

Envisage Group Limited

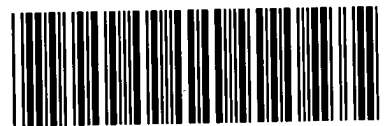
Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 06876270

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Envisage Group Limited

Company Information

| | |
|-----------------------------|---|
| Directors | R S Joyce - Chairman B W Campbell A K Cattrell T M Strafford |
| Company secretary | N P Howard |
| Registered number | 06876270 |
| Registered office | 12 Herald Way Coventry Warwickshire CV3 2NY |
| Independent auditors | BDO LLP Two Snowhill Birmingham B4 6GA |

Envisage Group Limited

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Envisage Group Limited

Chairman's Statement For the Year Ended 31 December 2019

The chairman presents his statement for the year.

I would like to welcome you to the tenth Annual Report of Envisage Group Limited.

2019 was a year of consolidation for the group in aligning itself to the industry challenges and the changing demands of our customers which are ultimately driven by consumer demands. The group has adapted well to delivering our customer's requirements in the wake of a surge in SUV type vehicles, decline in diesel sales and the increased investment in R&D on cleaner energy vehicles i.e. hybrid and in particular electric.

The last 12 months saw Envisage increase its R&D expenditure on supporting OEM's in developing and delivering electric show cars along with offering niche products in Colour Materials & Finish (CMF), Trim, Paint and bespoke Electronics content.

The US office in California has experienced some of the biggest growth in this sector with many new EV start-up companies who have now had their initial investments beginning to outsource work on the development of new electric vehicles of which Envisage is a major supplier.

Our new CEO Tim Strafford has brought considerable experience to the Group and has immediately placed his influence on developing the group organisationally and culturally as well as paving the way for expansion on some emerging niche product opportunities.

In terms of results for the year, turnover was down from £46.4m to £36.4m, but despite this produced an operating profit of £100k (2018 - £1.0m), before the exceptional items relating to a rationalisation of the organisation structure, and delivered an EBITDA before exceptional items of £1,498k against a prior year of £2,130k. This represents a creditable performance given the economic backdrop, with gross margin remaining consistent at 17.8% (2018 - 18.9%) and administrative expenses decreasing by 17% year on year. Operating performance after writing off the exceptional items improved from a loss of £1,609k to a loss of £230k.

We remain positive about both the robust performance of the core Envisage Technologies business unit, and our ability to maintain and grow a strong level of diversification in the customer base, where after years of dominance by one customer, we now have no individual customer accounting for more than 20% of our turnover.

These facts, coupled with the continuing efforts by our staff, for which the Board is very appreciative, give us cause for medium term optimism in these turbulent times for our industry.

Dr R S Joyce
Chairman

Date 11/09/20

Envisage Group Limited

Group Strategic Report For the Year Ended 31 December 2019

Business review

The principal activity of the group continued to be that of the provision of complete development solutions to the automotive and mobility sectors, including aerospace. These range through design and engineering, prototypes, tooling and models, low volume manufacturing and assembly and resource provision. The performance of the main businesses comprising the group is outlined below:

Envisage Recruitment Limited

The principal activity of the company continued to be that of the provision of skilled resource, most notably engineers, to the major automotive OEM's, and other business sectors. Currently some 131 contractors are placed on temporary assignments and permanent placements are made too.

Envisage Technologies Limited

The principal activity of the company continues to be the design, development and manufacture of models, fixtures and tooling, primarily for the automotive, mobility and aerospace sectors. Core capabilities range from design models, including clay modelling and scanning, with key focus on full 3D design development of early design stage concept, bucks, mock ups, packaging demonstration and trade show models, as well as environmental, feasibility, design reference and data control modelling. Additionally, the business designs and manufactures checking fixtures, 5 axis routing tools and tooling for prototypes. The business continuously evolves its range of products and services in line with market changes and customer expectations, and hence has continued to commit resources to research and development. As a result, it now offers electrical, carbon-fibre, virtual reality (VR), interior trimming, and colour, materials and finishing (CMF) services as complementary capabilities to underpin its core product offerings. The company continues to have access to 25 separate secure design studios, and 14 milling centres within its facilities.

Envisage Classic & Bespoke Limited

The company offers an unrivalled service creating hand crafted vehicles and bespoke products bringing customer's ideas to life. We support clients in the heritage market and after sales with manufacturing, modifications, prototyping and master body builds, working on behalf of both individuals and OEMs.

Envisage Group Development Inc (USA) and Envisage Technologies Private Ltd (India)

The USA office is now in its 3rd year of operation and is fully self-sufficient with quoting for orders directly with local customers. The India office continues to provide CAD engineers to the UK and USA.

In summary, the group as a whole has continued to evolve and refine its services to more closely meet the needs of its key customers.

Envisage Group Limited

Group Strategic Report (continued) For the Year Ended 31 December 2019

Principal risks and uncertainties

The risks and uncertainties of the group are typical of companies operating in this sector. In the recruitment business, we are continuing to source customers from new markets and locations, with some considerable success. We are making progress on spreading our client base however, with some offerings, the business continues to be dependent on a small number of key customers. It is recognised that this is a risk to the business but actually reflects the dominant position that clients currently hold in the marketplace for our services.

In Envisage Technologies, the business operates primarily in the automotive sector which has seen many challenges during 2019 primarily with its customer base which has ultimately led to the business needing to adapt and react to these changes. The traditional show cars for the larger OEM's were replaced by show cars for niche vehicle manufacturers. New car programmes continued throughout 2019 for the OEM's with particular focus on model year changes and mock-ups. The US office (Envisage Group Developments Inc) continues to support Envisage Technologies in the UK by increasingly winning new show car work in the US which is sourced back to Envisage Technologies to deliver. The company has been successful in winning business from new customers in the UK and abroad to continue to broaden its customer base and not be as reliant on a single OEM.

For Envisage Classic and Bespoke, the areas of risk had traditionally been securing sufficient volume of business to cover the required infrastructure and maintaining the skilled labour. Throughout the period under review, it has benefited from multi vehicle contracts which has considerably de-risked the business.

Key performance indicators

Each of the main businesses are monitored and tracked weekly using a revenue tracker. This charts orders won, quoted and potential orders which are all weighted based on their likelihood. This provides an indicator to potential end of month revenue in the management accounts and also act as an early warning system whereby potential project slips to the right or may be delayed by the customer therefore impacting on resource requirements.

Envisage Recruitment saw a decrease in contractor numbers from 426 in 2018 to 350 as at December 2019 reflecting the trend in the industry towards converting temporary positions into permanent ones or a reduction in the OEM's headcount to cut costs. This has further declined in 2020 to approximately 131 contractors as OEM's and customers deal with the impact of COVID 19.

Envisage Technologies benefitted from a cost reduction exercise and a review of the business model with resources more closely aligned between the two sites to generate and benefit from synergies. The customer mix continued to expand with new customers from different sectors i.e. Aerospace and Mobility. A large number of projects and properties were delivered out to US customers that are involved in EV development.

Envisage Classic and Bespoke completed the 25-off build for the JLR D-Type vehicles in 2019 and has since won a further 12 cars for a new customer programme for 2020 as well as now also supporting another OEM with the recreation of one of its heritage vehicles. The focus remains on delivering high quality handmade specialist bespoke hand-crafted vehicles, bodies and panels.

Envisage Group Limited

Group Strategic Report (continued) For the Year Ended 31 December 2019

Section 172 Companies Act 2006

The directors must act in a way they consider would be most likely to promote the success of the Group for the benefit of its members as a whole and in doing so must have regard to the six matters set out in Section 172(1) as per below:

1. Long term consequences

The Group aims to secure its long term prospects and viability by seeking out strategies that provide mutual long term benefits to its customers. The Group continues to invest in R&D and innovative thinking, including exploring opportunities to improve its product offerings to contribute towards the long term sustainability of its customers and supply chain. The directors continue to identify and appraise opportunities to grow the Group's product and market diversity.

2. Interest of employees

The company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, communities and society as a whole. People are at the heart of our specialist services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible. We must also ensure we share common organisation values that inform and guide our behaviour so we achieve our goals in the right way.

3. Interest of other stakeholders

The board is committed to openly engage with our shareholders, as we recognise the importance of a continuing effective dialogue. It is important to us that our shareholders understand our strategy and objectives, so these must be explained clearly, feedback listened to and any issues or questions raised and properly considered. The Company's management team has regular monthly meetings with shareholders to go through our business performance, both from a financial and safety point of view, as well as providing them updates on any significant risks and concerns we have.

4. Impact on community & environment

The Group recognises that its operations have the potential to significantly impact the environment and therefore renew annually the ISO 9001 and ISO 14001 accreditation. The directors' strategic objectives ensure environmental and social factors are considered as part of the decision making process.

5. High standards of business conduct

Strategy delivery and being a business of choice for our stakeholders requires strong corporate governance. The group's internal and external policies are reviewed by the directors, aligned to best practice and enshrine recent statutory improvements around Anti Bribery, Modern Slavery and Data Protection (GDPR). The Group revised and improved its Anti Bribery Policy, Employee Theft Policy and its Stop and Search Policy in 2019.

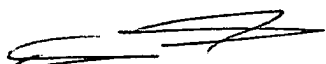
6. Act fairly between shareholders

The company's shareholders comprise a diverse group of people with a wealth of experience in their respective sectors. Although there is no requirement for the Company to have an independent non-executive director or board advisor it chooses to appoint them, not only for their wealth of experience but also to ensure the board's decision making is independent, objective and aligned to its shareholders as a whole.

This report was approved by the board on

11/09/20

and signed on its behalf.



T M Stafford
Director

Envisage Group Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the group continued to be that of the provision of complete development solutions to the automotive, mobility and aerospace sectors. These range through design and engineering, prototypes and models, manufacturing and assembly and resource provision.

Results and dividends

The loss for the year, after taxation, amounted to £610,000 (2018 - loss £2,127,000).

No dividends were proposed in the year (2018 - £Nil).

The net liabilities of the group at the year end were £1,203,000 (2018 - £608,000).

Directors

The directors who served during the year were:

R S Joyce - Chairman
B W Campbell
A K Cattrell
A M Coppin (resigned 22 July 2019)
J A Aston (resigned 8 November 2019)
T M Strafford (appointed 22 March 2019)

Future developments

Our focus is on consolidating the group, as well as continuing our international development, particularly in USA. Whilst we still expect growth in the automotive sector, we are also looking to enhance our opportunities in other markets.

Research and development activities

We operate a continuous improvement programme; as part of this, we are constantly looking at new processes and techniques aimed at improving our product offering and service provision including making more efficient use of materials and other resources. Environmental and sustainability factors are also strong drivers for our new developments. During the year the group incurred expenditure of £6,384,000 (2018 - £4,386,000). The group expects to receive a tax credit in respect of research and development expenditure incurred in respect of the year ended 31 December 2019 of £1,270,000.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Envisage Group Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Going concern

These financial statements have been prepared on the basis that the company will continue trading as a going concern.

The group's ultimate parent, Envisage Investments Limited, has confirmed it is willing and able to continue to provide the company with sufficient financial support and working capital to fund losses and enable the company to meet its on-going liabilities as they fall due.

After making enquiries and preparing integrated profit and loss and cash flow forecasts for one year from the date the financial statements are signed, the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Group and the Parent Company have adequate resources to continue in existence for the foreseeable future. However, there are certain uncertainties, as described in more detail below.

The Board of Directors has undertaken a recent thorough review of the group's and individual company budgets and forecasts and has produced detailed and realistic cash flow projections. Various scenarios have been run on the potential impact of COVID 19, including the modelling of worst case scenarios. The group has existing cash resources at the 24 July 2020 of £84k and an unused bank overdraft facility of £0.221m. This level of cash is considered enough to meet the worst case stress test scenario, whereby trading cash flows only include revenues of work carried out that are currently still in operation. No new revenue or income has been assumed for any new projects won and the forecasts take account of a number of cost saving initiatives, to deal with the impact of COVID 19, in the year.

These cash flow projections, when considered in conjunction with the group's existing cash balances and facilities, demonstrate that the group has sufficient working capital for the foreseeable future. There are uncertainties around the timing of the receipt of R&D of £1.27m, but with continued support from the shareholders and waiver of loan repayments until the group has sufficient funds to repay these loans, and with the bank facility of £250k which is due for renewal post December 2020, Management are comfortable that there are sufficient cash flows available to support the business for the foreseeable future.

In the current business climate, Management acknowledge the COVID 19 pandemic and have implemented logistical and organisational changes to underpin the Group's resilience to COVID 19, with the key focus being protecting all personnel, minimising the impact on critical work streams and ensuring business continuity. COVID 19 may impact the Group in varying ways leading to potential impairments of assets held which could have a direct bearing on the Group's ability to generate sufficient cash flows for working capital purposes. It may also impact the ability of the Group to raise the shareholder cash injection as referred to above. Management are closely monitoring commercial and technical aspects of the Group's operations to mitigate the impact from the COVID 19 pandemic. The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons the generation of sufficient operating cash flows remain a risk. Management believes the Group will generate sufficient working capital and cash flows to continue in operational existence and will have the ongoing support of its shareholders, if required, for the foreseeable future.

In light of the forecast prepared, the directors remain of the view that the forecast is achievable (despite external factors such as COVID 19) and that the headroom within the forecast should be sufficient to enable the group and company to operate and meet its liabilities as they fall due for payment throughout the year, and the financial statements have accordingly been prepared on a going concern basis.

However, the uncertainties around the timing of the receipt of monies along with the potential impact on the Parent Company and the Group of COVID 19 represent material uncertainties which may cast significant doubt on the ability of the Parent Company and the Group to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the group and parent company is not able to achieve its forecasts or is unable to continue as a going concern.

Envisage Group Limited

Directors' Report (continued) For the Year Ended 31 December 2019

Post balance sheet events

In January 2020, an outbreak of a corona virus, now classified as COVID 19, was detected in China's Hubei province. During the following months, COVID 19 has spread steadily throughout the World and on 11 March 2020, The World Health Organisation ("WHO") declared the outbreak a global pandemic. In order to stem the spread of the virus, Governments around the World are taking drastic steps which include compulsory closure of various businesses, shops and schools and are also heavily restricting the movement of people with lock down.

At the time of writing, we are waiting to see how great an impact the COVID 19 crisis will have on the current year's trading. Our thoughts and sympathies go out to all that have been affected by the virus, either directly or indirectly.

Due to the rapid development of COVID 19, the degree of uncertainty involved and the unprecedented nature of the challenges posed by the coronavirus situation, the Directors are of the opinion that it is too soon to quantify what financial impact that the COVID 19 pandemic will be, but are monitoring the situation closely and believe it will overall have a negative impact on trading results as outlined below:

Envisage Recruitment is expected to see a temporary contraction of the market, with customers expected to place recruitment on hold. However, it is expected that this will be a temporary contraction with the market beginning to phase back to previous levels across the end of 2020 and across 2021.

Envisage Technologies is expected to experience a lower level of customer orders being placed, with a decline in automotive sales during the pandemic. However, future product development continues, and we have seen a number of customers adopting the same pace even through the pandemic, and remain optimistic that as we are placed in pre-production phases of customer development, that customers will continue to place orders, particularly those operating within Electric Vehicle (EV) and Autonomous Vehicle development.

Envisage Classic and Bespoke has seen a reduction in new orders being placed, with a number of projects being put on hold whilst customers review cash and investment strategies in light of the pandemic. However with two significant programmes continuing throughout 2019 and an incredibly strong pipeline, we are confident that activity will increase and continue throughout 2020 and into 2021.

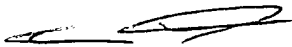
Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

11/09/20

and signed on its behalf.



T M Stafford
Director

Envisage Group Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2019

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Envisage Group Limited

Independent Auditors' Report to the Members of Envisage Group Limited

Opinion

We have audited the financial statements of Envisage Group Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to note 2.3 in the financial statements, which indicates that the Group and Parent Company are dependent on raising additional financing from a number of sources, such as the timing of the Research and Development tax credit receipt and a shareholder cash injection to enable it to carry out its planned business objectives and enable it to continue as a going concern. As stated in note 2.3, these conditions, along with the other matters referred to in note 2.3, indicate that a material uncertainty exists that may cast doubt on the Group's and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Envisage Group Limited

Independent Auditors' Report to the Members of Envisage Group Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group 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 Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the 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.

Envisage Group Limited

Independent Auditors' Report to the Members of Envisage Group Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 8, 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.

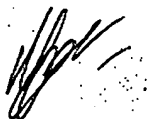
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

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

Use of our report

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Fenner (Senior Statutory Auditor)

for and on behalf of

BDO LLP

Two Snowhill

Birmingham

B4 6GA

Date: 11 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Envisage Group Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2019

| | Note | 2019 £000 | 2018 £000 |
|---|------|--------------|----------------|
| Turnover | 4 | 36,432 | 46,411 |
| Cost of sales | | (29,934) | (37,653) |
| Gross profit | | 6,498 | 8,758 |
| Exceptional cost of sales | | - | (2,188) |
| Gross profit after exceptional items | | 6,498 | 6,570 |
| Administrative expenses | | (6,399) | (7,729) |
| Exceptional administrative expenses | | (330) | (452) |
| Other operating income | | 1 | 2 |
| Operating loss | 5 | (230) | (1,609) |
| Operating profit before exceptionals | | 100 | 1,029 |
| Exceptional Items | | (330) | (2,640) |
| Operating loss after exceptionals | | (230) | (1,609) |
| Interest payable and expenses | 8 | (382) | (519) |
| Loss before taxation | | (612) | (2,128) |
| Tax on loss | 9 | 2 | 1 |
| Loss for the financial year | | (610) | (2,127) |

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 19 to 42 form part of these financial statements.

Envisage Group Limited
Registered number:06876270

Consolidated Balance Sheet
As at 31 December 2019

| | Note | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|------|--------------|--------------|--------------|--------------|
| Fixed assets | | | | | |
| Intangible assets | 11 | | 1,382 | | 1,707 |
| Tangible assets | 12 | | 7,284 | | 7,592 |
| | | | 8,666 | | 9,299 |
| Current assets | | | | | |
| Stocks | 15 | 167 | | 298 | |
| Debtors: amounts falling due within one year | 16 | 9,756 | | 9,979 | |
| Cash at bank and in hand | 17 | 2,946 | | 1,968 | |
| | | 12,869 | | 12,245 | |
| Creditors: amounts falling due within one year | 18 | (11,115) | | (14,960) | |
| Net current assets/(liabilities) | | | 1,754 | | (2,715) |
| Total assets less current liabilities | | | 10,420 | | 6,584 |
| Creditors: amounts falling due after more than one year | 19 | | (11,623) | | (7,190) |
| Provisions for liabilities | | | | | |
| Deferred taxation | 22 | | - | | (2) |
| Net liabilities | | | (1,203) | | (608) |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 1 | | 1 |
| Foreign exchange reserve | 24 | | (19) | | (34) |
| Profit and loss account | 24 | | (1,185) | | (575) |
| | | | (1,203) | | (608) |

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

11/9/20


T M Stafford
Director

Envisage Group Limited
Registered number:06876270

Company Balance Sheet
As at 31 December 2019

| | Note | 2019 £000 | 2019 £000 | 2018 £000 | 2018 £000 |
|---|------|---------------|---------------------|--------------|---------------------|
| Fixed assets | | | | | |
| Tangible assets | 12 | | 1,128 | | 1,408 |
| Investments | 13 | | 2,220 | | 2,220 |
| | | | <u>3,348</u> | | <u>3,628</u> |
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 16 | 11,848 | | 9,826 | |
| Cash at bank and in hand | 17 | 1,751 | | 43 | |
| | | <u>13,599</u> | | <u>9,869</u> | |
| Creditors: amounts falling due within one year | 18 | (1,836) | | (2,488) | |
| Net current assets | | | <u>11,763</u> | | <u>7,381</u> |
| Total assets less current liabilities | | | <u>15,111</u> | | <u>11,009</u> |
| Creditors: amounts falling due after more than one year | 19 | | (10,315) | | (5,635) |
| Net assets | | | <u><u>4,796</u></u> | | <u><u>5,374</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 1 | | 1 |
| Profit and loss account brought forward | 24 | 5,373 | | 4,717 | |
| (Loss)/profit for the year | 24 | (578) | | 656 | |
| | | | <u>4,795</u> | | <u>5,373</u> |
| Profit and loss account carried forward | | | <u><u>4,796</u></u> | | <u><u>5,374</u></u> |

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


T M Stafford
Director

11/9/20

Envisage Group Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2019

| | Called up share capital £000 | Foreign exchange reserve £000 | Profit and loss account £000 | Total equity £000 |
|--|------------------------------------|--|------------------------------------|----------------------|
| At 1 January 2019 | 1 | (34) | (575) | (608) |
| Total comprehensive income for the year | | | | |
| Loss for the year | - | - | (610) | (610) |
| Foreign exchange | - | 15 | - | 15 |
| Other comprehensive income for the year | - | 15 | - | 15 |
| Total comprehensive income for the year | - | 15 | (610) | (595) |
| At 31 December 2019 | 1 | (19) | (1,185) | (1,203) |

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

| | Called up share capital £000 | Foreign exchange reserve £000 | Profit and loss account £000 | Total equity £000 |
|--|------------------------------------|--|------------------------------------|----------------------|
| At 1 January 2018 | 1 | (30) | 1,552 | 1,523 |
| Total comprehensive income for the year | | | | |
| Loss for the year | - | - | (2,127) | (2,127) |
| Foreign exchange | - | (4) | - | (4) |
| Other comprehensive income for the year | - | (4) | - | (4) |
| Total comprehensive income for the year | - | (4) | (2,127) | (2,131) |
| At 31 December 2018 | 1 | (34) | (575) | (608) |

The notes on pages 19 to 42 form part of these financial statements.

Envisage Group Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2019

| | Called up share capital £000 | Profit and loss account £000 | Total equity £000 |
|--|------------------------------------|------------------------------------|----------------------|
| At 1 January 2019 | 1 | 5,373 | 5,374 |
| Total comprehensive income for the year | | | |
| Loss for the year | - | (578) | (578) |
| At 31 December 2019 | 1 | 4,795 | 4,796 |

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

| | Called up share capital £000 | Profit and loss account £000 | Total equity £000 |
|--|------------------------------------|------------------------------------|----------------------|
| At 1 January 2018 | 1 | 4,717 | 4,718 |
| Total comprehensive income for the year | | | |
| Profit for the year | - | 656 | 656 |
| At 31 December 2018 | 1 | 5,373 | 5,374 |

The notes on pages 19 to 42 form part of these financial statements.

Envisage Group Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2019

| | 2019 £000 | 2018 £000 |
|---|----------------|--------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (610) | (2,127) |
| Adjustments for: | | |
| Amortisation of intangible assets | 325 | 326 |
| Depreciation of tangible assets | 1,073 | 991 |
| Interest paid | 382 | 519 |
| Taxation credit | (2) | (1) |
| Decrease/(increase) in stocks | 131 | (129) |
| Decrease in debtors | 223 | 1,041 |
| (Decrease) in creditors | (3,221) | (909) |
| Foreign exchange | 20 | (2) |
| Net cash utilised from operating activities | (1,679) | (291) |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (770) | (427) |
| HP interest paid | (54) | (88) |
| Net cash outflow from investing activities | (824) | (515) |
| Cash flows from financing activities | | |
| Repayment of loans | (133) | (160) |
| Repayment of finance leases | (187) | (314) |
| Movements on invoice discounting | (1,476) | 401 |
| New loans from related parties | 4,679 | 1,735 |
| Repayment of loans from related parties | - | (515) |
| Interest paid | (313) | (431) |
| Net cash from financing activities | 2,570 | 716 |
| Net increase/(decrease) in cash and cash equivalents | 67 | (90) |

Envisage Group Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2019

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Cash and cash equivalents at beginning of year | (239) | (149) |
| Cash and cash equivalents at the end of year | <u>(172)</u> | <u>(239)</u> |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 2,946 | 1,968 |
| Bank overdrafts | (3,118) | (2,207) |
| | <u>(172)</u> | <u>(239)</u> |

Consolidated Analysis of Net Debt For the Year Ended 31 December 2019

| | At 1 January 2019 £000 | Cash flows £000 | At 31 December 2019 £000 |
|--------------------------|---------------------------------|--------------------|-----------------------------------|
| Cash at bank and in hand | 1,968 | 978 | 2,946 |
| Bank overdrafts | (2,207) | (911) | (3,118) |
| Debt due within 1 year | (209) | 52 | (157) |
| Debt due after 1 year | (7,009) | (4,614) | (11,623) |
| Finance leases | (352) | 187 | (165) |
| | <u>(7,809)</u> | <u>(4,308)</u> | <u>(12,117)</u> |

Included within debt due after 1 year at 31 December 2019 is £10,315,000 (2018 - £5,621,000) owed to other participating interests.

The notes on pages 19 to 42 form part of these financial statements.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Envisage Group Limited is a limited liability company incorporated in England & Wales, and domiciled in England.

The registered office is 12 Herald Way, Binley Industrial Estate, Coventry, Warwickshire, CV3 2NY. The company's registered number is 06876270.

The principal activity of the group and the company continued to be that of the provision of complete development solutions to the transportation sector. These range through design and engineering, prototypes, tooling and models, low volume manufacturing and assembly and resource provision.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The functional and presentational currency for the group and the company during the year was Sterling and the accounts are rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

These financial statements have been prepared on the basis that the company will continue trading as a going concern.

The group's ultimate parent, Envisage Investments Limited, has confirmed it is willing and able to continue to provide the company with sufficient financial support and working capital to fund losses and enable the company to meet its on-going liabilities as they fall due.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Going concern (continued)

After making enquiries and preparing integrated profit and loss and cash flow forecasts for one year from the date the financial statements are signed, the Directors have formed a judgement that, as at the date of approving the financial statements, there is a reasonable expectation that the Group and the Parent Company have adequate resources to continue in existence for the foreseeable future. However, there are certain uncertainties, as described in more detail below.

The Board of Directors has undertaken a recent thorough review of the group's and individual company budgets and forecasts and has produced detailed and realistic cash flow projections. Various scenarios have been run on the potential impact of COVID 19, including the modelling of worst case scenarios. The group has existing cash resources at the 24 July 2020 of £84k and an unused bank overdraft facility of £0.221m. This level of cash is considered enough to meet the worst case stress test scenario, whereby trading cash flows only include revenues of work carried out that are currently still in operation. No new revenue or income has been assumed for any new projects won and the forecasts take account of a number of cost saving initiatives, to deal with the impact of COVID 19, in the year.

These cash flow projections, when considered in conjunction with the group's existing cash balances and facilities, demonstrate that the group has sufficient working capital for the foreseeable future. There are uncertainties around the timing of the receipt of R&D of £1.27m, but with continued support from the shareholders and waiver of loan repayments until the group has sufficient funds to repay these loans, and with the bank facility of £250k which is due for renewal post December 2020, Management are comfortable that there are sufficient cash flows available to support the business for the foreseeable future.

In the current business climate, Management acknowledge the COVID 19 pandemic and have implemented logistical and organisational changes to underpin the Group's resilience to COVID 19, with the key focus being protecting all personnel, minimising the impact on critical work streams and ensuring business continuity. COVID 19 may impact the Group in varying ways leading to potential impairments of assets held which could have a direct bearing on the Group's ability to generate sufficient cash flows for working capital purposes. It may also impact the ability of the Group to raise the shareholder cash injection as referred to above. Management are closely monitoring commercial and technical aspects of the Group's operations to mitigate the impact from the COVID 19 pandemic. The inability to gauge the length of such disruption further adds to this uncertainty. For these reasons the generation of sufficient operating cash flows remain a risk. Management believes the Group will generate sufficient working capital and cash flows to continue in operational existence and will have the ongoing support of its shareholders, if required, for the foreseeable future.

In light of the forecast prepared, the directors remain of the view that the forecast is achievable (despite external factors such as COVID 19) and that the headroom within the forecast should be sufficient to enable the group and company to operate and meets its liabilities as they fall due for payment throughout the year, and the financial statements have accordingly been prepared on a going concern basis.

However, the uncertainties around the timing of the receipt of monies along with the potential impact on the Parent Company and the Group of COVID 19 represent material uncertainties which may cast significant doubt on the ability of the Parent Company and the Group to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the group and parent company is not able to achieve its forecasts or is unable to continue as a going concern.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

2.6 Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the economic life of that asset as follows:

| | |
|----------|-----------------|
| Goodwill | - 5 to 10 years |
|----------|-----------------|

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Land is not depreciated. For all other assets, depreciation is charged so as to allocate the cost of assets less their residual value, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|----------------------------------|------------------------------|
| Freehold buildings | - 2% straight line |
| Leasehold property improvements | - over the term of the lease |
| Plant and machinery | - 10 - 33% straight line |
| Motor vehicles | - 25% straight line |
| Fixtures, fittings and equipment | - 10 - 25% straight line |
| Freehold land | - not depreciated |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Freehold and leasehold properties are valued at deemed cost, being the carrying value as at the date of transition to FRS 102, and are depreciated on the basis using the estimated useful lives as noted above.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Consolidated Statement of Comprehensive Income.

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.10 Stocks

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

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

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

In the Consolidated Statement of Cashflows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.13 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

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

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

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Grants

Grants are recognised under the performance model as permitted by FRS 102.

A grant that does not impose specified future performance-related conditions on the recipient is recognised in income when the grant proceeds are received or receivable.

Where there are future performance-related conditions attached to a grant, the income is credited to profit or loss in its entirety only when the grant conditions are fully satisfied. Grants received before the revenue criteria are satisfied are recognised as liabilities within creditors.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.16 Foreign currency translation

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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'administrative expenses'.

2.17 Operating leases: Lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.18 Leased assets: Lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Consolidated Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.19 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its 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 in the profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax is recognised in respect of all material timing differences that originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Deferred tax is measured on an undiscounted basis at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

2.22 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.23 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project. The expenditure is treated as if it were all incurred in the research phase only.

Research and development tax credits are treated as grant income and are recognised within administrative expenses in the Consolidated Statement of Comprehensive Income.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The key areas of judgement applied when preparing the financial statements are as follows:

Determine whether it is appropriate to prepare the financial statements on a going concern basis: this determination is based on an assessment of the group's financial obligations over a period of not less than one year from the date of approval of the financial statements, the adequacy of current funding available to the group and the expected future trading performance of the group, including consideration of headroom under 'worst case' scenarios. Further detail on the directors' going concern assessment is set out in note 2.3.

Income recognition for work on contracts: income is recognised based on the costs incurred to date as a percentage of the total percentage of expected costs of the contract.

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2019 £000 | 2018 £000 |
|----------------------|---------------|---------------|
| Manufacturing | 1,695 | 6,273 |
| Recruitment | 15,010 | 17,914 |
| Design & Engineering | 17,365 | 20,338 |
| Property | 2,362 | 1,886 |
| | 36,432 | 46,411 |

Analysis of turnover by country of destination:

| | 2019 £000 | 2018 £000 |
|-------------------|---------------|---------------|
| United Kingdom | 32,793 | 41,692 |
| Rest of Europe | 575 | 2,772 |
| Rest of the World | 3,064 | 1,947 |
| | 36,432 | 46,411 |

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Operating loss

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

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Research & development charged as an expense | 6,384 | 4,386 |
| Depreciation of tangible fixed assets - owned | 1,010 | 820 |
| Depreciation of tangible fixed assets - leased | 63 | 151 |
| Amortisation of intangible fixed assets, including goodwill | 325 | 130 |
| Fees payable to the group's auditor for the audit of the company's annual financial statements | 13 | 10 |
| Fees payable to the group's auditor for other services to the group: | | |
| - The audit of the group's subsidiaries pursuant to legislation | 60 | 45 |
| - Taxation compliance services | 5 | 5 |
| - R&D tax credit advisory services | 25 | - |
| Exchange differences | 14 | 44 |
| Operating lease rentals - land and buildings | 487 | 467 |
| Operating lease rentals - other | 57 | 143 |
| Defined contribution pension costs | 134 | 95 |
| Research and development tax credit | (1,270) | (1,512) |

6. Employees

Staff costs, including directors' remuneration, were as follows:

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|--------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Wages and salaries | 5,659 | 6,170 | 964 | 738 |
| Social security costs | 615 | 643 | 110 | 100 |
| Cost of defined benefit scheme | 134 | 95 | 29 | 4 |
| | <u>6,408</u> | <u>6,908</u> | <u>1,103</u> | <u>842</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2019 No. | 2018 No. |
|----------------|-------------|-------------|
| Manufacturing | 78 | 85 |
| Administration | 41 | 46 |
| Management | 10 | 10 |
| | <u>129</u> | <u>141</u> |

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Directors' remuneration

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Directors' emoluments | 532 | 551 |
| Amounts paid to third parties in respect of directors' services | 77 | 177 |
| Company contributions to defined contribution pension schemes | 19 | 15 |
| Compensation for loss of office | 20 | 123 |
| | <u>648</u> | <u>866</u> |

During the year retirement benefits were accruing to 3 directors (2018 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £220,000 (2018 - £240,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,000 (2018 - £7,000).

During the year £20,000 (2018 - £123,000) was payable to two directors (2018 - 1 director) as compensation for loss of office.

8. Interest payable and similar expenses

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Bank interest payable | 10 | 70 |
| Other loan interest payable | 15 | 36 |
| Finance leases and hire purchase contracts | 54 | 88 |
| Invoice discounting charges | 303 | 325 |
| | <u>382</u> | <u>519</u> |

9. Taxation

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Deferred tax | | |
| Origination and reversal of timing differences | (2) | (1) |
| Total deferred tax | <u>(2)</u> | <u>(1)</u> |

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Taxation (continued)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

| | 2019 £000 | 2018 £000 |
|--|--------------|--------------|
| Loss on ordinary activities before tax | (612) | (2,128) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | (116) | (404) |
| Effects of: | | |
| Non-tax deductible amortisation of goodwill | 62 | 62 |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 49 | 30 |
| Capital allowances for year in excess of depreciation | - | 77 |
| Research and development tax credits | (402) | 101 |
| Tax losses carried forward | 405 | 133 |
| Total tax credit for the year | (2) | (1) |

Factors that may affect future tax charges

The group and company has tax losses available for use against future chargeable profits. Further details on unprovided deferred tax assets can be found at note 23.

The Finance Act 2017, enacted on 15 September 2017, further reduces the company's main rate of corporation tax to 17% for years commencing 1 April 2020, therefore deferred tax has been calculated at 17%. A resolution to retain the Corporation tax rate from 1 April 2020 at 19% was passed on 17 March 2020, and is enacted from this date, however as this has not been substantively enacted at the year end no change in rate has been applied.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Exceptional items

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Redundancy and re-organisation costs | 330 | 452 |
| Amounts written off in respect of contracts | - | 2,188 |
| | <u>330</u> | <u>2,640</u> |

Redundancy and reorganisation costs

Current year exceptional costs include exceptional legal costs and costs relating to the loss of six employees as part of an organisational restructure, which included management positions.

In the prior year, the Board undertook an exercise to appraise the management team. As a result, six executives left their positions and the costs of this reorganisation have been treated as exceptional.

Amounts written off in respect of contracts

In the prior year, our venture into a limited production assembly for a new automotive client was not successful, and having dealt out of that project, we took the conservative view and wrote off all of the expenditure relating to this. Similarly we closed and wrote off another ten-car project after the production of five vehicles, because we couldn't foresee a successful outcome in the long term. One other contract taken on in 2018 featured complex working with experimental material and resulted in a significant loss on completion.

These three instances are considered to be exceptional by the directors.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Intangible assets

Group

| | Goodwill £000 | Negative goodwill £000 | Total £000 |
|-----------------------|------------------|------------------------------|---------------|
| Cost | | | |
| At 1 January 2019 | 3,540 | (571) | 2,969 |
| At 31 December 2019 | <u>3,540</u> | <u>(571)</u> | <u>2,969</u> |
| Amortisation | | | |
| At 1 January 2019 | 1,833 | (571) | 1,262 |
| Charge for the year | 325 | - | 325 |
| At 31 December 2019 | <u>2,158</u> | <u>(571)</u> | <u>1,587</u> |
| Net book value | | | |
| At 31 December 2019 | <u>1,382</u> | <u>-</u> | <u>1,382</u> |
| At 31 December 2018 | <u>1,707</u> | <u>-</u> | <u>1,707</u> |

The negative goodwill relates to an acquisition where the trade and assets were purchased in which the fair value of assets acquired exceeded the consideration paid.

Company

The company has no intangible fixed assets.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Tangible fixed assets

Group

| | Freehold property £000 | Long-term leasehold property £000 | Plant and machinery £000 | Motor vehicles £000 | Fixtures and fittings £000 | Total £000 |
|--------------------------|------------------------------|--|--------------------------------|---------------------------|----------------------------------|---------------|
| Cost or valuation | | | | | | |
| At 1 January 2019 | 3,466 | 1,676 | 6,733 | 1 | 1,301 | 13,177 |
| Additions | - | 5 | 648 | 2 | 115 | 770 |
| Exchange adjustments | - | - | - | - | (9) | (9) |
| At 31 December 2019 | <u>3,466</u> | <u>1,681</u> | <u>7,381</u> | <u>3</u> | <u>1,407</u> | <u>13,938</u> |
| Depreciation | | | | | | |
| At 1 January 2019 | 160 | 756 | 3,692 | 1 | 976 | 5,585 |
| Charge for the year | 56 | 114 | 799 | 2 | 102 | 1,073 |
| Exchange adjustments | - | - | - | - | (4) | (4) |
| At 31 December 2019 | <u>216</u> | <u>870</u> | <u>4,491</u> | <u>3</u> | <u>1,074</u> | <u>6,654</u> |
| Net book value | | | | | | |
| At 31 December 2019 | <u>3,250</u> | <u>811</u> | <u>2,890</u> | <u>-</u> | <u>333</u> | <u>7,284</u> |
| At 31 December 2018 | <u>3,306</u> | <u>920</u> | <u>3,041</u> | <u>-</u> | <u>325</u> | <u>7,592</u> |

Included within freehold property is land with an estimated value of £700,000 (2018 - £700,000) which is not depreciated.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2019 £000 | 2018 £000 |
|-----------------------------------|--------------|--------------|
| Plant and machinery | 372 | 686 |
| Furniture, fittings and equipment | 10 | 53 |
| | <u>382</u> | <u>739</u> |

Company

| | Long-term leasehold property £000 | Plant and machinery £000 | Fixtures, fittings and equipment £000 | Total £000 |
|--------------------------|--|--------------------------------|--|---------------|
| Cost or valuation | | | | |
| At 1 January 2019 | 1,594 | 1,074 | 249 | 2,917 |
| Additions | 5 | 89 | 11 | 105 |
| At 31 December 2019 | <u>1,599</u> | <u>1,163</u> | <u>260</u> | <u>3,022</u> |
| Depreciation | | | | |
| At 1 January 2019 | 722 | 577 | 210 | 1,509 |
| Charge for the year | 106 | 248 | 31 | 385 |
| At 31 December 2019 | <u>828</u> | <u>825</u> | <u>241</u> | <u>1,894</u> |
| Net book value | | | | |
| At 31 December 2019 | <u>771</u> | <u>338</u> | <u>19</u> | <u>1,128</u> |
| At 31 December 2018 | <u>872</u> | <u>497</u> | <u>39</u> | <u>1,408</u> |

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2019 £000 | 2018 £000 |
|---------------------|--------------|--------------|
| Plant and machinery | - | 33 |

13. Fixed asset investments

Company

| | Investments in subsidiary companies £000 |
|--------------------------|---|
| Cost or valuation | |
| At 1 January 2019 | 2,434 |
| At 31 December 2019 | 2,434 |
| Impairment | |
| At 1 January 2019 | 214 |
| At 31 December 2019 | 214 |
| Net book value | |
| At 31 December 2019 | 2,220 |
| At 31 December 2018 | 2,220 |

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

14. Subsidiary undertakings

The company has the following wholly owned subsidiary undertakings:

Envisage Technologies Limited

Envisage Technologies Limited is a company incorporated in England and Wales and domiciled in England. Its principal activity is the design, development and manufacture of models, fixtures and tooling, primarily for the automotive sector, but also covering other transportation. Its registered office is 12 Herald Way, Binley Industrial Estate, Coventry, Warwickshire, CV3 2NY.

Envisage Classic & Bespoke Limited

Envisage Classic & Bespoke Limited is a company incorporated in England and Wales and domiciled in England. Its principal activity is sheet metal manufacturing modifications and prototypes for the vehicle industry. Its registered office is 12 Herald Way, Binley Industrial Estate, Coventry, Warwickshire, CV3 2NY.

Envisage Recruitment Limited

Envisage Recruitment Limited is a company incorporated in England and Wales and domiciled in England. Its principal activity is the provision of skilled resource to the major automotive OEM's, and other business sectors. Its registered office is 12 Herald Way, Binley Industrial Estate, Coventry, Warwickshire, CV3 2NY.

AST Recruitment Limited

AST Recruitment Limited is a company incorporated in England and Wales and domiciled in England. Its principal activity is that of a dormant company. Its registered office is 12 Herald Way, Binley Industrial Estate, Coventry, Warwickshire, CV3 2NY.

Envisage Group Developments Inc.

Envisage Group Developments Inc. is a company incorporated and domiciled in USA. Its principal activity is creative design engineering. Its registered office is 41332 Christy Street, Fremont, California 94538, USA.

Envisage Technologies Private Ltd

Envisage Technologies Private Ltd is a company incorporated and domiciled in India. Its principal activity is creative design engineering. Its registered office is Off. No. 771, Amogha, Ground Floor, 7th Main, 4th Stage, BEML Layout, Rajarajeshwari Nagar, Bengaluru, Karnataka 560098, India.

Envisage Group Properties Limited

Envisage Group Properties Limited is a company incorporated in England and Wales and domiciled in England. Its principal activity is that of a dormant company. Its registered office is 12 Herald Way, Binley Industrial Estate, Coventry, Warwickshire, CV3 2NY.

15. Stocks

| | Group 2019 £000 | Group 2018 £000 |
|--------------------------|-----------------------|-----------------------|
| Finished goods and parts | 167 | 298 |

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16. Debtors

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| Trade debtors | 5,135 | 6,464 | - | 23 |
| Amounts recoverable on long term contracts | 406 | 671 | - | - |
| Amounts owed by group undertakings | - | - | 11,548 | 9,445 |
| Corporation tax recoverable | 2,782 | 1,790 | - | - |
| Other debtors | 203 | 120 | - | - |
| Prepayments and accrued income | 1,230 | 934 | 300 | 358 |
| | <u>9,756</u> | <u>9,979</u> | <u>11,848</u> | <u>9,826</u> |

17. Cash and cash equivalents

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|--------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Cash at bank and in hand | 2,946 | 1,968 | 1,751 | 43 |
| Less: bank overdrafts | (3,118) | (2,207) | - | - |
| | <u>(172)</u> | <u>(239)</u> | <u>1,751</u> | <u>43</u> |

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

18. Creditors: Amounts falling due within one year

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|---|-----------------------|-----------------------|-------------------------|-------------------------|
| Bank overdrafts | 3,118 | 2,207 | - | - |
| Bank loans | 157 | 209 | - | - |
| Payments received on account | 928 | 1,185 | - | - |
| Invoice discounting | 2,550 | 4,026 | - | - |
| Trade creditors | 3,037 | 4,010 | 409 | 440 |
| Amounts owed to group undertakings | - | - | 1,002 | 684 |
| Other taxation and social security | 430 | 1,518 | 85 | 837 |
| Obligations under finance lease and hire purchase contracts | 165 | 172 | 14 | 18 |
| Other creditors | 10 | 64 | - | - |
| Accruals and deferred income | 720 | 1,569 | 326 | 509 |
| | 11,115 | 14,960 | 1,836 | 2,488 |

The bank loans and overdrafts are secured by HSBC Bank plc holding debentures over the group's assets.

The amounts included in invoice discounting are secured by a debenture covering a range of the entity's assets, securing all monies due or to become due from the company to Bibby Financial Services Limited.

Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

19. Creditors: falling due after more than one year

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| Bank loans | 1,308 | 1,389 | - | - |
| Net obligations under finance leases and hire purchase contracts | - | 180 | - | 14 |
| Amounts owed to other participating interests | 10,315 | 5,621 | 10,315 | 5,621 |
| | 11,623 | 7,190 | 10,315 | 5,635 |

The bank loans are secured by HSBC Bank plc holding debentures over the group's assets.

Obligations under finance lease and hire purchase contracts are secured against the assets to which they relate.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

20. Loans

Analysis of the maturity of bank loans is given below:

| | Group 2019 £000 | Group 2018 £000 |
|---|-----------------------|-----------------------|
| Amounts falling due within one year | 157 | 209 |
| Amounts falling due 1-2 years | 81 | 81 |
| Amounts falling due 2-5 years | 242 | 242 |
| Amounts falling due after more than 5 years | 985 | 1,066 |
| | <u>1,465</u> | <u>1,598</u> |

Bank loans are repayable by instalment and carry interest between 1.95% and 2.50% per annum above base rate.

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|-------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Within one year | 165 | 172 | 14 | 18 |
| Between 2-5 years | - | 180 | - | 14 |
| | <u>165</u> | <u>352</u> | <u>14</u> | <u>32</u> |

22. Deferred taxation

Group

| | 2019 £000 |
|----------------------------|--------------|
| At beginning of year | (2) |
| Credited to profit or loss | 2 |
| At end of year | <u>-</u> |

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

22. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

| | Group 2019 £000 | Group 2018 £000 |
|--------------------------------|-----------------------|-----------------------|
| Accelerated capital allowances | (20) | (73) |
| Tax losses | 20 | 71 |
| | <u>-</u> | <u>(2)</u> |

Deferred tax assets have been recognised to the extent that they reduce the overall net deferred tax position to £Nil.

The group has a total unprovided deferred tax asset of £1,253,000 (2018 - £1,215,000). This is comprised of a deferred tax asset in relation to available tax losses of £1,175,000 (2018 - £1,251,000), a deferred tax asset in relation to the excess of taxation allowances over depreciation on fixed assets of £77,000 (2018 - £Nil), a deferred tax asset in relation to short term timing differences of £1,000 (2018 - £Nil) and a deferred tax liability in relation to the excess of depreciation over taxation allowances on fixed assets of £Nil (2018 - £36,000).

Company

The company has no deferred tax balance at the year end (2018 - £Nil).

The company has an unprovided deferred tax asset of £615,000 (2018 - £536,000). This is comprised of a deferred tax asset in relation to available tax losses of £546,000 (2018 - £521,000), a deferred tax asset in relation to the excess of taxation allowances over depreciation on fixed assets of £68,000 (2018 - £15,000), and a deferred tax asset in relation to short term timing differences of £1,000 (2018 - £Nil).

23. Share capital

| | 2019 £000 | 2018 £000 |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 100,000 Ordinary 'A' shares of £0.01 each | <u>1</u> | <u>1</u> |

24. Reserves

Foreign exchange reserve

The foreign exchange reserve relates to cumulative differences on the translation of foreign subsidiaries.

Profit and loss account

The profit and loss account reserve relates to accumulated profits less distributions to shareholders.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

25. Contingent liabilities

An unlimited multilateral guarantee has been given by the company in favour of group undertakings Envisage Classic & Bespoke Limited, Envisage Recruitment Limited and Envisage Technologies Limited.

26. Pension commitments

The Group operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. During the year contributions to the scheme totalled £134,000 (2018 - £94,000).

There were unpaid pension contributions outstanding at the year end of £4,000 relating to deductions during the period (2018 - £14,000).

27. Commitments under operating leases

At 31 December 2019 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| Land and buildings | | | | |
| Not later than 1 year | 514 | 492 | 339 | 329 |
| Later than 1 year and not later than 5 years | 1,134 | 1,694 | 985 | 1,270 |
| Later than 5 years | 947 | 582 | 306 | 306 |
| | <u>2,595</u> | <u>2,768</u> | <u>1,630</u> | <u>1,905</u> |
| | | | | |
| | Group 2019 £000 | Group 2018 £000 | Company 2019 £000 | Company 2018 £000 |
| Other | | | | |
| Not later than 1 year | 107 | 85 | 10 | 27 |
| Later than 1 year and not later than 5 years | 98 | 16 | 2 | 13 |
| | <u>205</u> | <u>101</u> | <u>12</u> | <u>40</u> |

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

28. Related party transactions

During the year the group paid Merlion Associates Limited, a company in which Mr A K Cattrell, a group director, is also a director, £48,000 (2018 - £90,000). At the year end the group owed Merlion Associates Limited £Nil (2018 - £18,000).

During the previous year the group also made sales to Merlion Associates Limited, a company in which Mr A K Cattrell, a group director, is also a director. The total amount invoiced in 2018 was £88,000. At the year end Merlion Associates Limited owed the group £Nil (2018 - £25,000).

During the year the group paid BobJoycePartners Limited, a company in which Dr R S Joyce, a group director, is also a director, £29,000 (2018 - £87,000). At the year end the group owed BobJoycePartners Limited £Nil (2018 - £16,000).

During the previous year the group paid N P Howard, a member of key management personnel, £27,000 for the provision of accountancy services. At the year end the group owed N P Howard £Nil (2018 - £Nil).

During the year key management personnel received remuneration, including benefits in kind and pensions contributions, totalling £789,000 (2018 - £940,000).

29. Post balance sheet events

In January 2020, an outbreak of a corona virus, now classified as COVID 19, was detected in China's Hubei province. During the following months, COVID 19 has spread steadily throughout the World and on 11 March 2020, The World Health Organisation ("WHO") declared the outbreak a global pandemic. In order to stem the spread of the virus, Governments around the World are taking drastic steps which include compulsory closure of various businesses, shops and schools and are also heavily restricting the movement of people with lock down.

At the time of writing, we are waiting to see how great an impact the COVID 19 crisis will have on the current year's trading. Our thoughts and sympathies go out to all that have been affected by the virus, either directly or indirectly.

Due to the rapid development of COVID 19, the degree of uncertainty involved and the unprecedented nature of the challenges posed by the coronavirus situation, the Directors are of the opinion that it is too soon to quantify what financial impact that the COVID 19 pandemic will be, but are monitoring the situation closely and believe it will overall have a negative impact on trading results as outlined below:

Envisage Recruitment is expected to see a temporary contraction of the market, with customers expected to place recruitment on hold. However, it is expected that this will be a temporary contraction with the market beginning to phase back to previous levels across the end of 2020 and across 2021.

Envisage Technologies is expected to experience a lower level of customer orders being placed, with a decline in automotive sales during the pandemic. However, future product development continues, and we have seen a number of customers adopting the same pace even through the pandemic, and remain optimistic that as we are placed in pre-production phases of customer development, that customers will continue to place orders, particularly those operating within Electric Vehicle (EV) and Autonomous Vehicle development.

Envisage Classic and Bespoke has seen a reduction in new orders being placed, with a number of projects being put on hold whilst customers review cash and investment strategies in light of the pandemic. However with two significant programmes continuing throughout 2019 and an incredibly strong pipeline, we are confident that activity will increase and continue throughout 2020 and into 2021.

Envisage Group Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

30. Controlling party

The group's immediate and ultimate parent company is Envisage Investments Limited, a company registered in Guernsey.

The group's ultimate controlling party in the current and preceding year is Mrs R Hudson.