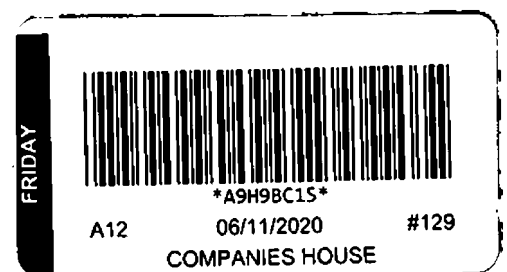


Registered number: 06975790

# YASA LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020



## COMPANY INFORMATION

<b>Directors</b>	Dr C Harris Dr P Mason Mr P Ward Dr T Woolmer Parkwalk Advisors Limited Mr A Connelly Mr S Parker Universal Partners Limited Oxford Sciences Innovation Plc
<b>Company secretary</b>	Mrs N Johnson
<b>Registered number</b>	06975790
<b>Registered office</b>	11 - 14 Oxford Industrial Park Mead Road Yarnton Kidlington Oxfordshire OX5 1QU
<b>Independent auditor</b>	James Cowper Kreston Chartered Accountants and Statutory Auditor 2 Chawley Park Cumnor Hill Oxford Oxfordshire OX2 9GG
<b>Bankers</b>	HSBC 65 Cornmarket Street Oxford OX1 3HY
<b>Solicitors</b>	Goodwin Procter (UK) LLP 50-60 Station Road Cambridge CB1 2JH

## YASA LIMITED

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# YASA LIMITED

## STRATEGIC REPORT FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020

### Introduction

The Directors present their strategic report for the period ended 30 June 2020.

The principal activity of the Company during the period was the design, development and manufacture of highly differentiated advanced axial flux motor and generator products along with inverter controller power electronics products to drive its motors.

YASA's motor/generator and power electronics products are designed to address multiple applications including automotive, construction, agriculture, marine, industrial and aerospace.

### Business review

Turnover for the 9 month period ended 30 June 2020 was £9,133,936, turnover for the year ended 30 September 2019 was £9,177,940.

The company incurred a loss before tax for the period, excluding exceptional charges and interest, of £6,160,854 compared to £9,638,537 in 2019. The Directors do not recommend the payment of a dividend.

During the period the Company has continued to increase its pipeline of opportunities across a range of applications. In order to exploit these substantial new opportunities, the Company further increased its investment in research and development and its engineering resources. This included increasing both headcount and equipment. Research and development expenditure decreased from the prior year by 6.3% to £4,971,810 from £5,303,855 however this is because the current period is only 9 months, proportionally investment increased in this period.

The company has adequate cash and other resources and also ongoing and signed contracts, in order to continue as a going concern for the foreseeable future. Note 2.3 to these accounts sets out in more detail the reasoning that supports this conclusion.

## YASA LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020

#### Principal risks and uncertainties

The Directors have considered the Company's principle risks and uncertainties and have adopted policies to minimise such risks. Key risks identified in the business are as follows:

- Demand for hybrid or pure electric vehicles incorporating the Company's products may not materialise

The Company engages with multiple customers in different market sectors and geographical regions of the world. The Company has undertaken market forecast assessments for its technology in the automotive sector, undertaken by an experienced independent consultancy. Based on the information and engagement with customers and market forecast information the Company believes there are excellent prospects for its technology in the automotive market. If the Company's customer's products or technology are not successful commercially, or if the worldwide demand for hybrid and pure electric vehicles fails to grow as expected, the Company would focus its technology and products on different markets such as clean energy, aerospace and marine.

- Loss of key customers

The Company relies on a small number of key customers for a substantial portion of its revenues. The performance of the Company could be adversely affected by the loss of one or more of these key customers.

The company manages the risk of losing such customers by developing a pipeline of new customers in different market segments.

- Loss of key suppliers

The Company relies on a small number of key suppliers and subcontractors for components used to build its electric motor products. Where possible, the Company looks to engage with more than one supplier for each component to reduce the risk of any single supplier not being able or willing to supply the Company with product on time at a competitive cost and with the necessary quality to meet the Company's needs.

Ongoing monitoring of existing suppliers is undertaken by the Company as well as risk assessment for all new key suppliers. This risk is also managed through working closely with key suppliers and subcontractors to build and maintain strong relationships.

#### Financial key performance indicators

Turnover for the period to 30 June 2020 was £9,177,940 (2019: £9,133,936).

Loss before tax, excluding exceptional charges and interest, for the period was £6,160,854 (2019: £9,638,537).

Cash at bank was £11,829,840 (2019: £15,774,238).

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



.....  
**Dr C Harris**  
Director

Date: 3 November 2020

## YASA LIMITED

### DIRECTORS' REPORT FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020

The Directors present their report and the financial statements for the period ended 30 June 2020.

#### Directors

The Directors who served during the year were:

Dr C Harris  
Dr P Mason  
Mr P Ward  
Dr T Woolmer  
Parkwalk Advisors Limited  
Mr A Connelly  
Mr S Parker  
Universal Partners Limited  
Oxford Sciences Innovation Plc

#### Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Results and dividends

The loss for the period, after taxation, amounted to £5,276,402 (2019: £8,067,839).

The Directors do not recommend a dividend.

#### 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'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's auditor is aware of that information.

**YASA LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**Post balance sheet events**

There have been no significant events affecting the Company since the period end.

**Auditor**

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



.....  
**Dr C Harris**  
Director

Date: 3 November 2020

## YASA LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YASA LIMITED

#### Opinion

We have audited the financial statements of YASA Limited for the nine month period ended 30 June 2020, set out on pages 8 to 29. 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).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 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 Auditors' 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 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

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures in note 2.3 to the financial statements concerning the directors' use of the going concern basis of accounting in the preparation of the financial statements.

The financial statements have been prepared on a going concern basis, the validity of which depends upon the receipt of funding which may cast significant doubt on the Company's ability to continue as a going concern. This matter detailed in note 2.2 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. Our audit opinion is not modified by reason of this matter.



## YASA LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YASA 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 Auditor's Report thereon. Our opinion on the financial statements does not cover the 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 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 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, 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.

## YASA LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YASA LIMITED (CONTINUED)

#### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

#### 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 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.

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](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's Report.

#### Use of our report

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.



James Pitt BA (Hons) FCA (Senior Statutory Auditor)  
for and on behalf of

**James Cowper Kreston**  
Chartered Accountants and Statutory Auditor  
2 Chawley Park  
Cumnor Hill  
Oxford  
Oxfordshire, OX2 9GG

4 November 2020

**YASA LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

		9 month period to 30 June 2020	2019
	Note	£	£
Turnover	4	9,177,940	9,133,936
Cost of sales		<b>(6,727,181)</b>	<b>(6,379,975)</b>
<b>Gross profit</b>		<b>2,450,759</b>	<b>2,753,961</b>
Administrative expenses		<b>(10,695,807)</b>	<b>(13,002,708)</b>
Other operating income	5	2,084,194	610,210
Interest receivable and similar income	10	43,186	12,751
Interest payable and similar charges	11	-	(36,117)
Loss before tax		<b>(6,117,668)</b>	<b>(9,661,903)</b>
Tax on loss	12	841,266	1,594,064
<b>Loss and total comprehensive income for the financial period</b>		<b><u>(5,276,402)</u></b>	<b><u>(8,067,839)</u></b>

**YASA LIMITED**  
**REGISTERED NUMBER: 06975790**

**BALANCE SHEET**  
**AS AT 30 JUNE 2020**

	Note	9 month period to 30 June 2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	13	5,073,090	5,305,151
Investments	14	4	4
		<b>5,073,094</b>	<b>5,305,155</b>
<b>Current assets</b>			
Stocks	15	1,790,102	1,683,775
Debtors: amounts falling due within one year	16	6,042,562	5,580,897
Cash at bank and in hand	17	11,829,840	15,774,238
		<b>19,662,504</b>	<b>23,038,910</b>
Creditors: amounts falling due within one year	18	<b>(4,169,953)</b>	<b>(2,957,415)</b>
<b>Net current assets</b>		<b>15,492,551</b>	<b>20,081,495</b>
<b>Total assets less current liabilities</b>		<b>20,565,645</b>	<b>25,386,650</b>
Creditors: amounts falling due after more than one year	19	<b>(79,310)</b>	<b>(113,718)</b>
<b>Provisions for liabilities</b>			
Other provisions	21	<b>(451,522)</b>	<b>(466,259)</b>
<b>Net assets</b>		<b>20,034,813</b>	<b>24,806,673</b>
<b>Capital and reserves</b>			
Called up share capital	22	2,389	2,347
Share premium account	23	49,291,532	49,311,151
Profit and loss account	23	<b>(29,259,108)</b>	<b>(24,506,825)</b>
		<b>20,034,813</b>	<b>24,806,673</b>

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



.....  
**Dr C Harris**  
 Director

Date: 3 November 2020

The notes on pages 13 to 29 form part of these financial statements.

**YASA LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 October 2018</b>	1,868	31,000,715	(16,989,484)	14,013,099
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(8,067,839)	(8,067,839)
<b>Total comprehensive income for the year</b>	-	-	(8,067,839)	(8,067,839)
Shares issued during the year	479	18,310,436	-	18,310,915
Share based payment charge	-	-	550,498	550,498
<b>Total transactions with owners</b>	479	18,310,436	550,498	18,861,413
<b>At 1 October 2019</b>	2,347	49,311,151	(24,506,825)	24,806,673
<b>Comprehensive income for the period</b>				
Loss for the period	-	-	(5,276,402)	(5,276,402)
<b>Total comprehensive income for the period</b>	-	-	(5,276,402)	(5,276,402)
Shares issued during the period	42	(19,619)	-	(19,577)
Share based payment charge	-	-	524,119	524,119
<b>Total transactions with owners</b>	42	(19,619)	524,119	504,542
<b>At 30 June 2020</b>	<u>2,389</u>	<u>49,291,532</u>	<u>(29,259,108)</u>	<u>20,034,813</u>

**YASA LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Loss for the financial period	(5,276,402)	(8,067,839)
<b>Adjustments for:</b>		
Depreciation of tangible assets	854,567	1,077,802
Loss on disposal of fixed assets	78,393	-
Interest received	(43,186)	(12,751)
Interest paid	-	36,117
Taxation credit	(1,109,871)	(1,678,777)
Increase in stocks	(106,327)	(306,077)
(Increase)/Decrease in debtors	(1,026,975)	49,633
Increase/(Decrease) in creditors	1,015,741	(885,746)
Increase in provisions	147,652	-
Corporation tax received	1,675,182	1,316,943
Share option charge	524,119	550,498
<b>Net cash used in operating activities</b>	<b>(3,267,107)</b>	<b>(7,920,197)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(700,899)	(1,400,151)
Purchase of investments	-	(1)
Interest received	43,186	12,751
Interest Paid	-	(36,117)
<b>Net cash used in investing activities</b>	<b>(657,713)</b>	<b>(1,423,518)</b>

**YASA LIMITED**

**STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**Cash flows from financing activities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Issue of ordinary shares	(19,578)	18,310,915
Proceeds from issuing loan notes	-	1,500,000
Repayment of amounts borrowed	-	1,500,000
<b>Net cash used in financing activities</b>	<u><u>(19,578)</u></u>	<u><u>18,310,915</u></u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u><u>(3,944,398)</u></u>	<u><u>8,967,200</u></u>
Cash and cash equivalents at beginning of period	15,774,238	6,807,038
<b>Cash and cash equivalents at the end of period</b>	<u><u>11,829,840</u></u>	<u><u>15,774,238</u></u>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	11,829,840	15,774,238
	<u><u>11,829,840</u></u>	<u><u>15,774,238</u></u>

## YASA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020

#### 1. General information

YASA Limited is a private limited liability company incorporated in the United Kingdom and registered in England and Wales with number 06975790. The address of its registered office is:

11-14 Oxford Industrial Park,  
Mead Road,  
Yarnton,  
Kidlington,  
OX5 1QU

The principal activity of the Company is the design and manufacture of electric motors and inverter controller power electronics.

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

The following principal accounting policies have been applied:

##### 2.2 Exemption from consolidation of subsidiaries

The Company has taken the available exemption under section 405(2) of the Companies Act where the inclusion of its subsidiary undertakings are not material in aggregate for the purpose of giving a true and fair view. The subsidiaries have therefore not been consolidated in these financial statements.

##### 2.3 Going concern

The company has made a loss of £5,276,402 (2019: £8,067,839) during the nine-month period ended 30 June 2020. The directors believe it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

- The Company has prepared forecasts and projections using what the directors believe to be reasonable assumptions relating to the Company's financial performance, current financial position and existing financial resources for a period of at least 12 months from the date of signing of the financial statements which show the Company to be a going concern. The forecasts are dependent on the Company receiving significant funding.
- The directors are seeking to raise a further round of fundraising over the next 6 months. The intention is to provide the Company with sufficient funds to finance its operations for the foreseeable future and will ensure the position of the company as a going concern.
- The Company's operations have not been materially affected by the Covid-19 situation.



## YASA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020

Taking these factors together, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis. The directors, however, recognise that the Company's ability to continue as a going concern is dependent on a successful fundraise and this indicates a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include adjustments that would be necessary if the Company were unable to continue as a going concern.

#### 2.4 Revenue

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

##### Rendering of services

Revenue 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 revenue can be measured reliably;
- it is probable that the Company 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.

##### Sale of goods

Income from the sale of goods is recognised when goods are delivered in accordance with the terms and conditions of sale agreed with the customer.

#### 2.5 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on the following bases.

Leasehold improvements	- 10% Straight line
Plant & machinery	- 10% - 50% Straight line
Fixtures & fittings	- 33% Straight line
Office equipment	- 33% Straight line
Software	- 33% Straight line

## YASA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020

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.

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

#### 2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on a standard cost basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.8 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.

#### 2.9 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.

#### 2.10 Financial instruments

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

#### 2.11 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.

#### 2.12 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP, rounded to the nearest £.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

## YASA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

#### **2.13 Operating leases: the Company as lessee**

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

#### **2.14 Pensions**

##### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income 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 Company in independently administered funds.

#### **2.15 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company 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 Statement of Comprehensive Income in the year that the Company 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.

#### **2.16 Government grants**

Grants are credited to the Statement of Comprehensive Income as the related expenditure is incurred.

#### **2.17 Taxation**

Tax is recognised in the 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.

#### **2.18 Exceptional items**

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

## YASA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020

#### 2.19 Research and development

Research and development expenditure is written off to the Statement of Comprehensive Income as the related expenditure is incurred.

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

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amount reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments (apart from those involving estimates) have had the most significant effects on amounts recognised in the financial statements.

##### Revenue recognition (note 4)

Revenue and costs have been recognised based on management's assessment of the stage of completion for each project, taking into account the amounts repayable to customers.

##### Share based payments (note 24)

This estimate also requires determination of the most appropriate inputs to the valuation model including the share price at the various grant dates, the expected life of the share option and volatility. Management have estimated the share price at the grant dates using valuations of the Company near each date.

Estimating fair value for share-payment transactions requires determination of the most appropriate valuation model. For the measurement of the fair value of equity settled transactions with employees at the grant date, the Company uses the Black-Scholes model.

##### Stock provision (note 15)

The Company has provided for the cost of stock that is judged to be slow moving.

##### Provisions (note 21)

The Directors have considered the obligations arising from contractual liabilities and have provided for liabilities where costs can be reliably estimated.

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**4. Turnover**

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

	2020 £	2019 £
Sale of goods	3,877,265	5,878,846
Rendering of services	5,300,675	3,255,090
	<u>9,177,940</u>	<u>9,133,936</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	1,082,989	3,016,922
Rest of Europe	7,613,257	5,043,407
Rest of the world	481,694	1,073,607
	<u>9,177,940</u>	<u>9,133,936</u>

**5. Other operating income**

	2020 £	2019 £
Grant income	2,084,194	610,210
	<u>2,084,194</u>	<u>610,210</u>

**6. Loss for the period**

The loss for the period is stated after crediting;

	2020 £	2019 £
Research & development charged as an expense	4,971,810	5,303,855
Depreciation of tangible fixed assets	854,567	1,077,802
Exchange differences	(106,506)	14,363
Other operating lease rentals	338,593	464,804
Defined contribution pension cost	<u>359,712</u>	<u>376,434</u>

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**7. Auditor's remuneration**

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>16,581</u>	<u>16,000</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	4,688	4,604
All other assurance services	2,634	2,900
All other services	1,825	14,650
	<u>9,147</u>	<u>22,154</u>

**8. Employees**

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

	2020 £	2019 £
Wages and salaries	6,859,406	7,085,417
Social security costs	768,496	782,332
Cost of defined contribution scheme	359,712	376,434
	<u>7,987,614</u>	<u>8,244,183</u>

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

	2020 No.	2019 No.
Manufacturing	43	28
Selling, General and Administrative	40	34
Research and Development	93	83
	<u>176</u>	<u>145</u>

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**9. Directors' remuneration**

	2020 £	2019 £
Directors' emoluments	456,830	533,279
Company contributions to defined contribution pension schemes	15,239	19,921
	<b>472,069</b>	<b>553,200</b>

During the period retirement benefits were accruing to 2 Directors (2019: 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £239,990 (2019 £286,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £10,023 (2019: £13,101).

During the period no Director received shares under the long-term incentive schemes (2019: 1)

**10. Interest receivable**

	2020 £	2019 £
Bank interest received	<b>43,186</b>	<b>12,751</b>

**11. Interest payable**

	2020 £	2019 £
Loan interest payable	<b>-</b>	<b>36,117</b>

**12. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profits for the period	(844,862)	(1,594,064)
Adjustments for prior period	3,596	-
<b>Total current tax</b>	<b>(841,266)</b>	<b>(1,594,064)</b>

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**12. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19.0% (2019 – 19.0%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(6,117,668)</u>	<u>(9,661,903)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2019 – 19.0%)	(1,162,357)	(1,835,762)
<b>Effects of:</b>		
Fixed asset differences	19,785	19,650
Expenses not deductible for tax purposes	114,716	145,143
Other permanent differences	(155,456)	-
Additional deduction for R&D expenditure	(663,527)	(1,169,306)
Adjust deferred tax to average rate of 19%	(278,713)	76,755
Surrender of tax losses for R&D tax credit refund	278,036	508,236
R&D Expenditure Credits	51,034	8,804
Deferred tax not recognised	951,620	652,416
Adjustment for prior period	3,596	-
<b>Total tax credit for the year</b>	<u><u>(841,266)</u></u>	<u><u>(1,594,064)</u></u>



**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**13. Tangible fixed assets**

	<b>Leasehold improve- ments £</b>	<b>Plant &amp; machinery £</b>	<b>Fixtures &amp; fittings £</b>	<b>Office equipment £</b>	<b>Software £</b>	<b>Total £</b>
<b>Cost or valuation</b>						
At 1 October 2019	1,128,504	5,849,685	165,222	403,084	764,860	8,311,355
Additions	-	563,489	1,595	13,895	121,920	700,899
Disposals	(3,759)	(107,959)	(86,110)	(91,965)	(30,867)	(320,660)
At 30 June 2020	<u>1,124,745</u>	<u>6,305,215</u>	<u>80,707</u>	<u>325,014</u>	<u>855,913</u>	<u>8,691,594</u>
<b>Depreciation</b>						
At 1 October 2019	289,955	1,885,904	130,696	330,103	369,546	3,006,204
Charge for the period on owned assets	84,580	592,549	20,794	34,138	122,506	854,567
Disposals	(1,068)	(52,690)	(82,942)	(85,950)	(19,617)	(242,267)
At 30 June 2020	<u>373,467</u>	<u>2,425,763</u>	<u>68,548</u>	<u>278,291</u>	<u>472,435</u>	<u>3,618,504</u>
<b>Net book value</b>						
At 30 June 2020	<u><u>751,278</u></u>	<u><u>3,879,452</u></u>	<u><u>12,159</u></u>	<u><u>46,723</u></u>	<u><u>383,478</u></u>	<u><u>5,073,090</u></u>
At 30 September 2019	<u><u>838,549</u></u>	<u><u>3,963,781</u></u>	<u><u>34,526</u></u>	<u><u>72,981</u></u>	<u><u>395,314</u></u>	<u><u>5,305,151</u></u>

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**14. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 October 2019	4
Additions	-
At 30 June 2020	4
<b>Net book value</b>	
At 30 June 2020	4
At 30 September 2019	4

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
YASA Motors Limited	Ordinary	100%	Dormant company
YASA Marine Limited	Ordinary	100%	Dormant company
YASA Aerospace Limited	Ordinary	100%	Dormant company
YASA Automotive Limited	Ordinary	100%	Dormant company

The aggregate of the share capital and reserves as at 30 June 2020 and of the profit or loss for the period ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves £</b>
YASA Motors Limited	1
YASA Marine Limited	1
YASA Aerospace Limited	1
YASA Automotive Limited	1
	4

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Stocks**

	2020 £	2019 £
Raw materials and consumables	1,424,014	1,479,212
Finished goods and goods for resale	366,088	204,563
	<b>1,790,102</b>	<b>1,683,775</b>
Stock is stated after a provision against slow moving stock of £527,406 (2019: £273,933)		

**16. Debtors**

	2020 £	2019 £
Trade debtors	1,384,359	1,434,535
Other debtors	160,331	258,918
Prepayments and accrued income	3,384,407	2,208,667
Tax recoverable	1,113,465	1,678,777
	<b>6,042,562</b>	<b>5,580,897</b>

**17. Cash and cash equivalents**

	2020 £	2019 £
Cash at bank and in hand	11,829,840	15,774,238
	<b>11,829,840</b>	<b>15,774,238</b>

**18. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	544,421	901,906
Other taxation and social security	253,131	222,275
Other creditors	223,329	270,568
Accruals and deferred income	3,149,072	1,562,666
	<b>4,169,953</b>	<b>2,957,415</b>

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**19. Creditors: Amounts falling due after more than one year**

	2020 £	2019 £
Accruals and deferred income	79,310	113,718
	<u>79,310</u>	<u>113,718</u>

**20. Financial instruments**

	2020 £	2019 £
<b>Financial assets</b>		
Cash at bank	11,829,840	15,774,238
Financial assets that are debt instruments measured at amortised cost	4,574,950	3,574,818
	<u>16,404,790</u>	<u>19,349,056</u>

**Financial liabilities**

Financial liabilities measured at amortised cost	(3,996,132)	(3,011,247)
	<u>(3,996,132)</u>	<u>(3,011,247)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and deferred income.

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**21. Provisions**

	2020	2019
	£	£
Dilapidation	303,870	303,870
Onerous Lease	8,335	-
Warranty Provision	139,317	162,389
	<b>451,522</b>	<b>466,259</b>

The dilapidation provision relates to future estimated costs regarding the restoration of the leasehold premises to their former state as per the terms of the lease. It is expected to be utilized when the lease expires in October 2026. There is no expected reimbursement.

The Onerous lease provision relates to future expected costs regarding a lease in Hong Kong that is no longer required.

The warranty provision in 2019 was included in accruals and deferred income but has been reclassified this period to provisions.

**22. Share capital**

	2020	2019
	£	£
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
238,898 (2019: 234,667) Ordinary shares of £0.01 each	2,391	2,347
	<b>2,391</b>	<b>2,347</b>

During the year the Company has allotted 4,231 (2019: 47,854) Ordinary shares of £0.01 each for total consideration of £423 less share issue costs relating to 2019 of £20,000 (2019: 18.3 million)

**23. Reserves**

**Share premium account**

The share premium account is the amounts received by the Company over and above the nominal value of its issued share capital.

**Profit & loss account**

The profit and loss account is the accumulated realised profits less the accumulated realised losses of the Company, including a reserve for share options.

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**24. Share based payments**

The Company operates an EMI share option scheme; the charge recognised in the profit and loss account for the period ended 30 June 2020 was £524,119 (2019: £550,498).

The following share options were in issue at the year end:

	Weighted average exercise price (pence) 2020	Number 2020	Weighted average exercise price (pence) 2019	Number 2019
Outstanding at the beginning of the period	10	19,213	10	16,347
Granted during the period	10	2,809	10	3,541
Forfeited during the period	10	(617)	10	(142)
Exercised during the period	10	(4,231)	10	(533)
<b>Outstanding at the end of the period</b>	<b><u>10</u></b>	<b><u>17,174</u></b>	<b><u>10</u></b>	<b><u>19,213</u></b>

	2020 Black- Scholes	2019 Black- Scholes
Option pricing model used		
Weighted average share price (pence)	11,674	11,152
Exercise price (pence)	10	10
Weighted average contractual life (days)	3,650	3,650
Expected volatility	30%	30%
Risk-free interest rate	<u>1.0%</u>	<u>1.0%</u>

**25. Pension commitments**

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension costs charge represents contributions payable by the Company to the fund and amounted to £359,712 (2019: £376,434). As at 30 June 2020 there was £9,920 owed to the pension provider (2019: £nil).

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE NINE MONTH PERIOD ENDED 30 JUNE 2020**

**26. Commitments under operating leases**

At 30 June 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
<b>Land and buildings</b>		
Not later than 1 year	454,240	444,053
Later than 1 year and not later than 5 years	1,725,212	1,725,212
Later than 5 years	575,071	898,548
	<u>2,754,523</u>	<u>3,067,813</u>
	2020 £	2019 £
<b>Other</b>		
Not later than 1 year	12,622	15,915
Later than 1 year and not later than 5 years	9,909	24,352
	<u>22,531</u>	<u>40,267</u>

**27. Guarantee**

In the year ended 30 September 2018 the Company received a bond from HSBC in respect of its liabilities under a deferred duty arrangement with HMRC.

**NOTES TO THE FINANCIAL STATEMENTS  
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**28. Related party transactions**

During the period £29,693 (2019: £nil) of legal services were provided by Oxford Sciences Innovation Plc, a Director of the company. At 30 June 2020 £5,693 (2019: £nil) was due to Oxford Sciences Innovation Plc.

During the period ending 30 June 2020, no loans were received, therefore no interest is payable on loans for this period.

Loans for the previous year ending 30 September 2019 are as follows:

Universal Partners Limited made available a facility of £1,125,000, of which a total of £675,000 was drawn down in the year ending 30 September 2019. Interest of £17,854 and a fee of £39,375 were payable on this loan in the relevant year.

Parkwalk Advisors Limited made available a facility of £1,125,000, of which a total of £675,000 was drawn down in the year ending 30 September 2019. Interest of £17,056 and an arrangement fee of £39,375 were payable on this loan in the relevant year.

Malaika Energy Ventures a company in which Mike Mason, a Director of YASA Limited, is also a Director, made available a facility of £250,000, of which £150,000 was drawn down in the year ending 30 September 2019. Interest of £4,036 and an arrangement fee of £8,750 were payable on this loan in the relevant year.

All loans were fully repaid (including accrued interest) by the year ending 30 September 2019 and the facilities are no longer available.

**29. Controlling party**

It is the opinion of the Directors that there is no ultimate controlling party.