

Registered number: 06975790

YASA MOTORS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016



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)
M J A Connelly (appointed 8 February 2017)
Mr S Parker (appointed 8 February 2017)

COMPANY SECRETARY

Mr R Knox

REGISTERED NUMBER

06975790

REGISTERED OFFICE

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

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

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their report and the audited financial statements for the year ended 30 September 2016.

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)
Mr I R Leigh (appointed 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

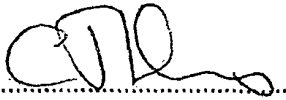
**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

AUDITOR

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

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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



.....
Dr C Harris
Director

Date: 11 MAY 2017

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 2016, set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (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 2016 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.

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the notes to the financial statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of £2,376,128 during the year ended 30 September 2016 and requires significant funding. These conditions, along with other matters explained in note 1.2 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

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.

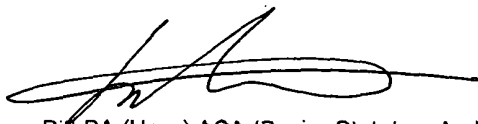
YASA MOTORS LIMITED

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.



James Pitt BA (Hons) ACA (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:

11 May 2017

YASA MOTORS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Note	2016 £	2015 £
TURNOVER	1,2	2,836,245	4,028,704
Cost of sales		<u>(2,230,002)</u>	<u>(2,021,934)</u>
GROSS PROFIT		606,243	2,006,770
Administrative expenses		<u>(4,571,352)</u>	<u>(3,367,507)</u>
Other operating income	3	<u>1,157,321</u>	<u>255,853</u>
OPERATING LOSS	4	(2,807,788)	(1,104,884)
Interest receivable and similar income		<u>5,952</u>	<u>9,989</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,801,836)	(1,094,895)
Tax on loss on ordinary activities	7	<u>425,708</u>	<u>232,076</u>
LOSS FOR THE FINANCIAL YEAR	14	<u>(2,376,128)</u>	<u>(862,819)</u>

The notes on pages 7 to 13 form part of these financial statements.

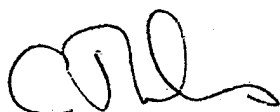
YASA MOTORS LIMITED
REGISTERED NUMBER: 06975790

BALANCE SHEET
AS AT 30 SEPTEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	8	1,319,547	382,110
CURRENT ASSETS			
Stocks	9	630,690	520,713
Debtors	10	2,694,843	1,186,504
Cash at bank		4,710,431	3,006,003
		<u>8,035,964</u>	<u>4,713,220</u>
CREDITORS: amounts falling due within one year	11	<u>(1,502,687)</u>	<u>(1,141,618)</u>
NET CURRENT ASSETS		<u>6,533,277</u>	<u>3,571,602</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,852,824</u>	<u>3,953,712</u>
CREDITORS: amounts falling due after more than one year	12	<u>(109,231)</u>	<u>-</u>
NET ASSETS		<u><u>7,743,593</u></u>	<u><u>3,953,712</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	1,116	789
Share premium account	14	16,022,501	9,856,819
Profit and loss account	14	(8,280,024)	(5,903,896)
SHAREHOLDERS' FUNDS	15	<u><u>7,743,593</u></u>	<u><u>3,953,712</u></u>

The financial statements have been prepared in accordance with the special 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 January 2015).

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



.....
Dr C Harris
 Director

Date: 11 MAY 2017

The notes on pages 7 to 13 form part of these financial statements.

YASA MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 January 2015).

1.2 Going concern

At the balance sheet date the company has net assets of £7,743,593 (2015: £3,953,712). The company made a loss for the financial period of £2,376,128 (2015: £862,819). The directors believe it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

- Detailed projections have been prepared and reviewed by the directors and are considered to be readily achievable. These projections show the company to be a going concern.
- The directors are seeking to raise a further round of fundraising over the next 3 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.

Taken together these factors mean that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would be required if this basis was not appropriate.

1.3 Cash flow

The financial statements do not include a Cash Flow Statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2015).

1.4 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.

1.5 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
Software	-	33% Straight line

YASA MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. ACCOUNTING POLICIES (continued)

1.6 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.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 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.

1.9 Research and development

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

1.10 Government grants

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

1.11 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.

2. TURNOVER

87.0% of the company's turnover (2015 - 50%) is attributable to geographical markets outside the United Kingdom.

3. OTHER OPERATING INCOME

	2016 £	2015 £
Grant income	<u>1,157,321</u>	<u>255,853</u>

YASA MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

4. OPERATING LOSS

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the company	257,153	130,721
Auditor's remuneration	9,750	15,000
Pension costs	65,539	41,004
Research and development expenditure written off	3,029,376	1,556,011
	<u>3,361,818</u>	<u>1,742,736</u>

5. STAFF COSTS

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

	2016 £	2015 £
Wages and salaries	2,441,527	1,627,093
Social security costs	263,011	183,519
Other pension costs	65,539	41,004
	<u>2,770,077</u>	<u>1,851,616</u>

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

	2016 No.	2015 No.
Manufacturing	11	6
Selling, General and Administrative	11	7
Research and Development	31	22
	<u>53</u>	<u>35</u>

6. DIRECTORS' REMUNERATION

	2016 £	2015 £
Aggregate remuneration	432,051	315,619

During the year retirement benefits were accruing to 2 directors (2015 - 2) in respect of defined contribution pension schemes.

YASA MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

7. TAXATION

	2016 £	2015 £
Analysis of tax charge/(credit) in the year		
R&D tax credit payable	(425,708)	(229,745)
Adjustments in respect of prior periods R&D tax credit payable	-	(2,331)
Tax on loss on ordinary activities	(425,708)	(232,076)

As at the balance sheet date the company has tax losses carried forward of £5,997,321 (2015: £4,391,128).

8. TANGIBLE FIXED ASSETS

	Plant & machinery £	Fixtures & fittings £	Office equipment £	Software £	Total £
Cost					
At 1 October 2015	520,300	54,546	183,168	-	758,014
Additions	899,103	19,610	114,292	161,585	1,194,590
Transfer between classes	-	-	(77,388)	77,388	-
At 30 September 2016	1,419,403	74,156	220,072	238,973	1,952,604
Depreciation					
At 1 October 2015	279,827	43,724	52,353	-	375,904
Charge for the year	170,787	9,113	46,875	30,378	257,153
At 30 September 2016	450,614	52,837	99,228	30,378	633,057
Net book value					
At 30 September 2016	968,789	21,319	120,844	208,595	1,319,547
At 30 September 2015	240,473	10,822	130,815	-	382,110

9. STOCKS

	2016 £	2015 £
Components and WIP	548,980	491,505
Finished motors and controllers	81,710	29,208
	630,690	520,713

YASA MOTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

10. DEBTORS

	2016 £	2015 £
Trade debtors	929,945	414,457
Prepayments and accrued income	626,263	222,285
Other debtors	384,174	320,017
Tax recoverable	754,461	229,745
	<u>2,694,843</u>	<u>1,186,504</u>

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

	2016 £	2015 £
Trade creditors	567,938	583,099
Other taxation and social security	87,258	50,278
Accruals and deferred income	520,377	412,661
Other creditors	327,114	95,580
	<u>1,502,687</u>	<u>1,141,618</u>

**12. CREDITORS:
Amounts falling due after more than one year**

	2016 £	2015 £
Accruals and deferred income	109,231	-
	<u>109,231</u>	<u>-</u>

13. SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
9,350 (2015 - 9,350) A Ordinary shares of £0.01 each	94	94
102,207 (2015 - 69,479) Ordinary shares of £0.01 each	1,022	695
	<u>1,116</u>	<u>789</u>

During the year the company issued 32,566 1p Ordinary shares for a total consideration of £6,195,698 before expenses of £30,000 providing funds for the company of £6,165,682.

During the year, 162 share options were exercised on 1p Ordinary shares for a consideration of 10p per share.

All classes of shares have full voting rights attached and have equal rights to dividend distributions.

YASA MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

14. RESERVES

	Share premium account £	Profit and loss account £
At 1 October 2015	9,856,819	(5,903,896)
Loss for the year	-	(2,376,128)
Premium on shares issued during the year	6,165,682	-
At 30 September 2016	<u>16,022,501</u>	<u>(8,280,024)</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2016 £	2015 £
Opening shareholders' funds	3,953,712	4,816,529
Loss for the financial year	(2,376,128)	(862,819)
Shares issued during the year	327	-
Share premium on shares issued (net of expenses)	6,165,682	2
Closing shareholders' funds	<u>7,743,593</u>	<u>3,953,712</u>

16. 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 £55,546 (2015: £41,004). Contributions totaling £18,680 (2015: £8,531) were payable to the fund at the balance sheet date and are included in creditors.

17. OPERATING LEASE COMMITMENTS

At 30 September 2016 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2016 £	2015 £
Expiry date:		
Within 1 year	1,000	-
Between 2 and 5 years	133,006	133,006
After more than 5 years	143,768	-
	<u>143,768</u>	<u>133,006</u>

YASA MOTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

18. 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	9,500	1,812	(162)	(492)	-	10,658
Unapproved options	1,498	-	-	-	-	1,498
Grand Total	10,998	1,812	(162)	(492)	-	12,156

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.

19. RELATED PARTY TRANSACTIONS

During the year, £10,000 (2015: £nil) of fundraising services were provided by Parkwalk Advisors Ltd, a director of the company, in relation to the shares issued during the year.

20. CONTROLLING PARTY

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