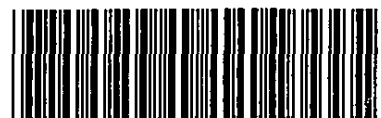


The Morgan 3 Wheeler Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended

31 December 2013



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COMPANIES HOUSE

Company Registration No 07213804

The Morgan 3 Wheeler Limited

OFFICERS AND ADVISERS

DIRECTORS

T J Whitworth
S D Morris

SECRETARY

C G Boden

REGISTERED OFFICE

Pickersleigh Road
Malvern Link
Worcestershire
WR14 2LL

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

BANKERS

HSBC Bank plc
6 Broad Street
Worcester
WR1 2EJ

The Morgan 3 Wheeler Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of The Morgan 3 Wheeler Limited for the year ended 31 December 2013

PRINCIPAL ACTIVITY

The principal activity of the company continued to be that of the manufacture of the Morgan 3 Wheeler

DIRECTORS

The following directors have held office since 1 January 2013 -

C P H Morgan (ceased 14th October 2013)
T J Whitworth
S D Morris

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of all of the directors of the company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board and signed on its behalf by



T J Whitworth
Director

28th August 2014

The Morgan 3 Wheeler Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MORGAN 3 WHEELER LIMITED

We have audited the financial statements on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.



THOMAS MORGAN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

4 September 2014

The Morgan 3 Wheeler Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2013

	Notes	2013 £	2012 £
TURNOVER	1	12,665,132	11,492,993
Cost of sales		(10,961,470)	(10,189,799)
GROSS PROFIT		1,703,662	1,303,194
Distribution costs		(96,476)	(56,814)
Administrative expenses		(1,189,370)	(1,289,381)
Other operating income	2	620,205	-
OPERATING PROFIT/(LOSS)		1,038,021	(43,001)
Interest payable and similar charges		(187)	(857)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,037,834	(43,858)
Tax on profit/(loss) on ordinary activities	4	(87,293)	11,982
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	13	950,541	(31,876)

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss account

The Morgan 3 Wheeler Limited

BALANCE SHEET

31 December 2013

Company Registration No 07213804

	Notes	2013 £	£	2012 £	£
FIXED ASSETS					
Intangible assets	5		-		1,059,349
Tangible assets	6		-		77,084
					<hr/>
			-		1,136,433
CURRENT ASSETS					
Stocks		-		1,465,616	
Debtors	7	2,011,701		855,401	
Cash at bank and in hand		232,890		78,789	
					<hr/>
		2,244,591		2,399,806	
CREDITORS Amounts falling due within one year	8	(1,413,036)		(3,288,312)	
					<hr/>
NET CURRENT ASSETS/(LIABILITIES)			831,555		(888,506)
					<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			831,555		247,927
					<hr/>
PROVISIONS FOR LIABILITIES					
Other provisions	11	-		(366,913)	
					<hr/>
					(366,913)
					<hr/>
NET ASSETS/(LIABILITIES)			831,555		(118,986)
					<hr/>
CAPITAL AND RESERVES					
Called up share capital	12		1		1
Profit and loss account	13		831,554		(118,987)
					<hr/>
SHAREHOLDER'S FUNDS/(DEFICIT)			831,555		(118,986)
					<hr/>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements on pages 5 to 13 were approved by the Board of Directors and authorised for issue on 20th August 2014 and are signed on its behalf by

Mr S D Morris
Director



The Morgan 3 Wheeler Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard for Smaller Entities (effective April 2008)

GOING CONCERN

On 31 December 2013, certain trade activities, assets and liabilities of the company were transferred to other group companies. The company has retained certain contracts and therefore is continuing to trade, primarily as a sales company using group trade terms to fund working capital. As a result of the above the Directors have adopted the going concern basis of accounting in preparing the annual financial statements.

TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

INTANGIBLE FIXED ASSETS AND AMORTISATION

Development expenditure is written off in the profit and loss account unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period which the company is expected to benefit. This is based on an amount for each car sold, calculated on total development expenditure and estimated total cars to be produced. Provision is made for any impairment. All research and other development is written off as incurred.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	- 10% straight line
Motor vehicles	- 20% straight line

STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal.

FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

The Morgan 3 Wheeler Limited

ACCOUNTING POLICIES (continued)

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

The Morgan 3 Wheeler Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

1 **TURNOVER**

77.81 % of the company's turnover (2012: 60.8%) is attributable to geographical markets outside the United Kingdom

2 **OTHER OPERATING INCOME**

2013 2012
£ £

Intercompany loan waiver

620,205 -

During the year an intercompany loan balance of £620,205 has been waived. This income is not taxable.

3 **PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**

2013 2012
£ £

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)

Depreciation of tangible fixed assets

- Owned by the company

11,258 31,394

Profit on disposal of fixed assets

(12,520) 18,767

Auditors' remuneration

10,000 8,598

Pension costs

13,830 12,700

Research and development

- Amortisation of deferred expenditure

145,200 185,200

- Current year expenditure

41,845 13,691

Intercompany loan waiver

(620,205) -

During the year, no director received any emoluments (2012: £Nil)

4 **TAXATION**

2013 2012
£ £

Current tax

UK corporation tax on profit/(loss) for current year

(78,653) -

Total current tax

(78,653) -

Deferred tax

Origination and reversal of timing differences

(7,513) 11,982

Effect of decreased tax rate on opening liability

(1,127) -

Total deferred tax

(8,640) 11,982

Tax on profit/(loss) on ordinary activities

(87,293) 11,982

The Morgan 3 Wheeler Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

5

INTANGIBLE FIXED ASSETS		Development £
COST		
At 1 January 2013		1,244,549
Additions		10,548
Transfer to parent undertaking		(1,255,097)
		<hr/>
At 31 December 2013		-
		<hr/>
AMORTISATION		
At 1 January 2013		185,200
Charge for the year		145,200
Transfer to parent undertaking		(330,400)
		<hr/>
At 31 December 2013		-
		<hr/>
NET BOOK VALUE		
At 31 December 2013		-
		<hr/>
At 31 December 2012		1,059,349
		<hr/>

6

TANGIBLE FIXED ASSETS	Plant & Machinery £	Motor Vehicles £	Total £
COST			
1 January 2013	19,705	64,172	83,877
Additions	21,198	-	21,198
Disposals	-	(21,285)	(21,285)
Transfer to group	(40,903)	(42,887)	(83,790)
	<hr/>	<hr/>	<hr/>
31 December 2013	-	-	-
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
1 January 2013	728	6,065	6,793
Charged in the year	2,326	8,932	11,258
Disposals	-	(3,548)	(3,548)
Transfer to group	(3,054)	(11,449)	(14,503)
	<hr/>	<hr/>	<hr/>
31 December 2013	-	-	-
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
31 December 2013	-	-	-
	<hr/>	<hr/>	<hr/>
31 December 2012	18,977	58,107	77,084
	<hr/>	<hr/>	<hr/>

The Morgan 3 Wheeler Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

7	DEBTORS	2013 £	2012 £
	Trade debtors	733,412	771,548
	Amounts owed by group undertakings	1,074,708	-
	Other debtors	1	75,213
	Deferred tax asset (see note 9)	-	8,640
	Other tax and social security	203,580	-
		<u>2,011,701</u>	<u>855,401</u>
8	CREDITORS Amounts falling due within one year	2013 £	2012 £
	Trade creditors	995,848	1,257,389
	Amounts owed to group undertakings	261,868	1,361,515
	Other tax and social security	9,447	11,291
	Other creditors	67,220	658,117
	Corporation tax	78,653	-
		<u>1,413,036</u>	<u>3,288,312</u>

The bank held the following securities at 31 December 2013:

Debenture including fixed charge over all present freehold and leasehold property, first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future, and first floating charge over all assets and undertaking both present and future dated 15 November 2011

An unlimited multilateral guarantee dated 7 November 2011 was given by Morgan Motor Company Limited, The Morgan 3 Wheeler Limited, Aero Racing Limited, Morgan Technologies Limited, Morgan Motor Company Sales Limited and Morgan Motor Company Manufacturing Limited

Morgan Motor Company Sales Limited had bank loans of £397,533 at 31 December 2013 There were no other loans in other group companies

The company is party to a group VAT registration At 31 December 2013, the group had a VAT asset of £821,652

9	DEFERRED TAXATION	2013 £	2012 £
	At 1 January	8,640	(3,342)
	Released during year	(8,640)	11,982
		<u>-</u>	<u>8,640</u>
	At 31 December	-	8,640

The Morgan 3 Wheeler Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2013

10 DEFERRED TAXATION (continued)

	2013 £	2012 £
The deferred taxation balance is made up as follows		
Decelerated capital allowances	-	8,640

11 OTHER PROVISIONS

	Warranty Provision £
At 1 January 2013	366,913
Additions	447,683
Released during year	(308,129)
Transferred to group	(506,467)
At 31 December 2013	-

The provision above represented the anticipated warranty costs of all vehicles still under warranty at the year end, with reference to the average claim made for each model sold. These warranty costs will now be incurred by Morgan Motor Company Manufacturing Limited, a fellow subsidiary company, and therefore the provision has been transferred to that company.

12 SHARE CAPITAL	2013 £	2012 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

13 RESERVES	Profit and loss account £
At 1 January 2013	(118,987)
Profit for the year	950,541
Balance at 31 December 2013	831,554

14 PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £13,830 (2012 £12,700). Contributions totalling £nil (2012 £nil) were payable to the fund at the balance sheet date and are included in creditors.

The Morgan 3 Wheeler Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

15 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Morgan Technologies Limited and consolidated accounts are available for Morgan Technologies Limited from Companies House. Advantage has been taken of the exemption offered by Financial Reporting Standard 8 from the requirement to disclose transactions with other group companies.

16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by its ultimate parent Morgan Technologies Limited, a company incorporated in England and Wales. The largest and smallest group of undertakings for which consolidated accounts are prepared is that headed by Morgan Technologies Limited. Copies of these accounts can be obtained from Companies House.

17 GROUP RESTRUCTURE

As part of a group reorganisation on 31 December 2013 certain trade, assets and liabilities of the company were transferred to other group companies.