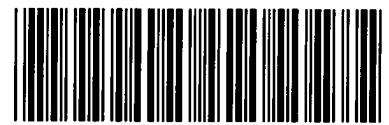


Company Registration No. 01261512 (England and Wales)

BROMPTON BICYCLE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2022

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**BROMPTON BICYCLE LIMITED
COMPANY INFORMATION**

Directors

W D Butler-Adams OBE
P J J Byng
W Carleymith
A Horowitz-Burdick
L Johnson
R Kendall
S Loftus
M Mathieson
L A Vary
P Williams

Secretary

J Egan

Company number

01261512

Registered office

Brompton Bicycle Ltd Unit 1
Greenford Park, Ockham Drive
Greenford, Middlesex, London
UB6 0FD

Independent auditors

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB
United Kingdom

BROMPTON BICYCLE LIMITED
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BROMPTON BICYCLE LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their strategic report on the Group for the year ended 31 March 2022.

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. As a Group, Brompton's purpose is to create urban freedom for happier lives. By providing the means to commute or explore with a bike that you can take anywhere and store anywhere, we can make cities happier places to live. We want to increase people's freedom, improve their health and reduce society's impact on the environment.

Brompton products are sold through stores, ecommerce, dealers and distributors. During the year, research and development has been undertaken on a number of new products, which Brompton are excited to release in the near future. FY22 saw the launch of our new T-Line titanium bicycle. This features an all-new ultra-light titanium frame, and over 150 specially developed weight-saving components. Three years of rigorous research and development have fed into this product.

Outside of our sales channels, the iconic Brompton bicycle can be enjoyed by customers through our subscription service, Brompton Bike Hire. There are currently 63 Brompton Bike Hire docks spread out across the UK's major cities from which bikes can be hired.

It was a strong year for the Group with Turnover up 40% over last year to £106,889,338 (2021: £76,123,912). However, pre-tax profits fell to £7,318,950 for the year (2021: £9,650,066), reflecting our rising operational and production costs, in addition to large investment in future product innovation and staff development. Profit before tax represents a 6.8% margin on sales (2021: 12.7%).

At 31 March 2022, the Group had net assets of £41,282,215 (2021: £ 32,032,935).

Key performance indicators

Bike unit sales were 93,460 (2021: 69,695), while exports accounted for 74% of bike unit sales (2021: 69%).

The gross margin fell in the year to 47.1% (2021: 49.1%), largely as a result of increased material and labour manufacturing costs. We have also seen an increase in carriage in costs caused by macroeconomic factors and supply chain delays, resulting in the need to ship stock via airfreight.

Operating costs increased by 54% to £43,075,491 (2021: £27,999,372), 40% of revenue (2021: 37%), as a result of increased staff costs related to the growth of the business.

Working capital has grown significantly in the year, driven by an increase in our Group stock balance to £30,028,818 (2021: £15,689,671). In raw materials, this has arisen largely to meet the growth in future demand and provide a buffer against a turbulent supply chain and extending lead times. As the Group aims to increase sales via direct to consumer channels, we have seen an increase in our stock of finished goods ready for sale. This increase in working capital has put pressure on liquidity, with the Group raising funding from the bank in response. The impact of our increased working capital has driven the fall in Group net cash to £2,815,208 at 31st March 2022 (2021: £11,185,563).

Directors' Duties

The Board of Directors of Brompton Bicycle Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1) (A-F) of the Companies Act 2006) in the decisions taken during the year ended 31 March 2022, and in doing so have regard (among other matters) to:

S172(1) (A) "The likely consequences of any decision in the long term"

At the heart of all our work is the knowledge that our designs will be in existence for the long term and that decisions made today will have consequences far into the future.

BROMPTON BICYCLE LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

S172(1) (B) "The interests of the Company's employees"

The Directors recognise that the Group's employees are fundamental and core to our business and delivery of our ambitions. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

S172(1) (C) "The need to foster the Company's business relationships with suppliers, customers and others"

Delivering our engineering designs requires strong mutually beneficial relationships with customer, partners, suppliers and debt providers. The Board is mindful that Brompton's success depends on its ability to engage effectively, work together constructively, and to take stakeholder views into account, and they promote open and healthy dialogue with all parties.

S172(1) (D) "The impact of the Company's operations on the community and the environment"

This aspect is inherent in our strategic ambitions, most notably on our ambitions to increase people's independence and freedom. Every aspect of our designs and of our influence in the sphere of design has an impact on either the community or the environment.

S172(1) (E) "The desirability of the Company maintaining a reputation for high standards of business conduct"

Our business relies on our employees. The Directors understand the importance of the ongoing delivery of support, training and professional development to provide our employees with the necessary skills and attitudes to enable them to continue to deliver the high standards the business requires. We act with honesty, integrity and modesty in our design right through to our staff, dealers and customers. This flows through to the quality of our products and our wider relationships with external stakeholders.

S172(1) (F) "The need to act fairly as between members of the Company"

The Directors consider which course of action best enables successful outcomes that are balanced and fair between the members of the Company.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Employee Involvement

Details of the number of employees are given in note 8 of the financial statements. The Group keeps all employees informed of how the Group is performing via Live Stream 'All Hands Meetings', department team briefings as well as through employee monthly/quarterly one-to-ones and annual appraisals.

Our Employee Engagement Platform 'The FOLD' keep employees up to date of daily news with key messages being delivered via news casts on our tv's throughout the building and at times as set 'screen savers' on PC's and laptops. Employee issues are communicated to the Executive Committee and the Board via the results of the annual employee survey, employee forums, the People Team and Safecall (our company whistleblowing hotline).

We have share option schemes in place which are designed to reward the employees and align employees' interests with our performance through share ownership. In addition, employees are remunerated by annual cost of living increases, potential role specific pay adjustments, bi-annual profit bonus as well as substantial investment in the form of Continued Professional Development (CPD), Apprenticeships and other technical on job development. Employees also have free access to LinkedIn Learning.

Equality, Diversity, and Inclusion (EDI)

Our original charter was to raise awareness and create a safe working environment for all employees across the whole of the business. Globally, we have continued to provide understanding through knowledge, acceptance through challenging behaviour and learning from one another through shared experiences.

BROMPTON BICYCLE LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

In the past year our MentalHealth@Brompton community has become officially accredited Mental Health First Aiders and are aligned with Mind.org to signpost services to our employees. Our BAME@Brompton (Black, Asian and Minority Ethnic) community now publish a magazine twice a year highlighting cultural aspects of BAME community. PRIDE@Brompton celebrated its second-year attendance at London Pride Ride and our first attendance at London Pride March, as well as becoming affiliated with Stonewall Women@Brompton relaunching supporting on policy change and development opportunities for women working at Brompton. Parents@Brompton and Ability@Brompton continue to meet quarterly. EDI development continues as part of our onboarding program. Management Development Programs and active development programs for existing employees and it is now jointly being delivered both externally and in-house.

Employer of Choice
 We currently maintain Investors in People (Silver Award) and Great place to Work, (Best Place to Work Award) standards as well as holding accreditation for being founding members of Good Business Charter and hold Disability Confident status. Additionally, we are a London Living Wage company.

Gender Pay Gap
 Since 2019 we have published our Gender Pay Gap results both at Gov.UK and on our Company website in line with UK regulatory guidance. This has shown a positive increase in the onboarding of more females into the business at a rate of approximately 5% per year. It is anticipated we will reach a 60/40 male/female split by 2024.
<https://gender-pay-gap.service.gov.uk/Employer/HK4ABK/2018>

Modern Slavery Statement
 We are committed to ensuring full respect for the human rights of anyone working for us in any capacity and we take a zero tolerance to modern slavery. We have reported on this area in detail in a separate Modern Slavery Statement, available at www.brompton.com/igall/modern-slavery-statement.

Research and Development
 Innovation is key to our future. We are investing in the evolution of our core existing bicycles, as well as our R&D team in order to ensure our portfolio of bicycles are continually evolving to meet the demands of our cities and customer's lifestyles. Our purpose is to create urban freedom to create happier lives. In order to achieve this, we must invest and innovate.

Principal Risks

The principal risks and uncertainties facing the Group relate to:

Risk	Mitigation
Competition selling similar products at lower prices, especially foreign clones	Wider design right protection on future products and appointment of a brand protection agency to identify intellectual property right breaches and take down from online marketplaces.
Product demand	A fall in demand would put pressure on the Group's cash flow, and if sustained could increase the liquidity risk. The business continues to invest in innovative bicycle products, marketing capability, developing sales channels and enhancing customer experience to counter this, ensuring demand for the bikes continues to be strong.
Product-related litigation, recall costs, and reputational risk relating thereto	All new product designs are tested as compliant to local product safety requirements using external accredited test houses. In exceptional cases where a product recall is required, the company acts fast to investigate and address the issue. We are honest and transparent with consumers, aiming to minimise the impact on them and manage the reputational risk. Recall costs are kept to a minimum through insurance, and by utilising our network of local dealers, junction stores and ecommerce channels.

Risk	Mitigation
Supply chain	In response to increased lead times, the purchasing team have responded by placing orders further in advance to secure production slots to ensure sufficient product availability to meet forecasted demand. We have also pursued a dual-sourcing strategy to prevent over reliance on particular suppliers and regions.
Liquidity	This has arisen as a result of additional cash tied up in an increasing Group inventory balance, driven by the need to meet increased sales demand. As sales increase, a higher value of stock in transit is also to be expected.
Cash flow	Arising from the need to hold stock to meet the forecast growth in sales, and the timing difference between the cash outflows required to purchase stock and the inflows received from the future sale of goods. Cash flow and liquidity risk have increased in the year due to unpredictability of demand and the need for the business to commit to orders far in advance of the expected sale date. This has been mitigated in the short term through the use of debt facilities and arranged overdrafts. An increased focus on demand and stock planning is being used to reduce our working capital requirements in the medium term.
Foreign currency	Exposure to foreign currency risk arises as a result of operating across different countries, in regard to unpredictable gains or losses due to movements in foreign currency rates. The group are naturally hedged due to the offsetting of sales and purchases in foreign currency, however the Group continues to monitor the situation and has plans to implement a more active hedging strategy.
Inflation	Driven by the current geopolitical climate, the rising cost of parts, labour and overheads is putting pressure on our ability to maintain margin and profit. This has been partially passed onto customers through price rises, however, with the need to maintain demand in the face of competition and low consumer confidence caused by the economy and the cost of living crisis, this cannot fully cover the cost increases. Through further development and growth of our direct to consumer channel we have managed to buffer these higher costs through an increased sales mix towards our higher margin channels. Rising costs have been further combated by ongoing improvements in efficiency across operations through company wide waste reduction initiatives and steering groups.
Credit	The credit control processes include periodic customer credit checks to ensure appropriate credit limits are set. The business also utilises a direct debit solution to allow the credit control team to trigger the collection of funds from over 220 dealers across Europe and UK.
Retention of key management and staff	As a business we are investing in training and career development, agile working, salary benchmarking and investing in our facilities to create an environment we can be proud of.
Covid-19	Covid-19's impact is largely limited to our Cycle Circle subsidiary in China. The growth of Cycle Circle makes China a key market and contributor to group EBITDA. Localised and nationwide strict lockdowns imposed by the government have impacted our trading in the year. Disruption could continue into FY23. As for the wellbeing of our employees, the business can respond quickly to changing risk levels set by the government, putting in place remedial steps to mitigate the risks to our people whilst ensuring business continuity.

The Group continuously monitors the changing economic conditions and addresses any identified potential risks via an internally developed risk management tool, adapting the business as appropriate. Recent examples include the expansion of our sales via our Direct-to-Home channel. The Group increased its stock levels to mitigate potential stockouts caused by supplier shortages and long lead times. In order to address cash flow and liquidity risk, during the year the Group entered into Asset Based facilities with HSBC, with a combined limit of £15.0m. An HSBC Trade Loan facility with a limit of £4.5m is also in place, although this was not in use at 31st March 2022. To increase our security and available funds, post year end these Asset Based and Trade Loan facilities were swapped to a Revolving Credit Facility of £20.0m with HSBC.

BROMPTON BICYCLE LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Additionally, the Group mitigates risks by having internal KPIs, management accounts and monitoring of performance vs. budget to 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 where disclosure is necessary for an understanding of the development, performance, or position of the business.

On behalf of the board



W D Butler-Adams OBE

Director

Dated: 21 December 2022

BROMPTON BICYCLE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the audited consolidated financial statements of the Group and the Company (Registered in England No. 01261512) for the year ended 31 March 2022.

Dividends and Share Capital

During the year, the Group paid dividends of £1,180,044, which equates to £12 per share (2021: £1,150,272 and £12 per share). There were 432 ordinary shares issued for options exercised during the year, with a further 3,742 nil paid shares issued. It was a strong year for the Group with Turnover up 40% over last year to £106,889,338 (2021: £76,123,912). However, pre-tax profits fell to £7,318,950 for the year (2021: £9,650,066), reflecting our rising operational and production costs, in addition to large investment in future product innovation and staff development. Profit before tax represents a 6.8% margin on sales (2021: 12.7%).

Directors

The directors of the Company and Group who were in office during the year and up to the date of signing the financial statements

W D Butler-Adams OBE (Managing Director)

L A Vary (Finance Director)

W Carleysmith (Director)

S Loftus (Director)

P A Williams (Director)

J A Stenton-Putt (non-executive - resigned 30 September 2021)

L Johnson (non-executive)

R Kendall (non-executive)

A Horowitz-Burdick (non-executive - appointed 22 January 2021)

M F Mathieson (non-executive - appointed 1 September 2021)

P J J Byng (Chairman)

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 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 Company and of the profit or loss of the Group and 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 Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

BROMPTON BICYCLE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Streamlined Energy and Carbon Reporting (SECR)

Brompton's Climate Strategy:

We are proud that the Brompton bike is designed to address some of the environmental and social challenges we face today. Our own manufacturing sites purchase 100% of their energy through renewable sources and operate a zero waste to landfill policy. Acutely aware that our footprint extends beyond our own operations, we are building a robust and science-based climate strategy. In October 2021, we joined the We Mean Business Coalition and signed their Business Ambition for 1.5°C. This commitment to Net Zero will see Brompton set science-based carbon reduction targets in 2022. We cannot reach Net Zero alone and in 2021, as founding members of the Cycling's Industries first Climate Commitment, we called on the wider industry for collective change.

To build our climate strategy we must understand our wider impact (scope 3). In 2021 we produced a Life Cycle Assessment of our most popular bike, the C-Line Explore. This environmental impact assessment looked at the entire lifecycle of our bike from raw material extraction to end of life disposal. Results demonstrated where improvement opportunities exist and is a key tool in building our climate strategy.

As demand for more sustainable mobility grows so does the pressure on our current factory. To secure a resilient, efficient, and sustainable future for Brompton manufacturing we announced our plans to build a new state of the art factory in Ashford, Kent. Embedded within natural surroundings, sustainability is at the heart of our new home. Renewable energy generation, innovative design and conscious material selection will maximise efficiency and minimise impact supporting our net zero ambitions.

Greenhouse Gas (GHG) Emissions	FY20	FY21	FY22	% Change vs previous year
Total energy from owned and operated locations kWh	1,764,640	1,934,312	2,673,561	38%
Scope 1 Direct emissions (tCO ₂ e)	162	177	234	32%
Of which UK	162	177	234	32%
Scope 2 Indirect emissions from electricity (tCO ₂ e)	252	258	322	25%
Of which UK	235	238	297	25%
Total emissions location based (Scope 1+2) tCO₂e	414	435	556	28%
Total emissions market based (Scope 1+ 2) tCO₂e	340	210	283	35%
Total emission offset from Carbon Neutral Gas Contracts	147	158	217	38%
Total Net Scope 1+2 emissions	192	52	63	26%
GHG Intensity (Location-based KgCO ₂ e per unit of production)	6.8	6.1	5.5	-9%

Table notes: Brompton applies an operational control approach to defining its organisational boundaries. Data is reported for sites where Brompton has the ability to directly influence energy management, such as the Brompton Factory, owned retail stores (junctions) and global offices. Brompton uses the Greenhouse Gas Protocol to calculate emissions and uses both a location and market-based approach to reporting Scope 2 emission. Conversion factors are applied from Defra and IEA. All material sources of emissions are reported. FY20 and FY21 data has been updated to account for improvements in data availability and the addition of sites where data was not previously available.

Suppliers and business relationships

See relevant sections within the strategic report for details of how the directors have regarded the need to foster the Group's business relationships with suppliers, customers and others, including the effect of this regard on the principle decisions taken during the year.

BROMPTON BICYCLE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Going Concern

The Directors have reviewed the current forecasts of the Group, and the ability of the Group to meet its financial obligations as they fall due. The Directors have further considered the risks to the Group's trading performance, as outlined in the Strategic report on page 4. It is the Directors' conclusion that the going concern basis of preparation is appropriate. Going concern is discussed in more detail in note 3 Accounting policies on page 21.

Disclosure of information to auditors

Each director holding office at the date the Directors' Report is approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Strategic report

The Company has chosen in accordance with Companies Act 2006, section 414C(11) to set out in the Company's strategic report information required by *Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, schedule 7* to be contained in the directors' report. It has done so in respect of the fair review of the business, key performance indicators, principal risks and uncertainties and future developments of the Group.

On behalf of the board,



W D Butler-Adams OBE

Director

Dated: 21 December 2022

BROMPTON BICYCLE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMPTON BICYCLE LIMITED
FOR THE YEAR ENDED 31 MARCH 2022

Opinion

We have audited the financial statements of Brompton Bicycle Limited (the parent company) and its subsidiaries (the group) for the year ended 31 March 2022 which comprise the consolidated profit and loss account, the consolidated and company balance sheets as at 31 March 2022, the consolidated cash flow statement, the consolidated and company statements of changes in equity for the year then ended and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
 - the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**BROMPTON BICYCLE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMPTON BICYCLE LIMITED
FOR THE YEAR ENDED 31 MARCH 2022**

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- 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 directors' responsibilities statement set out on page 9, 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 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 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.

Auditor's 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 auditor's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

BROMPTON BICYCLE LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROMPTON BICYCLE LIMITED
FOR THE YEAR ENDED 31 MARCH 2022

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are international product compliance requirements. We performed audit procedures to inquire of management whether the Group and parent Company is in compliance with these regulations, reviewed legal expenditure for evidence of unrecorded disputes or breaches, and reviewed the policies and controls put in place by those charged with governance to mitigate the risk of non-compliance.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements was most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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 an auditor's report 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.



Mark Nisbett FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
21 December 2022

BROMPTON BICYCLE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Turnover	5	106,889,338	76,123,912
Cost of sales		(56,520,422)	(38,775,531)
Gross profit		50,368,916	37,348,381
Administrative expenses		(43,075,491)	(27,999,372)
Grant income			285,472
Operating profit	6	7,293,425	9,634,481
Interest receivable and similar income		25,525	15,585
Profit before taxation		7,318,950	9,650,066
Tax on profit	11	(976,714)	(803,143)
Profit for the financial year before minority interests		6,342,236	8,846,923
Minority interests		109,489	(410,192)
Profit for the financial year		6,451,725	8,436,731

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 2022


	Note	Group		Company	
		2022	2021	2022	2021
		£	£	£	£
Non-current assets					
Fixed assets					
Intangible assets	12	1,918,363	1,939,320	1,918,363	1,939,320
Tangible assets	13	8,855,619	5,885,937	8,060,577	5,517,557
Investments	14	-	-	4,822,572	4,322,722
		10,773,982	7,825,257	14,801,512	11,779,599
Called up share capital not paid	17	4,252,967	-	4,252,967	-
		<u>15,026,949</u>	<u>7,825,257</u>	<u>19,054,479</u>	<u>11,779,599</u>
Current assets					
Stocks	16	30,028,818	15,689,671	25,201,997	13,885,150
Debtors: amounts falling due within one year	18	11,048,504	9,333,053	19,532,996	13,296,413
Deferred tax	11	-	157,632	-	157,632
Cash at bank and in hand		7,177,967	11,185,563	3,918,207	8,843,647
		<u>48,255,289</u>	<u>36,365,919</u>	<u>48,653,200</u>	<u>36,182,842</u>
Current liabilities					
Creditors: amounts falling due within one year	19	(15,802,765)	(11,155,758)	(14,552,023)	(10,243,530)
Deferred tax	11	(722,061)	-	(722,061)	-
		<u>(16,524,826)</u>	<u>(11,155,758)</u>	<u>(15,274,084)</u>	<u>(10,243,530)</u>
Net current assets		<u>31,730,463</u>	<u>25,210,161</u>	<u>33,379,116</u>	<u>25,939,312</u>
Total assets less current liabilities		<u>46,757,412</u>	<u>33,035,418</u>	<u>52,433,595</u>	<u>37,718,911</u>
Creditors: amounts falling due after one year	20	(4,010,280)	-	(4,010,280)	-
Provisions for liabilities	22	(1,464,917)	(1,002,483)	(1,464,917)	(1,002,483)
Net assets		<u>41,282,215</u>	<u>32,032,935</u>	<u>46,958,398</u>	<u>36,716,428</u>
Capital and reserves					
Called up share capital	24	102,310	98,136	102,310	98,136
Share premium account		7,886,926	3,499,989	7,886,926	3,499,989
Other reserves		178,361	110,853	274,258	212,109
Profit and loss account		33,115,833	28,035,745	38,694,904	32,906,194
Total shareholders' funds		<u>41,283,430</u>	<u>31,744,723</u>	<u>46,958,398</u>	<u>36,716,428</u>
Non-Controlling interest	25	(1,215)	288,212	-	-
Capital employed		<u>41,282,215</u>	<u>32,032,935</u>	<u>46,958,398</u>	<u>36,716,428</u>

Registered in England No. 01261512

The notes for these financial statements are on pages 20 to 42.

The financial statements on pages 15 to 42 were approved by the Board and authorised for issue on 21 December 2022


 Director
 W D Butler-Adams OBE


 Director
 P J J Byng

BROMPTON BICYCLE LIMITED
CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Ordinary share capital	Share premium	Share based payment reserve	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total shareholders' funds	Non- controlling interest	Total
	£	£	£	£	£	£	£	£	£
Balance at 1 April 2020	95,386	2,615,239	223,946	18,600	30,986	21,204,636	24,188,793	129,764	24,318,557
Profit for the year	-	-	-	-	-	8,436,731	8,436,731	410,192	8,846,923
Foreign exchange movement	-	-	-	-	(132,242)	-	(132,242)	-	(132,242)
Other movements	-	-	-	-	-	48,790	48,790	-	48,790
Transactions with equity holders:									
Dividends paid	-	-	-	-	-	(1,150,272)	(1,150,272)	-	(1,150,272)
Provision for share options	-	-	75,193	-	-	-	75,193	-	75,193
Share options exercised during the year	2,750	884,750	(105,630)	-	-	105,630	887,500	-	887,500
Acquisition of non-controlling interest	-	-	-	-	-	(609,770)	(609,770)	(251,744)	(861,514)
Total transactions with equity holders	2,750	884,750	(30,437)	-	-	(1,654,412)	(797,349)	(251,744)	(1,049,093)
Balance at 31 March 2021	98,136	3,499,989	193,509	18,600	(101,256)	28,035,745	31,744,723	288,212	32,032,935
Balance at 1 April 2021	98,136	3,499,989	193,509	18,600	(101,256)	28,035,745	31,744,723	288,212	32,032,935
Profit for the year	-	-	-	-	-	6,451,725	6,451,725	(109,489)	6,342,236
Foreign exchange movement	-	-	-	-	5,357	128,469	133,826	-	133,826
Other movements	-	-	-	-	-	122,360	122,360	(122,360)	-
Transactions with equity holders:									
Issue of share capital	3,742	4,236,169	-	-	-	-	4,239,911	-	4,239,911
Dividends paid	-	-	-	-	-	(1,180,044)	(1,180,044)	-	(1,180,044)
Provision for share options	-	-	79,626	-	-	-	79,626	-	79,626
Share options exercised during the year	432	150,768	(17,475)	-	-	-	133,725	-	133,725
Acquisition of non-controlling interest	-	-	-	-	-	(442,422)	(442,422)	(57,578)	(500,000)
Total transactions with equity holders	432	150,768	62,151	-	-	(1,622,466)	(1,409,115)	(57,578)	(1,466,693)
Balance at 31 March 2022	102,310	7,886,926	255,660	18,600	(95,899)	33,115,833	41,283,430	(1,215)	41,282,215

BROMPTON BICYCLE LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Ordinary share capital	Share premium	Share based payment reserve	Capital redemption reserve	Profit and loss account	Total shareholders ' funds'
	£	£	£	£	£	£
Balance at 1 April 2020	95,386	2,615,239	223,946	18,600	26,359,162	29,312,333
Profit for the year	-	-	-	-	7,591,676	7,591,676
Other movements	-	-	-	-	(2)	(2)
Transactions with equity holders						
Dividends paid	-	-	-	-	(1,150,272)	(1,150,272)
Provision for share options	-	-	75,193	-	-	75,193
Share options exercised during the year	2,750	884,750	(105,630)	-	105,630	887,500
Total transactions with equity holders	2,750	884,750	(30,437)	-	(1,044,642)	(187,579)
Balance at 31 March 2021	98,136	3,499,989	193,509	18,600	32,906,194	36,716,428
Balance at 1 April 2021	98,136	3,499,989	193,509	18,600	32,906,194	36,716,428
Profit for the year	-	-	-	-	6,968,756	6,968,756
Other movements	-	-	-	-	(2)	(2)
Transactions with equity holders						
Issue of share capital	3,742	4,236,169	-	-	-	4,239,911
Dividends paid	-	-	-	-	(1,180,044)	(1,180,044)
Provision for share options	-	-	79,626	-	-	79,626
Share options exercised during the year	432	150,768	(17,475)	-	-	133,725
Total transactions with equity holders	432	150,768	62,151	-	(1,180,044)	(966,693)
Balance at 31 March 2022	102,310	7,886,926	255,660	18,600	38,694,904	46,958,400

BROMPTON BICYCLE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022		2021	
		£	£	£	£
Net cash inflow from operating activities	26	823,708		7,083,640	
Taxation paid		(1,080,711)		(1,600,992)	
Net cash flows generated from operating activities			(257,003)		5,482,648
Cash flows from investing activities					
Interest received		25,525		15,585	
Purchase of tangible fixed assets		(5,614,302)		(2,772,807)	
Purchase of intangible fixed assets		(978,256)		(1,350,836)	
Net cash flows used in investing activities			(6,567,033)		(4,108,058)
Cash flows from financing activities					
Equity dividends paid		(1,180,044)		(1,150,272)	
Issue of ordinary share capital		133,725		887,500	
Cash from HSBC debt facilities		4,362,759			
Purchase of non-controlling interest		(500,000)		(861,395)	
Net cash flows used in financing activities			2,816,440		(1,124,167)
Net (decrease)/increase in cash in the year			(4,007,596)		250,423
Cash & cash equivalents at the beginning of the year			11,185,563		10,935,140
Cash & cash equivalents at the end of the year			7,177,967		11,185,563

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 Brompton Bicycle Ltd Unit 1, Greenford Park, Ockham Drive, Greenford, Middlesex, London, England, 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 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. The financial statements have been prepared in pound sterling, and rounded to the nearest £1.

Basis of consolidation

The consolidated financial statements incorporate those of Brompton Bicycle Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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.

Exemptions under FRS102

The Company has taken advantage of the following exemptions 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.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

3 Accounting policies (Continued)

Going concern

In determining the appropriate basis of preparation of the annual financial statements for the year ended 31 March 2022, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future, and for a period of at least 12 months from the signing date of these financial statements.

The Group and Company financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet all its obligations as and when they fall due for the foreseeable future. For the year ended 31 March 2022, the Group recognised a net profit after tax of £6,451,725, with net current assets of £31,730,463.

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. Throughout the year, the ongoing growth of the Group and global supply chain challenges have led to increased stock holding and working capital levels in the business. In response, the Group entered into Asset Based Lending (£15.0m) and Trade Loan (£4.5m) facilities with HSBC. To provide greater facility availability and security, these facilities were switched to a three year £20.0m Revolving Credit Facility with HSBC.

The Directors have reviewed the current forecasts of the Group, and the ability of the Group to meet its financial obligations as they fall due. The Directors have further considered the risks to the Group's trading performance, as outlined in the Strategic report on page 4. It is the Directors' conclusion that the going concern basis of preparation is appropriate.

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 non market 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 2022

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 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 measurable 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 2022

3 Accounting policies (Continued)

Impairment of non-financial assets

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.

Intangible assets and amortisation

Intangible assets are stated at cost (or deemed cost) less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method to write off the cost over the expected useful economic lives of the assets concerned as follows:

Software - 4 years
Goodwill - 2 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. All amortization is charged to the Profit and loss through Administrative expenses.

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. All depreciation is charged to the Profit and loss through Administrative expenses. The principal annual rates used are as follows:

Short leasehold - Over the term of the lease
Equipment - 25%
Tooling costs - 25%

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.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

3 Accounting policies (Continued)

Investments

Investment in subsidiary companies are held at cost less accumulated impairment losses.

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 of Work in Progress and Finished Goods comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

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 financial statements are presented in pound sterling, which is the Group and Company's functional and presentation currency.

(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 2022

3 Accounting policies (Continued)

Provisions

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 expenses.

Warranty obligations

When turnover is recognised for the sale of bicycles, a provision is made for the estimated cost of the warranty obligation. The provision is measured based on the historic levels of warranty cost per bike sold, applied to the number of bikes still under warranty at year end. Any probable future costs associated with the recall of components are also accrued for at year end factoring in the number of bikes affected and management's judgement.

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 a 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.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

3 Accounting policies (Continued)

(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.

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

Critical judgements in applying the Group's accounting policies

The Directors apply judgement to assess whether it is appropriate for the Group and Company to be reported as a going concern, through consideration of the business activities and the Group's principle risks and uncertainties. Details of these considerations can be found in the assessment of going concern, found within the Directors' report on page 9.

Significant accounting estimates and assumptions

a) Warranty provision

A warranty period of seven years is offered on all registered Brompton frames, with a two year warranty period on other unregistered and non-wearable components. A provision is recognised at management's best estimate for the constructive obligation at year end to settle future warranty claims on bikes sold up to year end. The provision is calculated using historic fault rate, and the average cost incurred to settle claims, applied to bikes still held under warranty.

b) Inventory provision

The Company holds a provision against slow moving stock, to appropriately address the risk that its full value may not be realised through future use. The provision is based on prior usage levels, current market conditions, and forecast product sales.

c) Dilapidation and reinstatement provisions

Dilapidation and reinstatement provisions are held in respect of the contractual obligation to return premises held under operating leases to their original condition. Management base their estimate on current industry standards, consideration of modifications made to premises, and the area of each site.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

5 Turnover

	2022	2021
	£	£
United Kingdom	33,021,347	24,301,730
Europe	29,366,541	22,775,868
Rest of world	44,501,450	29,046,314
	<u>106,889,338</u>	<u>76,123,912</u>

	2022	2021
	£	£
Sale of goods	105,750,236	75,687,602
Rendering of services	1,139,102	436,310
	<u>106,889,338</u>	<u>76,123,912</u>

6 Operating profit

	2022	2021
	£	£
Consolidated operating profit is stated after charging/(crediting):		
Amortisation of intangible assets	999,213	953,410
Depreciation of tangible fixed assets	2,644,620	1,506,390
Grant income		(285,472)
Research and development	1,504,509	370,564
Operating lease rentals – land and buildings	2,476,732	1,025,828
Share option charges	62,151	75,193
Auditors' remuneration (Company: 2022: £112,550, 2021: £73,000)	119,050	75,036
Fees payable to the Company's auditors for other services relating to taxation	96,840	40,500
Increase in bad debt provision	-	-
	<u>-</u>	<u>-</u>

7 Directors' emoluments

	2022	2021
	£	£
Emoluments for qualifying services	<u>1,531,211</u>	<u>2,640,918</u>

Emoluments disclosed above include the following amounts paid to the highest paid Director:

Emoluments for qualifying services	<u>309,258</u>	<u>349,945</u>
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The Directors' emoluments for 2022 includes an unrealised gain on exercised share options totalling £7,000 (28 shares of weighted average fair value £600, exercised at a weighted average price of £350), salary, bonus & pension contributions.

The Directors' emoluments for 2021 includes an unrealised gain on exercised share options totalling £1,490,630 (2,630 shares of weighted average fair value £675, exercised at a weighted average price of £321), salary, bonus & pension contributions.

The highest paid Director's emoluments for 2022 disclosed above includes 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 2022

8 Employees

Number of employees	Group		Company	
	2022	2021	2022	2021
The average monthly number of employees (including directors) during the year was:	Number	Number	Number	Number
Administration	247	193	211	154
Manufacturing and distribution	409	269	399	269
Shop assistants	52	37	13	11
	<u>708</u>	<u>499</u>	<u>623</u>	<u>434</u>
Employment costs	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Wages and salaries	32,970,199	20,240,551	29,901,620	17,816,481
Social security costs	2,956,199	1,914,198	2,488,491	1,592,462
Pension costs	675,388	463,083	629,973	426,044
	<u>36,601,786</u>	<u>22,617,832</u>	<u>33,020,084</u>	<u>19,834,987</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:

	2022	2021
	£	£
Parent Company's profit for the financial year	<u>6,968,756</u>	<u>7,591,676</u>

10 Dividends

	2022	2021
	£	£
Ordinary final paid	<u>1,180,044</u>	<u>1,150,272</u>

The dividend paid in the year represents £12.00 per share in respect of the financial year ended 31 March 2021 (2020: £12.00 per share).

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

11 Tax on profit	2022	2021
	£	£
Domestic current year tax receivable		
U.K. corporation tax payable at 19% (2021: 19%)	(138,375)	598,706
Adjustment for prior years	(323,064)	3,301
Foreign corporation tax	552,463	261,489
Total current tax charge	<u>91,024</u>	<u>863,496</u>
Total deferred tax charge/(credit)	885,690	(60,353)
Tax on profit	<u>976,714</u>	<u>803,143</u>
Factors affecting the tax charge for the year		
Profit before taxation	<u>7,318,950</u>	<u>9,650,066</u>
Profit before taxation multiplied by standard rate of UK corporation tax of 19% (2021: 19%)	1,390,600	1,885,499
Effects of:		
Expenses not deductible for tax purposes	420,783	71,698
Research and development	(720,534)	(693,767)
Patent box	(127,106)	(228,000)
Deferred tax not recognised	2,025	(148,370)
Adjustments in respect of prior periods	(323,064)	3,301
Adjustments in respect of prior periods (deferred tax)	273,909	-
Remeasurement of deferred tax for changes in tax rates	95,749	-
Tax rate changes	112,394	37,350
Share options	-	(178,280)
Fixed asset differences	(67,698)	53,712
Other tax adjustments, reliefs and transfers	(80,344)	-
Tax on profit	<u>976,714</u>	<u>803,143</u>

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

12 Intangible assets

Group	Goodwill	Software	Total
	£	£	£
Cost			
At 1 April 2021	1,012,278	2,383,587	3,395,865
Additions	-	978,256	978,256
Disposals	-	-	-
At 31 March 2022	<u>1,012,278</u>	<u>3,361,843</u>	<u>4,374,121</u>
Accumulated amortisation			
At 1 April 2021	570,129	886,416	1,456,545
Charge for the year	279,498	719,715	999,213
On disposals	-	-	-
At 31 March 2022	<u>849,627</u>	<u>1,606,131</u>	<u>2,455,758</u>
Net book value			
At 31 March 2021	442,149	1,497,171	1,939,320
At 31 March 2022	<u>162,651</u>	<u>1,755,712</u>	<u>1,918,363</u>

Company	Goodwill	Software	Total
	£	£	£
Cost			
At 1 April 2021	1,012,278	2,377,271	3,389,549
Additions	-	978,256	978,256
Disposals	-	-	-
At 31 March 2022	<u>1,012,278</u>	<u>3,355,527</u>	<u>4,367,805</u>
Accumulated amortisation			
At 1 April 2021	570,129	880,100	1,450,229
Charge for the year	279,498	719,715	999,213
On disposals	-	-	-
At 31 March 2022	<u>849,627</u>	<u>1,599,815</u>	<u>2,449,442</u>
Net book value			
At 31 March 2021	442,149	1,497,171	1,939,320
At 31 March 2022	<u>162,651</u>	<u>1,755,712</u>	<u>1,918,363</u>

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

13 Tangible assets

Group	Short leasehold	Tooling costs	Equipment	Total
	£	£	£	£
Cost				
At 1 April 2021	3,740,110	1,605,434	4,840,015	10,185,559
Additions	1,315,316	958,414	3,340,572	5,614,302
Disposals	(12,951)		(85,685)	(98,636)
At 31 March 2022	<u>5,042,475</u>	<u>2,563,848</u>	<u>8,094,902</u>	<u>15,701,225</u>
Accumulated depreciation				
At 1 April 2021	1,706,567	692,017	1,901,038	4,299,622
Charge for the year	544,240	453,301	1,647,079	2,644,620
On disposals	(12,951)		(85,685)	(98,636)
At 31 March 2022	<u>2,237,856</u>	<u>1,145,318</u>	<u>3,462,432</u>	<u>6,845,606</u>
Net book value				
At 31 March 2021	<u>2,033,543</u>	<u>913,417</u>	<u>2,938,977</u>	<u>5,885,937</u>
At 31 March 2022	<u>2,804,619</u>	<u>1,418,530</u>	<u>4,632,470</u>	<u>8,855,619</u>
Company				
	£	£	£	£
Cost				
At 1 April 2021	3,681,453	1,605,434	4,209,341	9,496,228
Additions	686,046	958,414	3,057,321	4,701,781
Disposals				
At 31 March 2022	<u>4,367,499</u>	<u>2,563,848</u>	<u>7,266,662</u>	<u>14,198,009</u>
Accumulated depreciation				
At 1 April 2021	1,678,935	692,017	1,607,719	3,978,671
Charge for the year	411,046	453,301	1,294,414	2,158,761
On disposals				
At 31 March 2022	<u>2,089,981</u>	<u>1,145,318</u>	<u>2,902,133</u>	<u>6,137,432</u>
Net book value				
At 31 March 2021	<u>2,002,518</u>	<u>913,417</u>	<u>2,601,622</u>	<u>5,517,557</u>
At 31 March 2022	<u>2,277,518</u>	<u>1,418,530</u>	<u>4,364,529</u>	<u>8,060,577</u>

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

14 Investments

Company - Shares in subsidiary undertakings

Cost	£
At 1 April 2021	4,322,572
Purchase of non-controlling interest	500,000
At 31 March 2022	<u>4,822,572</u>

During the year, the Company purchased the remaining share capital of Brompton Fletcher Limited for consideration of £500,000 on the 31 January 2022. The previous 51% shareholding was deemed to confer control, with Brompton Fletcher Limited's results consolidated in the Group accounts. As a result, the purchase of the remaining shareholding from the non-controlling interest has been treated as a transaction between equity holders. The value of NCI on the balance sheet at 31 January 2022 was £57,578.

Holdings of more than 20%

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

Company	Country of registration or Incorporation	Shares held Class	% Ownership
Brompton Bicycle Inc.	United States	Ordinary	100.00
Brompton Bike Hire Limited	United Kingdom	Ordinary	99.79
Brompton Asia Limited	Hong Kong	Ordinary	100.00
Brompton Fletcher Limited	United Kingdom	Ordinary	100.00
Brompton Benelux B.V.	Netherlands	Ordinary	100.00
Brompton France	France	Ordinary	100.00
Brompton Bicycle Singapore Limited	Singapore	Ordinary	100.00
Brompton Italia SRL	Italy	Ordinary	100.00
Brompton Deutschland GmbH	Germany	Ordinary	100.00

Subsidiary	Address
Brompton Bicycle Inc.	55 Washington Street, Suite 253A, Brooklyn, NY 11201, USA
Brompton Bike Hire Limited	Brompton Bike Hire Ltd, Ockham Drive, Greenford, Middlesex, England, UB6 0FD
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
Brompton Iberica SL	Còrsega, 302, 4 ^a 1 ^a , 08008 Barcelona, Spain
Brompton France	SABS, 3 Boulevard de Sebastopol, 75001 Paris, France
Brompton Bicycle Singapore Limited	146 Robinson Road, 07-01, Singapore, 068909
Brompton Italia SRL	Via Orefici, 220123 Milano MI, Italy
Brompton Deutschland GmbH	Pestalozzistraße 44, 35606, Solms, Germany

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

14 Investments (continued)

Group

Other wholly owned subsidiaries of the Group include the following companies under Brompton Asia Limited.

Subsidiary	Address
Cycle Circle (Hong Kong) Limited	Suites 607-9, 6/F., North Tower, World Finance Centre, Kowloon, Hong Kong
Cycle Circle Shanghai Limited	Room 8305, Building 23, No. 889 Julu Road, JingAn District, Shanghai, China (200040)

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 titanium models
Brompton Benelux B.V.	European marketing and operations support
Cycle Circle (Hong Kong) Limited	Holding company of Chinese Distributor
Cycle Circle Shanghai Limited	Chinese Distributor
Brompton Iberica SL	European marketing and operations support
Brompton France	European marketing and operations support
Brompton Bicycle Singapore Limited	Singapore marketing and operations support
Brompton Italia SRL	European marketing and operations support
Brompton Deutschland GmbH	European marketing and operations support

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

15 Audit Exemption

Audit Exemption under section 479A of the Companies Act 2006

The Directors consider that the UK subsidiaries of the Group are entitled to exemption from the requirement to have an audit under the provision of section 479A of the Companies Act 2006 ("the Act") and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of the Act.

Brompton Bicycle Limited has guaranteed the debts and liabilities of the following UK subsidiary undertakings at the balance sheet date in accordance with section 479C of the Companies Act 2006 in order that they qualify for the exemption from audit under section 479A of the Companies Act 2006 in respect of the period ended 31st March 2022:

- Brompton Fletcher Limited (08783922)
- Brompton Bike Hire Limited (07292744)

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the financial statements.

16 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Materials	19,890,592	10,962,592	19,890,592	10,962,592
Work in progress	2,136,078	635,610	2,136,078	635,610
Finished goods	8,002,148	4,091,469	3,175,327	2,286,948
	<u>30,028,818</u>	<u>15,689,671</u>	<u>25,201,997</u>	<u>13,885,150</u>

The stock balance above is presented net of £314k (2021: £1,045k) provision for slow moving stock. All scrap stock was disposed of immediately prior to year end, and therefore no provision for scrap stock exists in the current year, as it did in 2021. The value of stock recognised as an expense in the year was £38,636,455 (2021: £24,366,570)

17. Called up share capital not paid

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Loans with Directors and senior management	4,252,967	-	4,252,967	-

The loans with Directors and senior management relate to the issue of nil paid shares in the year, further information on the director loans can be found in note 29 Related party transactions and Directors' interests. Amounts falling due after one year are recognised at net present value using a discount rate of 1.8%.

18. Debtors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	7,095,678	5,474,694	5,347,432	4,859,783
Amounts owed by Group undertakings	-	-	10,746,022	4,803,975
Value added tax	257,861	1,555,320	562,499	1,555,320
Corporation tax debtor	1,488,351	509,507	1,615,954	650,054
Other debtors	1,244,341	1,148,599	708,103	898,514
Prepayments and accrued income	962,273	644,933	552,986	528,767
	<u>11,048,504</u>	<u>9,333,053</u>	<u>19,532,996</u>	<u>13,296,413</u>

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

19 Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	9,142,022	5,700,019	8,160,786	5,272,852
Other creditors	1,865,196	564,338	537,454	114,245
Payments received on account	-	229,431	-	229,431
Amounts owed to Group undertakings	-	-	666,234	-
Accruals and deferred income	4,443,068	4,661,970	4,835,070	4,627,002
Amounts owed under debt facilities	352,479	-	352,479	-
	<u>15,802,765</u>	<u>11,155,758</u>	<u>14,552,023</u>	<u>10,243,530</u>

20 Creditors: amounts falling due after one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts owed under receivable facilities	4,010,280	-	4,010,280	-

21 Borrowings

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts owed under receivables facilities	352,479	-	352,479	-
Amounts owed under inventory facilities	4,010,280	-	4,010,280	-
	<u>4,362,759</u>	<u>-</u>	<u>4,362,759</u>	<u>-</u>

During the year, Brompton Bicycle Limited entered into a two year Asset Based Lending agreement with HSBC Invoice Finance (UK) Limited, with a combined funding limit of £15.0m (£4.5m receivables facility and £9.5m inventory facility). Interest is charged on the unpaid principle amounts of the receivables and inventory facilities at a rate of 1.3% above base rate and 1.4% above base rate respectively.

In relation to these facilities, Brompton Bicycle Limited and HSBC Invoice Finance (UK) Limited have entered into a Guarantee and Debenture with fixed charges over property, plant and equipment, charged accounts, investments, insurances, material contracts, goodwill, uncalled capital, registered intellectual property and non-vesting debts. Floating charges are held over all remaining assets and undertakings of the Company.

Amounts borrowed under the inventory facility can be repaid by the Company in full at any time during the agreement. Amounts borrowed under the receivables facilities are deemed to be repaid at the point the funded debt is settled by the customer.

22 Provisions for liabilities

	Warranties	Dilapidation and reinstatement	Total
	£	£	£
At 1 April 2021	509,549	492,934	1,002,483
Additions	413,234	149,200	562,434
Released	(100,000)	-	(100,000)
At 31 March 2022	<u>822,783</u>	<u>642,134</u>	<u>1,464,917</u>

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

23 Share-based payment transactions

Brompton Bicycle Limited operates three share option schemes. These schemes are the Enterprise Management Incentive (EMI) scheme, the Non-EMI scheme, and the Company Share Option Plan (CSOP). All of these schemes are discretionary equity settled share based payment schemes, with substantially similar characteristics. Shares options are issued at market value, with a vesting period of five years, followed by an exercise period of five years. For all, it is a vesting condition that individuals must still be employed by the Company at the date of exercise.

During the year, the company also issued nil paid shares to directors and senior management. These shares have performance related vesting conditions linked to the results of the Group.

Type of arrangement	Exercise Price		31 Mar 21 No. shares	Date of grant	Estimated fair value £	Exercise period		Expensed in year £
	£	No. shares				From	To	
EMI	110	-	-	22/04/2010	15	22/04/2015	21/04/2020	-
	110	-	-	15/10/2010	15	15/10/2015	14/10/2020	-
	150	-	-	04/01/2013	20	04/01/2018	31/12/2022	-
	150	1,016	1,016	27/02/2013	20	27/02/2018	26/02/2023	-
	200	-	-	27/02/2013	15	27/02/2018	26/02/2023	-
	200	250	250	21/11/2013	27	21/11/2018	20/11/2023	-
	200	75	75	21/11/2013	27	21/11/2018	20/11/2023	-
	250	600	600	13/11/2014	34	13/11/2019	12/11/2024	-
	350	101	350	25/06/2015	47	25/06/2020	25/06/2025	11,703
	350	1,040	1,040	19/01/2016	47	18/01/2021	18/01/2026	-
350	996	1,066	22/02/2017	47	22/02/2022	22/02/2027	3,290	
		4,078	4,397					14,993
NON-EMI	350	-	28	22/02/2017	47	22/02/2022	22/02/2027	1,316
	600	139	139	01/10/2019	81	30/09/2024	30/09/2029	-
	675	240	240	01/09/2019	146	31/08/2024	31/08/2029	-
	1,200	58	-	01/05/2021	170	01/05/2026	01/05/2031	-
	1,200	83	-	01/06/2021	170	01/06/2026	01/06/2031	-
	1,200	125	-	14/12/2021	170	15/12/2026	14/12/2031	-
	1,200	2,313	-	17/01/2022	170	31/03/2026	31/03/2031	-
		2,958	407					1,316
CSOP	350	844	986	28/06/2018	47	28/06/2023	28/06/2028	3,995
	600	441	683	01/10/2019	81	30/09/2024	30/09/2029	-
	921	1,084	1,270	01/12/2020	131	01/12/2025	01/12/2030	-
	1,200	374	-	01/11/2021	170	01/11/2026	01/11/2031	-
	1,200	450	-	17/01/2022	170	31/03/2026	31/03/2031	-
			3,193	2,939				
NIPS	1,200	66	-	01/11/2021	170	01/11/2026	01/11/2031	-
	1,200	1,227	-	17/01/2022	170	31/03/2026	31/03/2031	-
	1,200	1,227	-	17/01/2022	170	31/03/2026	31/03/2031	-
	1,200	1,222	-	17/01/2022	170	31/03/2026	31/03/2031	-
		3,742	-					-
Total		13,971	7,743					20,304

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

23 Share-based payment transactions (continued)

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%;
- Expected dividend yield of 1.67%;
- Expected option life of 5 years; and
- A risk-free interest rate of 1.0%

Further details of the share option plans are as follows:

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2022 No.	2022 £	2021 No.	2021 £
At 1 April	7,781	440	9,331	296
Granted	3,403	1,200	1,308	921
Forfeited	(523)	350	(108)	484
Exercised	(432)	694	(2,750)	323
Outstanding at 31 March	<u>10,229</u>	<u>685</u>	<u>7,781</u>	<u>440</u>
Exercisable at 31 March	<u>4,078</u>	<u>274</u>	<u>3,331</u>	<u>256</u>

24 Called up share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
102,310 ordinary shares of £1 each (2021: 98,136 ordinary shares of £1 each)	<u>102,310</u>	<u>98,136</u>

The increase in ordinary share capital is a result of 432 share options exercised during the year, and the 3,742 nil paid shares issued to Directors and senior management. The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company. The voting rights of ordinary shares are suspended while the shares are nil paid.

25 Non-Controlling Interest

	2022	2021
	£	£
Non-controlling interest share of net assets and (liabilities) in subsidiary undertakings	<u>(1,215)</u>	<u>288,212</u>

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

26 Notes to the cash flow statement

	2022	2021
	£	£
Profit after tax (before non-controlling interests)	6,342,236	8,846,923
Taxation on profit	976,714	803,143
Interest receivable	(25,525)	(15,585)
Depreciation of tangible fixed assets	2,644,620	1,506,390
Amortisation of intangible assets	999,213	953,410
Share based payment charge	62,151	75,193
Movement in stocks	(14,339,147)	(4,827,268)
Movement in debtors	(736,607)	(4,578,615)
Movement in creditors	5,109,441	4,398,164
Exchange differences on cash and cash equivalents	(209,388)	(78,115)
Net cash inflow from operating activities	823,708	7,083,640

Analysis of changes in net debt

	At 1 April 2021	Cash flows	Acquisition of subsidiaries	At 31 March 2022
	£	£	£	£
Cash	11,185,563	(3,507,596)	(500,000)	7,177,967
Current borrowings	-	(352,479)	-	(352,479)
Non-current borrowings	-	(4,010,280)	-	(4,010,280)
	11,185,563	(7,870,355)	(500,000)	2,815,208

27 Financial commitments

At 31 March 2022 the Company was committed to making the following total minimum lease commitments under non-cancellable operating leases:

	Land and buildings	
	2022	2021
	£	£
Operating lease payments due:		
In less than one year	2,678,054	2,778,872
Between two and five years	7,857,625	8,816,152
In over five years	1,059,424	3,954,742
	11,595,103	15,549,766

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

28 Financial instruments	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Financial assets that are debt instruments measured at amortised cost				
Cash and cash equivalents	7,177,967	11,185,563	3,918,207	8,843,650
Trade debtors	7,095,678	5,474,694	5,347,432	4,859,783
Other debtors	1,244,341	1,148,599	708,103	898,514
Loans with Directors and senior management	4,252,967	-	4,252,967	-
Amounts owed by Group undertakings	-	-	10,746,022	4,803,975
	<u>19,770,953</u>	<u>17,808,856</u>	<u>24,972,731</u>	<u>19,405,922</u>
Financial liabilities measured at amortised cost				
Trade creditors	9,142,022	5,700,019	8,160,786	5,272,851
Other creditors	1,865,196	564,338	537,454	114,245
Amounts owed to Group undertakings	-	-	666,234	-
Accruals	4,443,068	4,661,970	4,835,070	4,627,002
Amounts owed under debt facilities	4,362,759	-	4,362,759	-
	<u>19,813,045</u>	<u>10,926,327</u>	<u>18,562,303</u>	<u>10,014,098</u>

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

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

29 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 2022 the directors of Brompton Bicycle Limited received the following dividends and held the following shares and options in the Company:

	Dividend	Dividend	Shareholding	Shareholding	Share	Share
	2022	2021	2022	2021	Options	Options
	£	£	No.	No.	No.	No.
W D Butler-Adams OBE	98,352	91,044	8,960	8,809	1,844	1,294
W Carleysmith	16,608	9,588	1,884	799	883	500
L Johnson	53,400	49,980	4,525	4,450	113	-
R Kendall	3,300	-	366	285	113	28
S Loftus	2,580	-	832	215	1,268	885
L A Vary	13,812	12,180	1,433	1,288	860	477
P Williams	744	1,944	679	162	983	650
P J J Byng	1,068	1,068	122	89	394	240
A Horowitz-Burdick	-	-	-	-	188	-
M Mathieson	-	-	95	-	113	-

Share option details:

	No. of shares	Exercise Price	Date of Grant	Exercise Period	
				From	To
		£			
W D Butler-Adams OBE	1,016	150	27/02/2013	27/02/2018	26/02/2023
	278	350	19/01/2016	18/01/2021	18/01/2026
	550	1,200	17/01/2022	31/03/2026	31/03/2031
	<u>1,844</u>				
L A Vary	477	350	19/01/2016	18/01/2021	18/01/2026
	383	1,200	17/01/2022	31/03/2026	31/03/2031
	<u>860</u>				
S Loftus	600	250	13/11/2014	13/11/2019	12/11/2024
	285	350	19/01/2016	18/01/2021	18/01/2026
	383	1,200	17/01/2022	31/03/2026	31/03/2031
	<u>1,268</u>				
W Carleysmith	500	350	22/02/2017	22/02/2022	22/02/2027
	383	1,200	17/01/2022	31/03/2026	31/03/2031
	<u>883</u>				
R Kendall	<u>113</u>	1,200	17/01/2022	31/03/2026	31/03/2031

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

29 Related party transactions and Directors' Interests (continued)

	No. of shares	Exercise Price £	Date of Grant	Exercise Period	
				From	To
P Williams	75	200	21/11/2013	21/11/2018	20/11/2023
	286	350	22/02/2017	22/02/2022	22/02/2027
	150	600	01/10/2019	30/09/2024	30/09/2029
	139	600	01/10/2019	30/09/2024	30/09/2029
	333	1,200	17/01/2022	31/03/2026	31/03/2031
	<u>983</u>				
P J J Byng	240	675	01/09/2019	31/08/2024	31/08/2029
	154	1,200	17/01/2022	31/03/2026	31/03/2031
	<u>394</u>				
A Horowitz-Burdick	<u>188</u>	1,200	17/01/2022	31/03/2026	31/03/2031
M Mathieson	<u>113</u>	1,200	17/01/2022	31/03/2026	31/03/2031
L Johnson	<u>113</u>	1,200	17/01/2022	31/03/2026	31/03/2031

During the year, the company issued 3,676 nil paid shares (NPS) to directors of the company. These NPS have performance related vesting conditions relating to Group results in financial years 2024 to 2026. At 31 March 2022 and up to the date of signing, none of these performance related vesting conditions are expected to be met.

Exercise Price £	31 Mar 22	31 Mar 21	Date of grant	Exercise period	
	No. shares	No. shares		From	To
1200	1227	0	17/01/2022	31/03/2024	31/03/2031
1200	1227	0	17/01/2022	31/03/2025	31/03/2031
1200	1222	0	17/01/2022	31/03/2026	31/03/2031
	<u>3676</u>	<u>0</u>			

The NPS were issued to the following directors:

Director	No. NPS
W D Butler-Adams OBE	950
L Vary	617
S Loftus	617
W Carleysmith	617
P Williams	617
P J J Byng	33
M Mathieson	75
R Kendall	75
L Johnson	75
	<u>3676</u>

The above NPS have resulted in a loan of £4,180,034 outstanding relating to amounts owed by Directors in respect of the shares at 31 March 2022. During the year, interest income of £12,512 was recognised in respect of amounts due from Directors.

BROMPTON BICYCLE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

During the year ended 31 March 2022 Brompton Bicycle Limited had the following related party transactions with owned entities within the Group that are not wholly owned. All these transactions have been performed at arms length.

Brompton Bicycle Limited sold £241,094 of goods to Brompton Bike Hire Limited. Brompton Bicycle Limited also purchased £130,610 of goods and services from Brompton Bike Hire Limited, which is a 99.79% owned subsidiary.

30 Post balance sheet events

Following the year end, Brompton Bicycle Limited terminated its Asset Based Lending and Trade Loan facilities and entered into a three year £20.0m Revolving Credit Facility with HSBC.

31 Controlling parties

There is no ultimate controlling party.

The financial statements of the Company can be obtained from its registered office at Brompton Bicycle Ltd Unit 1, Greenford Park, Ockham Drive, Greenford, Middlesex, London, England, UB6 0FD.