

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2019

TVR AUTOMOTIVE LIMITED

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# TVR AUTOMOTIVE LIMITED

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## COMPANY INFORMATION

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Directors	J Chasey L Edgar P Thompson M Truclovc I Chammings M Overington (appointed 20 December 2018) R Smith (appointed 7 March 2019) J Berriman (appointed 1 January 2020)
Company secretary	I Chammings
Registered number	08486313
Registered office	Griffith House Walliswood Dorking Surrey RH5 5RD
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor 3000a Parkway Whiteley Hampshire PO15 7FX

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# TVR AUTOMOTIVE LIMITED

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**TVR AUTOMOTIVE LIMITED**  
**REGISTERED NUMBER:08486313**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	4	750,798	798,024
Investments	5	1	1
		<u>750,799</u>	<u>798,025</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	8,234,620	7,769,921
Cash at bank and in hand		-	11
		<u>8,234,620</u>	<u>7,769,932</u>
Creditors: amounts falling due within one year	7	(4,386,154)	(2,224,332)
<b>Net current assets</b>		<u>3,848,466</u>	<u>5,545,600</u>
<b>Total assets less current liabilities</b>		<u>4,599,265</u>	<u>6,343,625</u>
Creditors: amounts falling due after more than one year	8	(2,467,285)	(4,370,927)
<b>Net assets</b>		<u><u>2,131,980</u></u>	<u><u>1,972,698</u></u>
<b>Capital and reserves</b>			
Called up share capital		3,389,498	2,939,500
Share premium account		1,110,999	886,000
Profit and loss account		(2,368,517)	(1,852,802)
		<u><u>2,131,980</u></u>	<u><u>1,972,698</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

**J Chasey**  
Director

Date: 30 March 2020

The notes on pages 2 to 9 form part of these financial statements.

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# TVR AUTOMOTIVE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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### 1. General information

TVR Automotive Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office is disclosed on the company information page.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

#### 2.2 Going concern

As widely reported in the media COVID-19 is impacting many businesses at the time at which these accounts are being filed. We are at a stage of the development of Griffith and the preparation of the factory in Wales where we can effectively work remotely with our various partners. Consequently, we do not see any hindrance to ongoing operations caused by COVID-19. Additionally, since we are not yet retailing built vehicles, we are not experiencing the significant market pressures that other established OEMs within the sector are currently facing. The COVID-19 pandemic presents no immediate or foreseen risk to TVR operationally or as a going concern, given the operations are still in the pre-production stage.

The Company has made significant progress with product development and, in particular, the Welsh Government have now finished the factory refurbishment tender process and have selected a preferred contractor.

In order to fully execute the Company's business plan there is a requirement for additional funding during the 2020 financial year, which will be supported via the issue of a securitisation bond. It is believed due to the current stage of negotiations and significant interest in the business, the necessary funding will be secured to ensure the Company continues as a going concern.

At the time of approval of these financial statements the directors have no particular reason to expect that such funding will not be secured, and that this mitigates the material uncertainty related to the aforementioned conditions that may cast any significant doubt on the company's ability to continue as a going concern.

As a result they believe that the Company will continue to operate as normal and, accordingly, they consider that the going concern basis of preparation continues to be appropriate.

The financial statements do not include any adjustments that would result if the additional funding required were to prove unavailable.

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# TVR AUTOMOTIVE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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### 2. Accounting policies (continued)

#### 2.3 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### 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.

#### 2.4 Revenue

Revenue relates to royalties in respect of third party use of TVR image rights and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The following criteria must also be met before revenue is recognised:

- The amount of revenue can be measured reliably;
- It is probable that the company will receive the consideration due under the agreement;
- The period in which the image rights are to be used is also the period in which revenues are recognised; and
- The costs incurred can be measured reliably.

#### 2.5 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.6 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

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# TVR AUTOMOTIVE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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### 2. Accounting policies (continued)

#### 2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Trademarks	-	10	years
Intellectual Property	-	25	years

The Intellectual Property is amortised over a period in excess of ten years on the basis that the historic strength and success of the TVR brand will result in these benefits being recognised over 25 years.

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# TVR AUTOMOTIVE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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### 2. Accounting policies (continued)

#### 2.8 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

### 3. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018 - £NIL).



# TVR AUTOMOTIVE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 4. Intangible assets

	Intellectual Property £	Trademarks £	Total £
<b>Cost</b>			
At 1 April 2018	929,471	100,470	1,029,941
At 31 March 2019	929,471	100,470	1,029,941
<b>Amortisation</b>			
At 1 April 2018	185,895	46,022	231,917
Charge for the year	37,179	10,047	47,226
At 31 March 2019	223,074	56,069	279,143
<b>Net book value</b>			
At 31 March 2019	706,397	44,401	750,798
<i>At 31 March 2018</i>	<i>743,576</i>	<i>54,448</i>	<i>798,024</i>

### 5. Fixed asset investments

	Subsidiary companies £
At 1 April 2018	1

### 6. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	8,229,114	7,747,831
Other debtors	5,506	22,090
	<u>8,234,620</u>	<u>7,769,921</u>

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# TVR AUTOMOTIVE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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### 7. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	1,920,000	-
Trade creditors	161,845	127,908
Amounts owed to group undertakings	-	208,800
Other taxation and social security	34,966	-
Other creditors	1,298,441	1,350,962
Accruals and deferred income	970,902	536,662
	<u>4,386,154</u>	<u>2,224,332</u>

Included within other creditors are amounts due to shareholders. These loans are unsecured, interest free and repayable on demand. The shareholders have indicated that these amounts will not be recalled until the company is in a position to repay these amounts.

#### Secured loans

Amounts included within the above loans are secured over the land and properties owned by Heritage Farms

Limited, a company under the control of L H Edgar, a director.

These amounts are also secured by way of a fixed and floating charge over the Intellectual Property and any property or undertakings of the Company. A cross-guarantee is also in place in this regard from TVR Manufacturing Limited, a subsidiary company.

The directors J C Chasey, L H Edgar and M C Truelove have also provided personal guarantees over the loans.

### 8. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	1,967,285	3,870,927
Share capital treated as debt	500,000	500,000
	<u>2,467,285</u>	<u>4,370,927</u>

#### Secured loans

Amounts included within the above loans are secured over the land and properties owned by Heritage Farms

Limited, a company under the control of L H Edgar, a director.

These amounts are also secured by way of a fixed and floating charge over the Intellectual Property and any property or undertakings of the Company. A cross-guarantee is also in place in this regard from TVR Manufacturing Limited, a subsidiary company.

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# TVR AUTOMOTIVE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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### 9. EMI share option scheme

The company has an EMI share option scheme in place for 4 employees.

Options over 111,000 1p Ordinary A shares were granted on the 29th January 2016. The options are exercisable at a price of 1p per option share on the occurrence of an exit event.

If the options remain unexercised on the tenth anniversary of the date of grant then the related options expire. Options are also forfeited if the employee terminates employment before the options vest, unless authorised by the board.

The company has taken the exemption available upon transition to FRS102 section 1A in not accounting for these options under the share based payment model and applying a fair value to the arrangements.

### 10. Other financial commitments

As part of the loan financing, the company is committed to pay £10,000 per annum in monitoring costs. This commitment runs to March 2020.

### 11. Related party transactions

During the year payments were made to Heritage Farms Limited, a company under the control of L Edgar, totalling £nil (2018 - £70,000) in respect of security provided by the company. At the year end date, amounts owed to Heritage Farms Limited totalled £121,800 (2018 - £121,800).

Included within other creditors, are amounts provided by the directors in the the form of shareholder loans. These total £1,298,441 (2017 - £1,350,962). These loans are unsecured, interest free and repayable on demand.

The company has taken advantage of the exemptions available under FRS 102 section 1A not to disclose transactions with group companies on the basis that these group companies are wholly owned.

No other transactions were undertaken with related parties requiring disclosure under FRS 102 section 1A.

### 12. Post balance sheet events

#### Issue of shares

Post year-end 10,000 Ordinary shares were issued for £50,000 and a further 509,333 Ordinary A shares were issued for £602,400. As a result issued share capital rose to £3,991,898.

### 13. APB Ethical Standards

APB Ethical Standard - Provisions for Smaller Entities has been applied. In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

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# TVR AUTOMOTIVE LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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### 14. Auditors' information

The auditors report was signed by Mr James Hadfield FCA (Senior Statutory Auditor) of Menzies LLP on 30/03/2020.

The report was unqualified but the auditor drew attention to a material uncertainty related to going concern, the excerpt from the full audit report is below;

We draw attention to note 2.2 in the financial statements, which indicates that the Company will require further funding within the next financial year.

As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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