

Registered number: 06975790

YASA MOTORS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2015



YASA MOTORS LIMITED

COMPANY INFORMATION

DIRECTORS

Dr C Harris
Mr P M Mason
Mr P Ward
Dr T Woolmer
Parkwalk Advisors Ltd
Mr P H A Arbuthnot (resigned 20 April 2016)
Prof I Page (resigned 20 April 2016)
Mr N Stuart (resigned 10 May 2016)
Mr I R Leigh (appointed 10 May 2016)

COMPANY SECRETARY

Mr Stuart Darling

REGISTERED NUMBER

06975790

REGISTERED OFFICE

154H Milton Park
Abingdon
Oxfordshire
OX14 4SD

INDEPENDENT AUDITOR

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

BANKERS

HSBC
65 Cornmarket Street
Oxford
OX1 3HY

SOLICITORS

Taylor Wessing LLP
5 New Street Square
London
EC4A 3TW

YASA MOTORS LIMITED

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YASA MOTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2015

The directors present their report and the audited financial statements for the year ended 30 September 2015.

DIRECTORS

The directors who served during the year were:

Dr C Harris
Mr P M Mason
Mr P Ward
Dr T Woolmer
Parkwalk Advisors Ltd
Mr P H A Arbuthnot (resigned 20 April 2016)
Prof I Page (resigned 20 April 2016)
Mr N Stuart (resigned 10 May 2016)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

- select suitable accounting policies 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 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.

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 that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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 MOTORS LIMITED

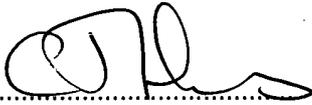
**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

AUDITOR

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

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



.....
Dr C Harris
Director

Date: 23 JUNE 2016

YASA MOTORS LIMITED

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

We have audited the financial statements of Yasa Motors Limited for the year ended 30 September 2015, set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

UNQUALIFIED OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

YASA MOTORS LIMITED

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Alexander Peal BSc (Hons) FCA DChA (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

Date: 28 June 2016

YASA MOTORS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Note	2015 £	2014 £
TURNOVER	1	4,028,704	1,540,342
Cost of sales		<u>(2,021,934)</u>	<u>(735,812)</u>
GROSS PROFIT		2,006,770	804,530
Administrative expenses		<u>(3,367,507)</u>	<u>(2,519,312)</u>
Other operating income	3	<u>255,853</u>	<u>29,841</u>
OPERATING LOSS	4	(1,104,884)	(1,684,941)
Interest receivable and similar income		<u>9,989</u>	<u>6,616</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,094,895)	(1,678,325)
Tax on loss on ordinary activities	7	<u>232,076</u>	<u>250,000</u>
LOSS FOR THE FINANCIAL YEAR	13	<u>(862,819)</u>	<u>(1,428,325)</u>

The notes on pages 8 to 14 form part of these financial statements.

YASA MOTORS LIMITED
REGISTERED NUMBER: 06975790

BALANCE SHEET
AS AT 30 SEPTEMBER 2015

	Note	2015	2014
		£	£
FIXED ASSETS			
Tangible assets	8	382,110	162,190
CURRENT ASSETS			
Stocks	9	520,713	315,652
Debtors	10	1,186,504	1,104,988
Cash at bank		3,006,003	3,726,339
		<u>4,713,220</u>	<u>5,146,979</u>
CREDITORS: amounts falling due within one year	11	<u>(1,141,618)</u>	<u>(492,640)</u>
NET CURRENT ASSETS		<u>3,571,602</u>	<u>4,654,339</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,953,712</u>	<u>4,816,529</u>
CAPITAL AND RESERVES			
Called up share capital	12	789	789
Share premium account	13	9,856,819	9,856,817
Profit and loss account	13	<u>(5,903,896)</u>	<u>(5,041,077)</u>
SHAREHOLDERS' FUNDS		<u>3,953,712</u>	<u>4,816,529</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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



.....
Dr C Harris
 Director

Date: 23 JUNE 2016

The notes on pages 8 to 14 form part of these financial statements.

YASA MOTORS LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	2015		2014	
	£	£	£	£
CASH GENERATED FROM OPERATIONS				
OPERATING LOSS	(1,104,884)		(1,684,941)	
Depreciation of tangible fixed assets	130,712		133,379	
Loss on disposal of tangible fixed assets	359		-	
Increase in stocks	(205,055)		(97,225)	
Decrease/(increase) in trade debtors	155,320		(289,050)	
Increase in other debtors	(257,091)		(188,445)	
Increase in trade creditors	374,574		122,197	
Increase in other creditors	274,404		79,405	
	<hr/>		<hr/>	
		(631,661)		(1,924,680)
CASH FROM OTHER SOURCES				
Interest received	9,989		6,616	
Issue of shares	-		4,859,120	
	<hr/>		<hr/>	
		9,989		4,865,736
APPLICATION OF CASH				
R&D tax credit received	252,335		163,441	
Purchase of tangible fixed assets	(350,999)		(129,130)	
	<hr/>		<hr/>	
		(98,664)		34,311
NET INCREASE IN CASH		(720,336)		2,975,367
Cash at bank and in hand less overdrafts at beginning of the year		3,726,339		750,972
		<hr/>		<hr/>
CASH AT BANK AND IN HAND LESS OVERDRAFTS AT END OF THE YEAR		3,006,003		3,726,339
		<hr/> <hr/>		<hr/> <hr/>
Consisting of:				
Cash at bank and in hand		3,006,003		3,726,339
		<hr/> <hr/>		<hr/> <hr/>
		3,006,003		3,726,339

The notes on pages 8 to 14 form part of these financial statements.

YASA MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Turnover

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

Income from the sale of motors, systems, controllers and tooling is recognised when goods are delivered in accordance with the terms and conditions of sale agreed with the customer. Expert services are invoiced in line with customer contracts and revenue is recognised on the basis of the stage of completion. The stage of completion is determined by reference to work performed.

1.3 Tangible fixed assets and depreciation

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

Plant & machinery	-	20 - 50% Straight line
Fixtures & fittings	-	33% Straight line
Office equipment	-	33% Straight line

1.4 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.5 Stocks

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

1.6 Foreign currencies

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

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.7 Research and development

Research and development expenditure is written off in the profit and loss account in the period in which it is incurred.

YASA MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

1. ACCOUNTING POLICIES (continued)

1.8 Government grants

Grants are credited to the Profit and Loss Account as the related expenditure is incurred.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.10 Going concern

In the year ended 30 September 2015, the Company incurred a loss after tax of £862,819 (2014: loss of £1,428,325). At the balance sheet date, the Company had net assets of £3,953,712 (2014: 4,816,528) including cash balances of £3,006,003 (2014: £3,726,339). Since the balance sheet date, the company has raised £6,195,682 before costs from the issue of new shares.

The Board has prepared detailed financial projections for the period to 30 September 2018. Whilst these plans include a significant increase in investment in sales & marketing, new product development and manufacturing capability, the directors consider that the existing cash runway is adequate for the company to continue in operational existence until at least twelve months after the date on which these financial statements are signed. Having considered these factors together, the directors believe that it is appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would be required if this basis was not appropriate.

2. ADMINISTRATIVE EXPENSES

	2015 £	2014 £
Sales, general and administration expenses	1,680,775	1,029,593
Research and development expenses	1,556,011	1,356,340
Depreciation	130,721	133,379
	3,367,507	2,519,312

3. OTHER OPERATING INCOME

	2015 £	2014 £
Grant income	255,853	29,841
	255,853	29,841

YASA MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

4. OPERATING LOSS

The operating loss is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned by the company	130,721	133,379
Auditor's remuneration	15,000	5,500
Pension costs	41,004	26,143
Research and development expenditure written off	<u>1,556,011</u>	<u>1,356,340</u>

5. STAFF COSTS

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

	2015 £	2014 £
Wages and salaries	1,627,093	1,405,412
Social security costs	183,519	149,228
Other pension costs	41,004	26,143
	<u>1,851,616</u>	<u>1,580,783</u>

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

	2015 No.	2014 No.
Manufacturing	6	4
Selling, General and Administrative	7	7
Research and Development	22	17
	<u>35</u>	<u>28</u>

6. DIRECTORS' REMUNERATION

	2015 £	2014 £
Aggregate remuneration	<u>315,619</u>	<u>312,015</u>

During the year retirement benefits were accruing to 2 directors (2014 - 2) in respect of defined contribution pension schemes.

YASA MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

7. TAXATION

	2015 £	2014 £
Analysis of tax (credit)/charge in the year		
R&D tax credit payable	(229,745)	(250,000)
Adjustments in respect of prior periods R&D tax credit payable	(2,331)	-
	<u>(232,076)</u>	<u>(250,000)</u>
Tax on loss on ordinary activities	<u>(232,076)</u>	<u>(250,000)</u>

As at the balance sheet date the company has tax losses carried forward of £4,391,128 (2014: £3,805,565)

8. TANGIBLE FIXED ASSETS

	Plant & machinery £	Fixtures & fittings £	Office equipment £	Total £
Cost				
At 1 October 2014	380,401	44,951	72,970	498,322
Additions	213,622	9,595	127,782	350,999
Disposals	(73,723)	-	(17,584)	(91,307)
At 30 September 2015	<u>520,300</u>	<u>54,546</u>	<u>183,168</u>	<u>758,014</u>
Depreciation				
At 1 October 2014	257,497	35,667	42,968	336,132
Charge for the year	95,972	8,057	26,692	130,721
On disposals	(73,642)	-	(17,307)	(90,949)
At 30 September 2015	<u>279,827</u>	<u>43,724</u>	<u>52,353</u>	<u>375,904</u>
Net book value				
At 30 September 2015	<u>240,473</u>	<u>10,822</u>	<u>130,815</u>	<u>382,110</u>
At 30 September 2014	<u>122,904</u>	<u>9,284</u>	<u>30,002</u>	<u>162,190</u>

9. STOCKS

	2015 £	2014 £
Components and WIP	491,505	281,553
Finished motors and controllers	29,208	34,099
	<u>520,713</u>	<u>315,652</u>

YASA MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

10. DEBTORS

	2015 £	2014 £
Trade debtors	414,457	569,777
Prepayments and accrued income	222,285	137,735
Other debtors	320,017	147,476
Tax recoverable	229,745	250,000
	1,186,504	1,104,988

**11. CREDITORS:
Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	583,099	208,525
Other taxation and social security	50,278	41,589
Accruals	412,661	148,872
Other creditors	95,580	93,654
	1,141,618	492,640

12. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
9,350 (2014 - 9,350) A Ordinary shares of £0.01 each	94	94
69,479 (2014 - 69,450) Ordinary shares of £0.01 each	695	695
	789	789

13. RESERVES

	Share premium account £	Profit and loss account £
At 1 October 2014	9,856,817	(5,041,077)
Loss for the year	-	(862,819)
Premium on shares issued during the year	2	-
	9,856,819	(5,903,896)
At 30 September 2015		

YASA MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

14. PENSION COMMITMENTS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The pension cost charge represents contributions payable by the company to the fund and amounted to £41,004 (2014: £26,143). Contributions totaling £8,531 (2014 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

15. OPERATING LEASE COMMITMENTS

At 30 September 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2015	2014
	£	£
Expiry date:		
Within 1 year	-	1,067
Between 2 and 5 years	<u>133,006</u>	<u>92,657</u>

16. SHARE OPTIONS

The company operates a share options scheme and the following share options were in issue at the year end:

	Opening balance	Granted	Exercised	Lapsed	Cancelled	Closing balance
EMI Approved options	8,879	770	(29)	(120)	-	9,500
Unapproved options	1,498	-	-	-	-	1,498
Grand Total	<u>10,377</u>	<u>770</u>	<u>(29)</u>	<u>(120)</u>	<u>-</u>	<u>10,998</u>

The vesting period of all share options is:

- A third of options granted to an individual vest on the second anniversary of the employees start date.
- A third of options granted to an individual vest on the third anniversary of the employees start date.
- A third of options granted to an individual vest on the fourth anniversary of the employees start date.

Options can vest prior to these dates on the occurrence of an exit event.

All share options have an exercise price of 10p.

YASA MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

17. RELATED PARTY TRANSACTIONS

During the year, £nil (2014: £111,506) of fundraising services were provided by Parkwalk Advisors Ltd, a director of the company, in relation to the shares issued during the year.

18. POST BALANCE SHEET EVENTS

During May 2016, the Company raised £6,195,682 before costs from the issue of 32,566 1p Ordinary shares.

19. CONTROLLING PARTY

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