

Company Registration No. 12545195 (England and Wales)

**THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303
BIDCO LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2021

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

COMPANY INFORMATION

Directors	P Houghton S M Mishra	(Appointed 9 April 2020) (Appointed 3 April 2020)
Secretary	Intertrust (UK) Limited	
Company number	12545195	
Registered office	1 Bartholomew Lane London EC2N 2AX	
Auditor	Spencer Gardner Dickins Audit LLP 3 Coventry Innovation Village Cheetah Road Coventry CV1 2TL	

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

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THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 MARCH 2021

The directors present the strategic report for the period ended 31 March 2021.

Fair review of the business

The Norton Motorcycles Co. Limited's (Norton) principal activity is design, engineering, manufacturing and selling of high-end premium motorcycles.

Post-acquisition of the "Norton" brand and certain assets from administrators on 17 April 2020 for a consideration of £16m, amidst the COVID-19 Pandemic, the company focussed on enhancing the organisation strength, establishing supply chain network, product development and developing marketing strategy. The company created intangible assets of £21.3m which comprise the Norton brand name acquired in the year as well as some other patents and trademarks.

A new state of the art manufacturing facility is being established in Solar Park, Solihull and this facility will be ready for production by Q1 of FY 2021-22. Facility related capital expenditure incurred to date on Solar Park is £3.8m. A customer experience centre will also be a part of this facility which will enhance the customer experience about Norton brand vehicles and also would enable converting the leads into sales. This facility along with robust supply system will support the Norton to deliver its future product plans. Commercial Production and sales from the new facility will commence during the first half of FY 2021-22.

Up until March 2021, the company has been funded with £36.8m of equity from the parent company. These are used to fund the initial acquisition cost including acquiring various rights, capital expenditure spending and operational costs.

The company also has healthy cash balances of £1.5m which will service working capital requirements.

Though the company has not taken over any liabilities or obligations as part of the acquisition, the company plans to deliver the motorcycles to customers who had paid deposits and placed orders with the erstwhile Norton company. Such deposits amounting to £3.2m has been recognised as a liability in the financial statements.

Since the primary focus during FY 2020-21 was on establishing the facility and starting up the operations there was no revenue from the sale of motorcycles to customers. Summary of the financial results are as under:

Details	£m
Revenue	0.52
Loss before tax	(10.30)

Corporate Structure

The Norton Motorcycle Co. Limited (formerly known as Project 303 Bidco Ltd) is a wholly owned subsidiary of TVS Motor (Singapore) Pte Limited. TVS Motor (Singapore) Pte Limited is 100% held by TVS Motor Company Limited which is the 3rd largest two-wheeler manufacturer in India and world's 5th largest two-wheeler manufacturer.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

Principal Risks and uncertainties

The company's products would be sold in the UK to start with. Subsequently, the company would be selling its products in other European countries, the United States of America and other countries. Norton's business prospects would depend on the economic activities and growth prospects in each of those geographies in which it operates. Having business spread over multiple geographies would help Norton manage this risk better.

Customer preference to products will be critical to Norton's business. As part of the growth plan Norton is focussed on developing the customer attractive products portfolio which would be a mix of premium and super premium motorcycles. Products portfolio is expected to drive the top line and the growth of the business and will also attract the customers of all segments.

The company is also working on creating and strengthening the distribution network both inside and outside of UK. Taking the brand and exploring the sales opportunities through digital media and social /networking platforms would also be part of the distribution strategy to reach global customers.

With a strong distribution network, well developed supply chain, state of the art manufacturing facility, excellent design and engineering capabilities, delivering superior customer experience with a portfolio of products, the company will be making sustainable revenue and growth in the upcoming financial years.

TVS Motor's vendor network and the supply chain network will be constantly leveraged to bring more efficiencies in quality, cost and delivery.

Research and Development

The Research and Development (R&D) team will focus on in-depth customer understanding, technology development and design innovations. The team is in the process of developing the technologies to meet the stringent emission norms across the markets where Norton products would be sold.

The R&D team will continue their efforts in developing cutting edge technologies that are relevant for the near and long-term requirements of the company's business plans. These developments are centred on customers, emerging mobility needs, advanced safety regulations and sustainability. The company also collaborates with leading research establishments and educational institutions in the UK, both within and outside the country to develop breakthrough technologies.

Going Concern

The company is presently in development stage with setting up of new manufacturing facility, establishing the supply chain network and implementing sales & marketing strategy. The company's activities are supported and complimented by the parent company. The Directors are satisfied that the company will continue to operate in the foreseeable future and thus the company adopts the going concern basis.

Key performance indicators

Since the commercial production had not commenced by 31 March 2021, review of the KPIs to track the performance of the business was not undertaken. However, on commencement of production, periodic reviews will be undertaken on tracking gross margin, overhead levels to turnover stock, debtors and creditors ratios.

On behalf of the board

S M Mishra
Director

16 April 2021

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the period ended 31 March 2021.

Principal activities

The company was incorporated as Project 303 Bidco Limited on 2 April 2020 and commenced trading immediately. The company changed its name to The Norton Motorcycle Co. Limited on 2 July 2020. The principal activity of the company was that of the design, manufacture and sale of motorcycles.

Results and dividends

The results for the period are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

P Houghton	(Appointed 9 April 2020)
S M Mishra	(Appointed 3 April 2020)
R Kunnath Narayanan	(Appointed 3 April 2020 and resigned 30 April 2020)
N Von Bismarck	(Appointed 2 April 2020 and resigned 3 April 2020)
Trusec Limited	(Appointed 2 April 2020 and resigned 3 April 2020)

Auditor

Spencer Gardner Dickins Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives, review of performance, research and development activities and future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

S M Mishra
Director

16 April 2021

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2021

The directors are responsible for preparing the annual 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 these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

Opinion

We have audited the financial statements of The Norton Motorcycle Co. Limited (formerly Project 303 Bidco Limited) (the 'company') for the period ended 31 March 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity 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 company's affairs as at 31 March 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 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.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial period 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- Enquiring of management and those charged with governance around actual and potential litigation and claims.
- Enquiring of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Susan Thomas-Walls BSc BFP FCA (Senior Statutory Auditor)
For and on behalf of Spencer Gardner Dickins Audit LLP

21 May 2021

Chartered Accountants
Statutory Auditor

3 Coventry Innovation Village
Cheetah Road
Coventry
CV1 2TL

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2021

	Notes	Period ended 31 March 2021 £
Turnover	3	522,409
Cost of sales		(176,976)
Gross profit		<u>345,433</u>
Administrative expenses		(10,873,696)
Other operating income		228,068
Operating loss	4	<u>(10,300,195)</u>
Interest receivable and similar income	8	1,206
Loss before taxation		<u>(10,298,989)</u>
Tax on loss	9	-
Loss for the financial period		<u><u>(10,298,989)</u></u>

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

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£
Fixed assets			
Intangible assets	10	21,354,938	
Tangible assets	11	5,880,609	
			<u>27,235,547</u>
Current assets			
Stocks	12	2,530,078	
Debtors	13	2,380,504	
Cash at bank and in hand		1,568,098	
		<u>6,478,680</u>	
Creditors: amounts falling due within one year	14	(7,213,215)	
Net current liabilities			<u>(734,535)</u>
Net assets			<u>26,501,012</u>
Capital and reserves			
Called up share capital	16	36,800,001	
Profit and loss reserves	17	(10,298,989)	
Total equity			<u>26,501,012</u>

The financial statements were approved by the board of directors and authorised for issue on 16 April 2021 and are signed on its behalf by:

S M Mishra
Director

Company Registration No. 12545195

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Period ended 31 March 2021:				
Loss and total comprehensive income for the period		-	(10,298,989)	(10,298,989)
Issue of share capital	16	36,800,001	-	36,800,001
Balance at 31 March 2021		<u>36,800,001</u>	<u>(10,298,989)</u>	<u>26,501,012</u>

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

Company information

The Norton Motorcycle Co. Limited (formerly Project 303 Bidco Limited) is a private company limited by shares incorporated in England and Wales. The registered office is 1 Bartholomew Lane, London, EC2N 2AX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of intangible assets and certain tangible fixed assets at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

At the reporting date, the company was 100% owned by TVS Motor (Singapore) Pte Ltd, a company incorporated in Singapore. The ultimate parent company was TVS Motor Company Limited, a company incorporated in India. This company is the parent of the smallest group for which consolidated accounts are drawn up of which the company is a member. The registered office is "Chaitanya" No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai 600 006, Tamil Nadu, India.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.2 Going concern

The company has made significant losses in this financial year, since being the first year it had incurred expenses on setting up of the business and mobilising the resources.

The directors have prepared cashflow forecasts and undertaken a review of the future financing requirements on the basis of both the expected further investment required into the next financial year as well as for ongoing operations of the company. The directors are satisfied that sufficient cash facilities being secured from its bankers and from the parent company to meet its working capital requirements for at least 12 months following the date of signing of these financial statements.

Further, the parent company has confirmed its continuing support for the company and its intention to continue supporting the company with working capital as and when required. The directors are therefore confident that the company has adequate resources and working capital to continue in operational existence for the foreseeable future to meet its ongoing liabilities and to deal with the issues arising from the continuing COVID-19 pandemic.

1.3 Reporting period

The financial statements cover the first period from incorporation on 2 April 2020 to 31 March 2021.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

License fee income is recognised at fair value in the period to which it relates.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost or valuation and are subsequently measured at cost or valuation less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Intangible assets comprise acquired brand names, intellectual property and goodwill and are carried at valuation less amortisation.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents and licences	8 years straight line
Development costs	8 years straight line
Brand names and trademarks	8 years straight line

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	5 year straight line
Plant and equipment	3 and 10 year straight line
Fixtures and fittings	3 year straight line
Computers	3 year straight line
Motor vehicles	6 year straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements, estimates and assumptions which have had the most significant effect on amounts recognised in the financial statements and which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Stock obsolescence provisions

At each balance sheet date the directors assess stock for obsolescence. Due to the size and nature of stock this is a key accounting estimate.

The provision is calculated based on an estimate of the remaining life of stock held at the balance sheet date.

Tangible and intangible fixed assets

Judgements are required on estimating the useful economic lives of tangible and intangible fixed assets. Where an indication of impairment is identified the estimation of recoverable value requires estimation.

Deferred tax

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

3 Turnover and other revenue

	2021 £
Turnover analysed by class of business	
Motorcycle sales	73,000
Parts and servicing	108,007
Royalty income	18,901
Other income	322,501
	<u>522,409</u>
	<u>2021 £</u>
Other significant revenue	
Interest income	1,206
Grants received	228,068
	<u>229,274</u>

4 Operating loss

	2021 £
Operating loss for the period is stated after charging/(crediting):	
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	23,249
Research and development costs	480,048
Government grants	(228,068)
Depreciation of owned tangible fixed assets	120,715
Amortisation of intangible assets	2,488,903
Operating lease charges	394,381
	<u>2,879,238</u>

5 Auditor's remuneration

	2021 £
Fees payable to the company's auditor and associates:	
For audit services	
Audit of the financial statements of the company	14,000
	<u>14,000</u>
For other services	
Taxation compliance services	1,000
All other non-audit services	4,200
	<u>5,200</u>

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

6 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2021 Number
Administration	26
Production	58
Total	84

Their aggregate remuneration comprised:

	2021 £
Wages and salaries	3,269,220
Social security costs	330,090
Pension costs	187,442
	3,786,752

7 Directors' remuneration

	2021 £
Remuneration for qualifying services	19,108

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0.

8 Interest receivable and similar income

	2021 £
Interest income	
Interest on bank deposits	1,206

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

9 Taxation

The actual charge for the period can be reconciled to the expected credit for the period based on the profit or loss and the standard rate of tax as follows:

	2021 £
Loss before taxation	(10,298,989)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00%	(1,956,808)
Tax effect of expenses that are not deductible in determining taxable profit	86,131
Unutilised tax losses carried forward	1,870,677
Taxation charge for the period	-

10 Intangible fixed assets

	Patents and licences	Development costs	Brand names and trademarks	Total
	£	£	£	£
Cost				
At 2 April 2020	-	-	-	-
Additions	429,000	73,139	23,341,702	23,843,841
At 31 March 2021	429,000	73,139	23,341,702	23,843,841
Amortisation and impairment				
At 2 April 2020	-	-	-	-
Amortisation charged for the period	26,813	-	2,462,090	2,488,903
At 31 March 2021	26,813	-	2,462,090	2,488,903
Carrying amount				
At 31 March 2021	402,187	73,139	20,879,612	21,354,938

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

11 Tangible fixed assets

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost						
At 2 April 2020	-	-	-	-	-	-
Additions	3,826,075	1,392,154	69,827	151,410	567,239	6,006,705
Disposals	-	-	-	-	(5,381)	(5,381)
At 31 March 2021	3,826,075	1,392,154	69,827	151,410	561,858	6,001,324
Depreciation and impairment						
At 2 April 2020	-	-	-	-	-	-
Depreciation charged in the period	-	29,671	9,111	13,553	68,380	120,715
At 31 March 2021	-	29,671	9,111	13,553	68,380	120,715
Carrying amount						
At 31 March 2021	3,826,075	1,362,483	60,716	137,857	493,478	5,880,609

12 Stocks

	2021 £
Raw materials and consumables	2,212,803
Work in progress	317,275
	2,530,078

13 Debtors

	2021 £
Amounts falling due within one year:	
Trade debtors	893,778
Other debtors	846,853
Prepayments and accrued income	639,873
	2,380,504

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

14 Creditors: amounts falling due within one year

	2021 £
Trade creditors	945,340
Amounts owed to group undertakings	2,376,056
Taxation and social security	134,450
Other creditors	3,213,814
Accruals and deferred income	543,555
	<u>7,213,215</u>

15 Retirement benefit schemes

	2021 £
Defined contribution schemes	
Charge to profit or loss in respect of defined contribution schemes	<u>187,442</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

	2021 Number	2021 £
Ordinary share capital		
Issued and fully paid		
Ordinary shares of £1 each	<u>36,800,001</u>	<u>36,800,001</u>

The company has one class of ordinary shares which have full rights to voting, dividends and capital distribution. They do not confer any rights of redemption.

On incorporation 1 ordinary share of £1 was issued for cash at par. Subsequent to this 36,800,000 ordinary shares of £1 each were issued for cash at par at various points during the period.

17 Reserves

Profit and loss reserves

Profit and loss reserves represent the retained profits of the company since its inception.

THE NORTON MOTORCYCLE CO. LIMITED (FORMERLY PROJECT 303 BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £
Within one year	493,685
Between two and five years	764,506
In over five years	10,440
	<u>1,268,631</u>

19 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £
Acquisition of tangible fixed assets	<u>1,798,541</u>

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is disclosed in note 7.

Other information

The company has taken advantage of the exemption under the terms of FRS102 not to disclose related party transactions with wholly owned companies within the group.

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