	705	90,165	41,170	-	(539,333)	(407,293)
Balance at 31 March 2018	91,556	1,920,559	142,948	18,600	18,224,162	20,397,825

BROMPTON BICYCLE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

		2018		2017	
	Notes	£	£	£	£
Net cash inflow from operating activities	21	3,415,513		3,824,076	
Taxation paid		<u>(221,001)</u>		<u>(96,204)</u>	
Net cash generated from operating activities			3,194,512		3,727,872
 Cash flows from investing activities					
Interest received		10,289		8,237	
Purchase of tangible fixed assets		(823,659)		(1,680,339)	
Purchase of intangible fixed assets		(363,262)		(13,210)	
Proceeds on disposal of tangible fixed assets				<u>(3,236)</u>	
Net cash flows used in investing activities			(1,176,632)		(1,688,548)
 Cash flows from financing activities					
Equity dividends paid		(549,336)		(406,804)	
Issue of ordinary share capital		<u>90,870</u>		<u>284,500</u>	
Net cash flows used in financing activities			(458,466)		(122,304)
 Increase/(decrease) in cash in the year			<u>1,559,414</u>		<u>1,917,020</u>
 Cash & cash equivalents at the beginning of the year			<u>5,572,147</u>		<u>3,655,127</u>
Cash & cash equivalents at the end of the year			<u>7,131,561</u>		<u>5,572,147</u>

BROMPTON BICYCLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 General information

Brompton Bicycle Limited ('the Company') and its subsidiaries (together "the Group") operate in the development, manufacture and sale of the Brompton folding bicycle as well as associated spares and accessories.

The company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Unit 1, Ockham Drive, Greenford, UB6 0FD.

2 Statement of compliance

The group and company financial statements of Brompton Bicycle Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention.

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecast and projections, taking account of reasonably possibly changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed.

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 31 March 2018.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the group and value added taxes.

Where the consideration receivable in cash at bank and in hand is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018.

3 Accounting policies (continued)

Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

Exemptions under FRS102

The company has taken advantage of the following exemption in its individual financial statements:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flow;
- (ii) from the financial instrument disclosure, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures.

Employee benefits

The group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined contribution pension plans

The group operates a defined contribution scheme for specific directors and employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

(iii) Share based payments

The group provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect on nonmarket based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

BROMPTON BICYCLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

3 Accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Goodwill

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable or (ii) contingent consideration previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

On acquisition, goodwill is allocated to cash-generating units ('CGU's') that are expected to benefit from the combination. Goodwill is amortised over its expected useful life. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

3 Accounting policies (continued)

Impairment of non-financial assets (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

Tangible fixed assets and depreciation

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

All assets are stated at cost less accumulated depreciation and accumulated impairment losses.

(i) Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

Short leasehold	- Over the term of the lease or 8 years for the Greenford lease
Equipment	- 25% straight line
Tooling costs	- 25% 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.

(ii) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the group and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(iii) De-recognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administrative expenses'.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Investments

Investment in a subsidiary company is held at cost less accumulated impairment losses.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

3 Accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

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 are shown within borrowings in current liabilities.

Foreign currencies

(i) Functional and presentation currency

The group financial statements are presented in pound sterling. The company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding. Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

3 Accounting policies (continued)

Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances and are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and, bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

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

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

3 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

4 Critical judgements and estimation of uncertainty

(a) Critical judgements in applying the group's accounting policies

There are no critical judgements in applying the group's accounting policies.

(b) Key accounting estimates and assumptions

There are no key accounting estimates and assumptions in applying the group's accounting policies.

5 Turnover

	2018 £	2017 £
United Kingdom	10,432,023	10,321,369
Europe	12,012,944	9,651,156
Rest of world	13,713,366	12,696,623
	<u>36,158,333</u>	<u>32,669,148</u>

Turnover between segments is immaterial. Geographical analysis is based on the country in which the customer is located.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

6 Operating profit	2018	2017
	£	£
Consolidated operating profit is stated after charging:		
Amortisation of intangible assets	171,193	226,850
Depreciation of tangible fixed assets	1,012,324	958,505
Loss on disposal of tangible fixed assets	126	13,424
Research and development	590,400	579,895
Operating lease rentals – land and buildings	1,119,189	526,220
Share option charges	51,173	51,881
Auditors' remuneration (including expenses and benefits in kind) (company: 2018 £15,000, 2017 £15,000)	23,000	23,000
Fee's payable to the company's auditor for other services relating to taxation	36,750	14,000
Increase/(decrease) in bad debt provision		

7 Directors' emoluments	2018	2017
	£	£
Emoluments for qualifying services	800,814	1,091,338
Emoluments disclosed above include the following amounts paid to the highest paid Director:		
Emoluments for qualifying services	228,894	586,972

The Directors' emoluments for 2018 disclosed above includes an unrealised gain on exercised share options totalling £112,875 (705 shares of fair value £289, exercised at an average price of £1129) (2017: £456,450), salary, bonus & pension contributions.

The highest paid Director's emoluments for 2018 disclosed above includes an unrealised gain on exercised share options totalling £66,588 (372 shares of fair value £289, exercised at a price of £1110) (2017: £438,550), salary, bonus & pension contributions.

The directors are also considered to be the key management for the group.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

8 Employees

Number of employees	Group		Company	
	2018	2017	2018	2017
The average monthly number of employees (including directors) during the year was:	Number	Number	Number	Number
Administration	92	79	70	72
Manufacturing and distribution	150	135	145	133
Shop assistants	24	14	11	14
	<u>266</u>	<u>228</u>	<u>226</u>	<u>219</u>

Employment costs	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	8,401,224	7,207,469	7,739,323	6,408,593
Social security costs	931,839	813,847	814,175	772,580
	<u>9,333,063</u>	<u>8,021,316</u>	<u>8,553,498</u>	<u>7,181,173</u>

9 Profit for the financial year

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been separately disclosed in these financial statements. The profit for the financial year is made up as follows:

	2018	2017
	£	£
Parent company's profit for the financial year	<u>3,577,429</u>	<u>2,737,556</u>

10 Dividends

	2018	2017
	£	£
Ordinary final paid	<u>549,336</u>	<u>406,804</u>

These dividends represented £6.00 per share (2017: £4.50 per share).

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

II Tax on profit on ordinary activities	2018	2017
	£	£
Domestic current year tax receivable		
U.K. corporation tax payable at 19%	234,225	407,960
Adjustment for prior years	(92,594)	(3,672)
Total current tax charge	141,631	404,288
Total deferred tax credit	(92,061)	(34,347)
Tax on profit on ordinary activities	49,570	369,941
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	3,139,954	2,511,777
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2017 - 20%)	596,591	502,355
Effects of:		
Non-deductible expenses	4,775	59,972
Research and development	(330,659)	(155,735)
Patent box	(178,047)	
Deferred tax not recognised	(29,281)	(3,516)
Adjustment from previous periods	(113,477)	(3,178)
Tax rate changes	8,374	6,532
Share options	4,352	(66,810)
Overseas losses not recognised	67,396	8,570
Non-qualifying depreciation	19,546	21,751
Tax on profit on ordinary activities	49,570	369,941

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% on 1 April 2017. The change in tax charge is due to a patent box adjustment of £178k not included in the prior year figures, and an increase of £92k in connection with improved R&D claim information.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

12 Intangible assets

Group	Goodwill	Software	Total
	£	£	£
Cost			
At 1 April 2017	669,655	362,247	1,031,902
Additions	326,577	36,685	363,262
Disposals	-	(160,381)	(160,381)
At 31 March 2018	996,232	238,551	1,234,783
Accumulated amortisation			
At 1 April 2017	547,854	288,968	836,822
Charge for the year	137,725	33,468	171,193
Disposals	-	(147,472)	(147,472)
At 31 March 2018	685,579	174,964	860,543
Net book value			
At 31 March 2017	121,801	73,279	195,080
At 31 March 2018	310,653	63,587	374,240

Company

	Software
	£
Cost	
At 1 April 2017	191,503
Additions	36,685
Disposals	-
At 31 March 2018	228,188
Accumulated amortisation	
At 1 April 2017	138,412
Charge for the year	31,084
Disposals	-
At 31 March 2018	169,496
Net book value	
At 31 March 2017	53,091
At 31 March 2018	58,692

BROMPTON BICYCLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

13 Tangible assets

Group	Short leasehold £	Tooling costs £	Equipment £	Total £
Cost				
At 1 April 2017	2,417,135	1,006,799	2,430,771	5,854,705
Additions	148,866	233,537	441,256	823,659
Disposals	-	-	(48,106)	(48,106)
At 31 March 2018	2,566,001	1,240,336	2,823,921	6,630,258
Accumulated depreciation				
At 1 April 2017	413,039	407,695	1,360,846	2,181,580
Charge for the year	310,251	222,789	479,283	1,012,323
On disposals	-	-	(48,106)	(48,106)
At 31 March 2018	723,290	630,484	1,792,023	3,145,797
Net book value				
At 31 March 2017	2,004,096	599,104	1,069,925	3,673,125
At 31 March 2018	1,842,711	609,852	1,031,898	3,484,461

Company	Short leasehold £	Tooling costs £	Equipment £	Total £
Cost				
At 1 April 2017	2,413,576	1,006,439	2,257,527	5,677,542
Additions	147,089	232,595	428,222	807,906
Disposals	-	-	-	-
At 31 March 2018	2,560,665	1,239,034	2,685,749	6,485,448
Accumulated depreciation				
At 1 April 2017	405,098	407,525	1,228,532	2,041,155
Charge for the year	314,071	222,457	452,214	988,742
On disposals	-	-	-	-
At 31 March 2018	719,169	629,982	1,680,746	3,029,897
Net book value				
At 31 March 2017	2,008,478	598,914	1,028,995	3,636,387
At 31 March 2018	1,841,496	609,052	1,005,003	3,455,551

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

14 Investments

Company - Shares in subsidiary undertakings

Cost	£
At 1 April 2017	3,001,917
Additions	683,742
At 31 March 2018	<u>3,685,659</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or Incorporation	Shares held Class	%
Subsidiary undertakings			
Brompton Bicycle Inc.	United States	Ordinary	100.00
Brompton Bike Hire Limited	United Kingdom	Ordinary	99.68
Brompton Asia Limited	Hong Kong	Ordinary	100.00
Brompton Fletcher Limited	United Kingdom	Ordinary	51.00
Brompton Benelux BV	Netherlands	Ordinary	100.00
Cycle Circle Hong Kong Limited	Hong Kong	Ordinary	51.00
Brompton Iberica SL	Spain	Ordinary	100.00
Brompton France	France	Ordinary	100.00

Subsidiary	Address
Brompton Bicycle Inc.	55 Washington Street, Suite 253A, Brooklyn, NY 11201, USA
Brompton Bike Hire Limited	Unit 1, Greenford Park, Ockham Drive, Greenford, Middlesex, UB6 0FD, UK
Brompton Asia Limited	1004, 10/F Lucky Commercial Centre, 103 Des Voeux Road West, Sai Ying Pun, Hong Kong
Brompton Fletcher Limited	Sterling Works, Mansfield Road, Sheffield, S26 5PQ, UK
Brompton Benelux B.V.	Fundatio, Postbus 89, 8050 AB Hattem, Netherlands
Cycle Circle Hong Kong Limited	Suites 607-9, 6/F., North Tower, World Finance Centre, Harbour City, Kowloon, Hong Kong
Brompton Iberica SL	Corsega, 302, 4t 1a, 08008 Barcelona, Spain
Brompton France	SABS, 3 Boulevard de Sebastopol, 75001 Paris, France

The principal activity of these undertakings for the last relevant financial year was as follows:

Subsidiary	Principal activity
Brompton Bicycle Inc.	US Distributor of bicycles and provider of marketing support
Brompton Bike Hire Limited	Sale of docking stations and hire bikes
Brompton Asia Limited	HK & Asia Pacific marketing and operations support
Brompton Fletcher Limited	Development and sale of future models
Brompton Benelux B.V.	European marketing and operations support
Cycle Circle Hong Kong Limited	Holding company of Chinese Distributor
Brompton Iberica SL	European marketing and operations support
Brompton France	European marketing and operations support

BROMPTON BICYCLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

15 Stock	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Materials	3,496,528	3,196,170	3,486,091	3,148,280
Work in progress	1,007,412	698,837	1,030,134	691,066
Finished goods	887,134	535,359	374,545	12,898
	<u>5,391,074</u>	<u>4,430,366</u>	<u>4,890,770</u>	<u>3,852,244</u>

16 Debtors	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	2,503,499	3,765,461	3,016,578	3,406,789
Prepayments and accrued income	755,991	213,324	685,230	81,431
Value added tax	707,877	371,192	720,626	389,413
Corporation tax debtor	-	-	-	-
Deferred tax asset	92,061	34,347	107,284	34,347
Other debtors	177,811	225,147	5,945	142,656
Amounts owed by group undertakings	-	-	1,090,197	1,129,375
	<u>4,237,239</u>	<u>4,609,471</u>	<u>5,625,860</u>	<u>5,184,011</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

17 Creditors: amounts falling within one year	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	1,498,906	1,441,623	1,938,919	997,156
Accruals and deferred income	2,235,395	2,560,951	1,812,095	2,032,023
Other taxation and social security	243,384	230,392	204,992	165,601
Corporation tax creditor	102,071	210,127	101,646	210,127
Other creditors	274,992	142,950	11,791	46,843
Amounts owed to group undertakings	-	-	-	50,009
	<u>4,354,748</u>	<u>4,586,043</u>	<u>4,069,443</u>	<u>3,501,759</u>

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

18 Share-based payment transactions

Type of arrangement	Exercise Price	31 Mar 18	31 Mar 17	Date of grant	Estimated fair value	Exercise period		Expensed in year
	£	No. shares	No. shares			From	To	
EMI	110	318	318	22/04/2010	15	22/04/2015	21/04/2020	-
	110	568	568	15/10/2010	15	15/10/2015	14/10/2020	-
	150	285	285	04/01/2013	20	04/01/2018	31/12/2022	793
	150	1,016	1,016	27/02/2013	20	27/02/2018	26/02/2023	3,375
	200	200	200	27/02/2013	15	27/02/2018	26/02/2023	399
	200	250	250	21/11/2013	27	21/11/2018	20/11/2023	1,214
	200	175	175	21/11/2013	27	21/11/2018	20/11/2023	850
	250	600	600	13/11/2014	34	13/11/2019	12/11/2024	3,641
	350	590	590	25/06/2015	47	25/06/2020	25/06/2025	5,183
	350	1,040	1,040	19/01/2016	47	18/01/2021	18/01/2026	8,836
	350	1,276	1,276	22/02/2017	47	22/02/2022	22/02/2027	5,421
		<u>6,318</u>	<u>6,318</u>					<u>29,712</u>
NON-EMI	110	-	258	09/07/2008	15	01/04/2009	08/07/2018	-
	110	-	114	09/07/2008	15	01/04/2012	08/07/2018	-
	200	749	749	09/07/2008	7	01/09/2008	08/07/2018	-
	200	450	450	09/07/2008	7	01/04/2009	08/07/2018	-
	200	450	450	09/07/2008	7	01/04/2010	08/07/2018	-
	200	450	450	09/07/2008	7	01/04/2011	08/07/2018	-
	200	450	450	09/07/2008	7	01/04/2012	08/07/2018	-
	150	-	233	21/05/2013	20	20/05/2016	20/05/2023	-
	150	-	100	04/01/2013	20	31/12/2016	01/01/2023	-
	150	100	100	04/01/2013	20	31/12/2017	01/01/2023	278
	350	72	72	03/11/2015	47	31/12/2017	03/11/2025	905
	350	71	71	03/11/2015	47	31/12/2018	03/11/2025	1,005
	350	71	71	03/11/2015	47	31/12/2019	03/11/2025	754
	350	71	71	03/11/2015	47	31/12/2020	03/11/2025	603
	350	72	72	03/11/2015	47	31/12/2017	03/11/2025	905
	350	71	71	03/11/2015	47	31/12/2018	03/11/2025	1,005
	350	71	71	03/11/2015	47	31/12/2019	03/11/2025	754
	350	71	71	03/11/2015	47	31/12/2020	03/11/2025	603
	350	1,710	1,710	19/01/2016	47	18/01/2021	18/01/2026	14,529
	350	28	28	22/02/2017	47	22/02/2022	22/02/2027	120
		<u>4,957</u>	<u>5,662</u>					<u>21,461</u>
Total		<u>11,275</u>	<u>11,980</u>					<u>51,173</u>

The estimated fair value was calculated by applying a Black-Scholes option pricing model.

The black-Scholes model used as inputs:

- Share price at grant date being equal to exercise price;
- Expected volatility of 50 per cent;
- Expected dividend yield of 0.73%;
- Expected option life of 3.5 years; and
- A risk-free interest rate of 3.50 per cent

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

18 Share-based payment transactions (continued)

Further details of the share option plans are as follows:

	Number of options 2018 No.	Weighted average exercise price 2018 £	Number of options 2017 No.	Weighted average exercise price 2017 £
At 1 April 2017	11,980	258	10,676	182
Granted	-	-	4,054	350
Forfeited	-	-	(200)	(162)
Exercised	(705)	(129)	(2,550)	(112)
Outstanding at 31 March 2018	11,275	129	11,980	258
Exercisable at 31 March 2018	5,108	173	4,140	176

The options outstanding at 31 March 2018 have a weighted average remaining contractual life of 5.2 years (2017: 6.2 years).

	2018 £	2017 £
Expense arising from share and share option plans	51,173	51,881

19 Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
91,556 ordinary shares of £1 each (2017: 90,851 ordinary shares of £1 each)	91,556	90,851

20 Minority interests

	2018 £	2017 £
Minority interests' share of net assets and (liabilities) in subsidiary undertakings	(63,644)	(5,536)

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

21 Notes to the cash flow statement	2018	2017
	£	£
Profit after tax	3,130,984	2,101,590
Taxation on profit on ordinary activities	49,570	369,941
Interest receivable	(10,289)	(15,405)
Depreciation of tangible fixed assets	1,012,323	955,996
Amortisation of intangible assets	171,193	185,266
(Profit)/loss on disposal of tangible fixed assets	-	(13,424)
Share based payment charge	51,173	51,881
Movement in stocks	(960,708)	(567,000)
Movement in debtors	372,232	(617,346)
Movement in creditors	(231,295)	1,402,577
Other non-cash movements	(169,670)	-
Net cash inflow from operating activities	3,415,513	3,854,076

22 Financial commitments

At 31 March 2016 the company was committed to making the following total minimum lease commitments under non-cancellable operating leases in the year to 31/03/2020:

	Land and buildings	
	2018	2017
		Restated
	£	£
Operating leases which expire:		
In less than one year	1,055,742	1,055,742
Between two and five years	4,242,416	4,252,262
In over five years	2,551,135	3,606,877
	7,849,293	8,914,881

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

23 Related party transactions and Directors' interests

The company has taken advantage of the exemption conferred by Financial Reporting Standard No. 8 from the requirement to disclose details of the transactions with group companies.

During the year ended 31 March 2018 the directors of Brompton Bicycle Limited received the following dividends and held the following shares and options in the company:

	Dividend 2018 £	Dividend 2017 £	Shareholding 2018 No.	Shareholding 2017 No.	Share Options 2018 No.	Share Options 2017 No.
W D Butler-Adams OBE	52,050	35,339	11,224	8,675	2,516	5,437
W Carleysmith	7,350	5,512	1,225	1,225	750	250
T W N Guinness	32,100	24,075	5,350	5,350	-	-
L Johnson	24,990	18,743	4,165	4,165	285	285
R Kendall	-	-	-	-	313	285
S Loftus	-	-	-	-	1,100	1,100
A W Ritchie	106,956	80,217	17,826	17,826	-	-
J Sendell	6,253	4,244	1,043	943	100	200
J A Stenton-Putt	-	-	-	-	-	-
C D Stewart-Smith	-	-	-	-	-	-
L A Vary	3,900	2,925	650	650	1,235	1,235

Share option details:

	No. of shares	Exercise Price £	From	To
W D Butler-Adams OBE	1,016	150	27/02/2018	26/02/2023
	1,500	350	18/01/2021	18/01/2026
	<u>2,516</u>			
L A Vary	285	150	04/01/2018	31/12/2022
	200	200	27/02/2018	26/02/2023
	750	350	18/01/2021	18/01/2026
	<u>1,235</u>			
J Sendell	100	150	31/12/2017	01/01/2023
S Loftus	600	250	13/11/2019	12/11/2024
	500	350	18/01/2021	18/01/2026
	<u>1,100</u>			
W G Carleysmith	250	110	15/10/2015	14/10/2020
	500	350	22/02/2022	22/02/2027
	<u>750</u>			

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

23 Related party transactions and Directors' interests (continued)

	No. of shares	Exercise Price £	From	To
L Johnson	72	350	31/12/2017	31/12/2025
	71	350	31/12/2018	31/12/2025
	71	350	31/12/2019	31/12/2025
	71	350	31/12/2020	31/12/2025
	<u>285</u>			
R Kendall	72	350	31/12/2017	31/12/2025
	71	350	31/12/2018	31/12/2025
	71	350	31/12/2019	31/12/2025
	71	350	31/12/2020	31/12/2025
	<u>28</u>	350	22/02/2022	22/02/2027
	<u>313</u>			

During the year ended 31 March 2018 Brompton Bicycle Limited had the following related party transactions with owned entities within the group that are not wholly owned:

- Brompton Bicycle Limited sold £86,190 of goods to Brompton Bike Hire Limited. Brompton Bike Hire is 99.68% owned by Brompton Bicycle Limited.
- Brompton Bicycle Limited sold £439,132 of goods to Cycle Circle. Cycle Circle is 51% owned by Brompton Asia Limited, an entity wholly owned by Brompton Bicycle Limited.
- Brompton Bicycle Limited purchased £332,340 of goods to Brompton Fletcher Limited. Brompton Fletcher Limited is 51% owned by Brompton Bicycle Limited.

24 Controlling parties

There is no ultimate controlling party.

25 Financial instruments	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost				
Cash and cash equivalents	7,131,561	5,572,148	6,750,736	5,070,070
Trade debtors	2,503,499	3,740,137	3,016,578	3,360,942
Other debtors	177,811	225,147	5,945	142,656
Amounts owed by group undertakings	-	-	1,090,197	1,129,375
	<u>9,812,871</u>	<u>9,537,432</u>	<u>10,863,456</u>	<u>9,703,043</u>
Financial liabilities measured at amortised cost				
Net obligation under finance leases and hire purchase	-	-	-	830
Trade creditors	1,498,906	1,869,566	1,938,919	1,425,097
Other creditors	274,992	142,950	11,791	46,843
Amounts owed to group undertakings	-	-	-	50,009
Accruals	2,235,396	2,272,044	1,812,095	2,002,023
	<u>4,009,294</u>	<u>4,284,560</u>	<u>3,762,805</u>	<u>3,524,802</u>

Amounts due from group undertakings and related parties are unsecured, interest free and payable on demand.