

Group Strategic Report, Report of the Directors and  
Consolidated Financial Statements for the Year Ended 31 December 2018  
for  
Bike It International Holdings Limited

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for the Year Ended 31 December 2018

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Bike It International Holdings Limited

Company Information  
for the Year Ended 31 December 2018

**DIRECTORS:**

M Mansbridge  
C M Beer

**REGISTERED OFFICE:**

24 Picton House  
Hussar Court  
Waterlooville  
Hampshire  
PO7 7SQ

**REGISTERED NUMBER:**

06441804 (England and Wales)

**AUDITORS:**

JWR Audit Limited  
24 Picton House  
Hussar Court  
Waterlooville  
Hampshire  
PO7 7SQ

Group Strategic Report  
for the Year Ended 31 December 2018

The directors present their strategic report of the company and the group for the year ended 31 December 2018.

**REVIEW OF BUSINESS**

The company's main business continued to be the wholesale supply of motorcycle parts and accessories. The cash generated has been used in various investment opportunities.

Sales at £6,912,460 decreased by 42% on the previous year due to Southcott Mansbridge Homes not trading in the period. The profit before tax at £1,714 reflected a challenging year in Bike It International. In Bike It, Europe in particular was challenging with the continued uncertainty surrounding Brexit making trading difficult. Expenditure was also high as Bike It continued to invest in new IT systems and supported new brands with a high advertising budget.

Bike It is a well-respected name in the motorcycle industry and continued to be a market leader in its range of products, stock availability and customer service.

**PRINCIPAL RISKS AND UNCERTAINTIES**

Motorcycle sales in 2018 were similar to those in 2017 so there was no real change in the market. With most sales, however, being imports, the weakness of sterling must be a concern as prices are likely to rise. As an exporter as well as an importer, Bike It has some cover against exchange fluctuations but sterling weakness is a concern.

Brexit continues to be a concern for the future as its full impact unfolds in the coming years. Bike It does though have a strong agent chain and a sought after product list (particularly Moto GP range) and its future plans still include a strong EU sales presence.

Price risks principally arise on the purchase of stock which is subject to inflationary pressure in the Far East in particular as well as currency changes against the dollar and Euro. Exchange variances can be managed somewhat as significant sales are made in Euro's.

Sales are made on a variety of different terms so a credit risk will always arise but this is well managed with credit terms only being given to customers who demonstrate an appropriate payment history and credit limits have been well controlled. Sales are made to a wide range of customers so no one customer makes up a significant portion of total trade debtors. Group Undertakings and Other debtors principally relate to loans made. A full list of debtors is shown in note 15.

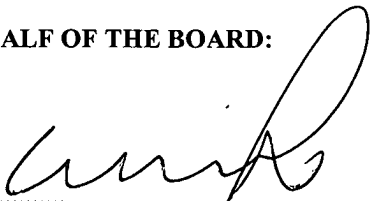
**FUTURE DEVELOPMENTS**

The motorcycle market continues to be a challenging environment but Bike It is confident that its position in the market will help it thrive long term. New brands are still being sought for the UK market and new agency opportunities for the European market being considered. The sales force is highly regarded and this supported by a new B2B website will enable Bike It to weather the current difficulties

The motorcycle industry is still a challenging market but as a market leader and strong innovator, Bike It is confident it can continue to grow and find new opportunities.

There are no further projects on going in Southcott Mansbridge Homes Ltd and no plans at the moment. Investments in building projects are being made but are currently being managed through Bike It International Ltd.

**ON BEHALF OF THE BOARD:**



M Mansbridge - Director

Date: 25.09.19

Report of the Directors  
for the Year Ended 31 December 2018

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

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the sale and distribution of motorcycle spare parts and accessories and property development.

**DIVIDENDS**

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

**EVENTS SINCE THE END OF THE YEAR**

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

**DIRECTORS**

M Mansbridge has held office during the whole period from 1 January 2018 to the date of this report.

C Beer has held office from 1 January 2018, but resigned as a director on the 9 September 2019, before the date of this report.

**DISCLOSURE IN THE STRATEGIC REPORT**

The directors have prepared the Strategic Report in accordance with the Companies Act and the information that would have been included in the directors report has been included in the Strategic Report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

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

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

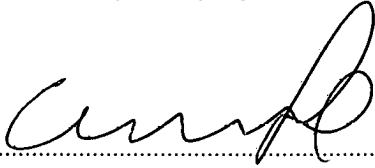
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant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

Report of the Directors  
for the Year Ended 31 December 2018

**AUDITORS**

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

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'M Mansbridge', is written over a dotted line.

M Mansbridge - Director

Date: 25-09-19

Report of the Independent Auditors to the Members of  
Bike It International Holdings Limited

**Opinion**

We have audited the financial statements of Bike It International Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

- 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 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.

**Other information**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

Report of the Independent Auditors to the Members of  
Bike It International Holdings Limited

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

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

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

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

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

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



K S Wood (Senior Statutory Auditor)  
for and on behalf of JWR Audit Limited  
24 Picton House  
Hussar Court  
Waterlooville  
Hampshire  
PO7 7SQ

Date: 27 September 2019



Consolidated Income Statement  
for the Year Ended 31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
<b>TURNOVER</b>	4		6,912,461		11,927,436
Cost of sales			4,576,067		8,603,982
<b>GROSS PROFIT</b>			2,336,394		3,323,454
Distribution costs		208,165		246,220	
Administrative expenses		2,271,865		3,157,044	
			2,480,030		3,403,264
			(143,636)		(79,810)
Other operating income			75,034		165,676
<b>OPERATING (LOSS)/PROFIT</b>	6		(68,602)		85,866
Interest receivable and similar income			75,439		107
			6,837		85,973
Amounts written off investments	7		-		300
			6,837		85,673
Interest payable and similar expenses	8		5,122		5,308
<b>PROFIT BEFORE TAXATION</b>			1,715		80,365
Tax on profit	9		591		16,132
<b>PROFIT FOR THE FINANCIAL YEAR</b>			1,124		64,233
Profit attributable to:					
Owners of the parent			1,124		64,233

The notes form part of these financial statements

Consolidated Other Comprehensive Income  
for the Year Ended 31 December 2018

	Notes	31.12.18 £	31.12.17 £
<b>PROFIT FOR THE YEAR</b>		1,124	64,233
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>1,124</u>	<u>64,233</u>
Total comprehensive income attributable to: Owners of the parent		<u>1,124</u>	<u>64,233</u>

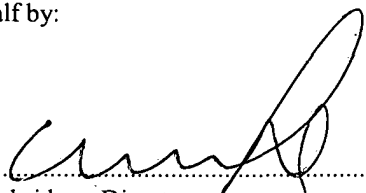
The notes form part of these financial statements

Consolidated Balance Sheet

31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
<b>FIXED ASSETS</b>					
Intangible assets	11		82,755		3,845
Tangible assets	12		208,871		228,063
Investments	13		-		-
			<hr/>		<hr/>
			291,626		231,908
<b>CURRENT ASSETS</b>					
Stocks	14	4,253,055		4,320,766	
Debtors	15	3,342,378		3,173,905	
Cash at bank and in hand		446,165		704,605	
		<hr/>		<hr/>	
		8,041,598		8,199,276	
<b>CREDITORS</b>					
Amounts falling due within one year	16	947,266		1,046,607	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			7,094,332		7,152,669
			<hr/>		<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			7,385,958		7,384,577
			<hr/>		<hr/>
<b>PROVISIONS FOR LIABILITIES</b>	19		38,715		38,458
			<hr/>		<hr/>
<b>NET ASSETS</b>			7,347,243		7,346,119
			<hr/>		<hr/>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		100,000		100,000
Retained earnings	21		7,247,243		7,246,119
			<hr/>		<hr/>
<b>SHAREHOLDERS' FUNDS</b>			7,347,243		7,346,119
			<hr/>		<hr/>

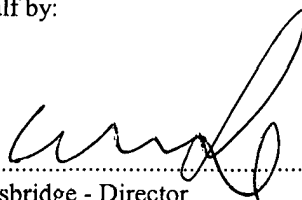
The financial statements were approved by the Board of Directors on 25.09.19 and were signed on its behalf by:

  
 .....  
 M Mansbridge - Director

Company Balance Sheet  
31 December 2018

	Notes	31.12.18 £	£	31.12.17 £	£
<b>FIXED ASSETS</b>					
Intangible assets	11		-		-
Tangible assets	12		-		-
Investments	13		100,001		100,001
			<u>100,001</u>		<u>100,001</u>
<b>CURRENT ASSETS</b>					
Debtors	15	757,924		603,800	
<b>CREDITORS</b>					
Amounts falling due within one year	16	<u>472,837</u>		<u>318,713</u>	
<b>NET CURRENT ASSETS</b>			<u>285,087</u>		<u>285,087</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>385,088</u>		<u>385,088</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	20		100,000		100,000
Retained earnings	21		<u>285,088</u>		<u>285,088</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>385,088</u>		<u>385,088</u>
Company's profit for the financial year			<u>-</u>		<u>219,700</u>

The financial statements were approved by the Board of Directors on 25.09.19 and were signed on its behalf by:

  
.....  
M Mansbridge - Director

Consolidated Statement of Changes in Equity  
for the Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Total £	Non-controlling interests £	Total equity £
<b>Balance at 1 January 2017</b>	100,000	7,181,886	7,281,886	-	7,281,886
<b>Changes in equity</b>					
Total comprehensive income	-	64,233	64,233	-	64,233
<b>Balance at 31 December 2017</b>	100,000	7,246,119	7,346,119	-	7,346,119
<b>Changes in equity</b>					
Total comprehensive income	-	1,124	1,124	-	1,124
<b>Balance at 31 December 2018</b>	100,000	7,247,243	7,347,243	-	7,347,243

The notes form part of these financial statements.

Company Statement of Changes in Equity  
for the Year Ended 31 December 2018

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 January 2017</b>	100,000	65,388	165,388
<b>Changes in equity</b>			
Total comprehensive income	-	219,700	219,700
<b>Balance at 31 December 2017</b>	100,000	285,088	385,088
<b>Changes in equity</b>			
<b>Balance at 31 December 2018</b>	100,000	285,088	385,088

Consolidated Cash Flow Statement  
for the Year Ended 31 December 2018

	Notes	31.12.18 £	31.12.17 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(89,780)	523,300
Interest paid		(5,122)	(5,308)
Tax paid		(310)	(105,707)
Net cash from operating activities		<u>(95,212)</u>	<u>412,285</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(78,910)	(3,845)
Purchase of tangible fixed assets		(53,794)	(126,088)
Sale of tangible fixed assets		19,417	7,600
Interest received		75,439	107
Net cash from investing activities		<u>(37,848)</u>	<u>(122,226)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		-	(876,191)
Amount introduced by directors		-	212,080
Amount withdrawn by directors		84,124	(21,849)
Loans to related/third parties		(272,003)	(438,095)
Employee and other loans		80	(80)
Loans repaid by related/third parties		62,419	775,455
Net cash from financing activities		<u>(125,380)</u>	<u>(348,680)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(258,440)</u>	<u>(58,621)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	704,605	763,226
<b>Cash and cash equivalents at end of year</b>	2	<u><u>446,165</u></u>	<u><u>704,605</u></u>

Notes to the Consolidated Cash Flow Statement  
for the Year Ended 31 December 2018

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

	31.12.18	31.12.17
	£	£
Profit before taxation	1,715	80,365
Depreciation charges	46,932	54,515
Loss/(profit) on disposal of fixed assets	6,636	(799)
Finance costs	5,122	5,308
Finance income	(75,439)	(107)
	(15,034)	139,282
Decrease in stocks	67,711	411,090
Increase in trade and other debtors	(4,531)	(306,196)
(Decrease)/increase in trade and other creditors	(137,926)	279,124
<b>Cash generated from operations</b>	<b>(89,780)</b>	<b>523,300</b>

2. **CASH AND CASH EQUIVALENTS**

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

**Year ended 31 December 2018**

	31.12.18	1.1.18
	£	£
Cash and cash equivalents	446,165	704,605

**Year ended 31 December 2017**

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	704,605	763,226



Notes to the Consolidated Financial Statements  
for the Year Ended 31 December 2018

1. **COMPANY INFORMATION**

The company is incorporated and domiciled in the UK and its principal place of business is its registered office.

2. **STATUTORY INFORMATION**

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

3. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

**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 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the profit or loss and in other comprehensive income.

**Basis of consolidation**

The group financial statements consolidate the financial statements of Bike It International Holdings Limited and all its subsidiary undertakings drawn up to 31 December each year. Entities over which the group has the ability to exercise control are accounted for as subsidiaries.

**Related party exemption**

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.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

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

3. **ACCOUNTING POLICIES - continued**

**Provisions**

Provisions are recognised when the Company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

**Slow Moving Stock**

The company holds a large amount of stock, some of which are classed as slow moving stock. Slow moving stock is identified as stock of which the company holds more than 78 weeks stock, by comparison to sales in the year under review. Provision is made against slow moving stock as a percentage of the total identified slow moving stock.

**Bad Debt Provision**

The directors carry out a review of balances at the year end that still remain unpaid post year end, and provide for bad debts where the recovery of overdue balances are considered unlikely.

**Turnover**

Turnover of continuing operations shown in the profit and loss account represents amounts receivable during the year in respect of sales and is recognised on a receivable basis, exclusive of Value Added Tax.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business has been fully amortised in the current year.

**Intangible fixed assets**

Depreciation is provided to write off intangible assets over its estimated useful life as follows: -

Website development                      - 5 years

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

3. **ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

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

Plant and machinery	- 33% on cost and 20% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 20% on reducing balance

**Impairment of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Stocks**

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

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. The cost of stock is determined on a first-in-first-out (FIFO) basis.

**Work in Progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

**Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

3. **ACCOUNTING POLICIES - continued**

**Taxation**

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.

**Functional and presentational currencies**

The financial statements are presented in sterling which is also the functional currency of the Company.

**Foreign currencies**

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

**Hire purchase and leasing commitments**

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

**Pension costs and other post-retirement benefits**

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

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

3. **ACCOUNTING POLICIES - continued**

**Financial instruments**

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

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

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

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

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

**4. TURNOVER**

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

An analysis of turnover by geographical market is given below:

	31.12.18	31.12.17
	£	£
United Kingdom	5,403,503	9,983,047
Overseas Sales (EU)	1,468,499	1,742,987
Overseas Sales (non EU)	40,459	201,402
	<u>6,912,461</u>	<u>11,927,436</u>

**5. EMPLOYEES AND DIRECTORS**

	31.12.18	31.12.17
	£	£
Wages and salaries	1,188,980	1,328,606
Social security costs	103,803	115,483
Other pension costs	48,255	48,938
	<u>1,341,038</u>	<u>1,493,027</u>

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

	31.12.18	31.12.17
Distribution Staff	33	35
Administrative Staff including directors	17	17
	<u>50</u>	<u>52</u>

	31.12.18	31.12.17
	£	£
Directors' remuneration	62,925	102,797
Directors' pension contributions to money purchase schemes	-	27,754
	<u>-</u>	<u>27,754</u>

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

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

	31.12.18	31.12.17
	£	£
Hire of plant and machinery	23,218	22,698
Other operating leases	339,548	343,629
Depreciation - owned assets	46,933	35,686
Loss/(profit) on disposal of fixed assets	6,636	(799)
Computer software amortisation	-	18,828
Auditors' remuneration	8,000	8,000
Foreign exchange differences	(30,929)	(82,983)
	<u>(30,929)</u>	<u>(82,983)</u>

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

7. **AMOUNTS WRITTEN OFF INVESTMENTS**

	31.12.18	31.12.17
	£	£
Amounts w/o invs	-	300
	<u>          </u>	<u>          </u>

8. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.18	31.12.17
	£	£
Bank interest	5,122	5,308
	<u>          </u>	<u>          </u>

9. **TAXATION**

**Analysis of the tax charge**

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

	31.12.18	31.12.17
	£	£
Current tax:		
UK corporation tax	334	310
Deferred tax	257	15,822
	<u>          </u>	<u>          </u>
Tax on profit	591	16,132
	<u>          </u>	<u>          </u>

**Reconciliation of total tax charge included in profit and loss**

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

	31.12.18	31.12.17
	£	£
Profit before tax	1,715	80,365
	<u>          </u>	<u>          </u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.247%)	326	15,468
Effects of:		
Expenses not deductible for tax purposes	185	3,482
Capital allowances in excess of depreciation	(256)	(18,640)
Deferred tax movement	257	15,822
Taxable Losses carried forward	79	-
	<u>          </u>	<u>          </u>
Total tax charge	591	16,132
	<u>          </u>	<u>          </u>

10. **INDIVIDUAL INCOME STATEMENT**

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

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

**11. INTANGIBLE FIXED ASSETS****Group**

	Patents and licences £	Computer software £	Totals £
<b>COST</b>			
At 1 January 2018	3,845	94,140	97,985
Additions	-	78,910	78,910
At 31 December 2018	3,845	173,050	176,895
<b>AMORTISATION</b>			
At 1 January 2018 and 31 December 2018	-	94,140	94,140
<b>NET BOOK VALUE</b>			
At 31 December 2018	3,845	78,910	82,755
At 31 December 2017	3,845	-	3,845

**12. TANGIBLE FIXED ASSETS****Group**

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 January 2018	272,987	189,999	240,192	703,178
Additions	-	-	53,794	53,794
Disposals	-	-	(74,853)	(74,853)
At 31 December 2018	272,987	189,999	219,133	682,119
<b>DEPRECIATION</b>				
At 1 January 2018	257,237	127,922	89,956	475,115
Charge for year	3,150	9,312	34,471	46,933
Eliminated on disposal	-	-	(48,800)	(48,800)
At 31 December 2018	260,387	137,234	75,627	473,248
<b>NET BOOK VALUE</b>				
At 31 December 2018	12,600	52,765	143,506	208,871
At 31 December 2017	15,750	62,077	150,236	228,063



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

**13. FIXED ASSET INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2018	
and 31 December 2018	100,001
<b>NET BOOK VALUE</b>	
At 31 December 2018	100,001
At 31 December 2017	100,001

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

**Subsidiaries**

**Bike IT International Limited**

Registered office:

Nature of business: Sale & distribution

	% holding	31.12.18 £	31.12.17 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		6,864,611	6,859,710
Profit/(loss) for the year		4,901	(151,398)

**Southcott Mansbridge Homes Limited**

Registered office:

Nature of business: property development

	% holding	31.12.18 £	31.12.17 £
Class of shares:			
Ordinary	100.00		
Aggregate capital and reserves		200,904	201,323
(Loss)/profit for the year		(419)	215,922

**14. STOCKS**

	<b>Group</b>	
	31.12.18 £	31.12.17 £
Stocks	4,253,055	4,320,766

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

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

	<b>Group</b>		<b>Company</b>	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Trade debtors	855,246	939,407	-	-
Amounts owed by group undertakings	-	12,400	757,924	603,800
Other debtors	2,244,954	2,068,612	-	-
Prepayments and accrued income	75,000	-	-	-
Prepayments	167,178	153,486	-	-
	<u>3,342,378</u>	<u>3,173,905</u>	<u>757,924</u>	<u>603,800</u>

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

	<b>Group</b>		<b>Company</b>	
	31.12.18	31.12.17	31.12.18	31.12.17
	£	£	£	£
Trade creditors	206,564	222,379	-	-
Amounts owed to group undertakings	-	12,400	266,372	196,372
Tax	334	310	-	-
Social security and other taxes	27,861	52,686	-	-
VAT	5,870	-	-	-
Other creditors	196,164	229,751	2,539	2,539
Net wages	-	67	-	-
Directors' loan accounts	203,926	119,802	203,926	119,802
Accrued expenses	306,547	409,212	-	-
	<u>947,266</u>	<u>1,046,607</u>	<u>472,837</u>	<u>318,713</u>

At the year end date there is a balance of £28,950 (2017 - £26,418) due to HM Revenue & Customs included in trade creditors. The HM Revenue & Customs liability balance for duty at any time is secured on a bond of £20,000.

**17. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

**Group**

	<b>Non-cancellable operating leases</b>	
	31.12.18	31.12.17
	£	£
Within one year	350,000	350,000
Between one and five years	1,400,000	1,400,000
In more than five years	650,736	1,000,736
	<u>2,400,736</u>	<u>2,750,736</u>

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

**18. FINANCIAL INSTRUMENTS - GROUP**

	31.12.17	31.12.16
<u>Financial Assets</u>		
Measured at amortised cost		
Cash at bank and in hand	704,605	763,226
Trade debtors	939,407	539,371
Other debtors	2,068,613	2,405,900
Director's loan account	-	70,429
	<u>3,712,625</u>	<u>3,778,926</u>
<u>Financial liabilities</u>		
Measured at amortised cost		
Trade creditors	222,381	160,912
Other creditors	229,817	240,848
Director's loan account	119,802	0
Accrued expenses	409,212	214,260
	<u>981,212</u>	<u>616,020</u>

**19. PROVISIONS FOR LIABILITIES**

	<b>Group</b>	
	31.12.18	31.12.17
	£	£
Deferred tax		
Accelerated capital allowances	<u>38,715</u>	<u>38,458</u>
<b>Group</b>		
		Deferred tax
		£
Balance at 1 January 2018		38,458
Charge to Income Statement during year		257
Balance at 31 December 2018		<u>38,715</u>

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	
			31.12.18
			£
100,000	Ordinary	£1	100,000
			<u>100,000</u>

**21. RESERVES**

**Retained reserves**

Profit and loss account - includes all current and prior period retained profits and losses.

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

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

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

	31.12.18	31.12.17
	£	£
<b>M Mansbridge</b>		
Balance outstanding at start of year	(119,802)	70,429
Amounts advanced	-	57,254
Amounts repaid	(84,124)	(247,485)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>(203,926)</u>	<u>(119,802)</u>

The directors loan is interest bearing, with interest charged at a rate of 3%. Interest charged for the year is £nil (2017 - nil).

**23. RELATED PARTY DISCLOSURES**

A loan from M J Mansbridge's father of £24,000 lent to MM International Limited was transferred to Bike It International Limited when all the net assets were transferred. At the year end £23,200 (2017: £23,200) was outstanding and is shown within other creditors.

**24. POST BALANCE SHEET EVENTS**

Mr C Beer resigned as a director and company secretary of both Bike It International Limited and Bike It International Holdings Limited on the 9th September 2019.