

Registered number: 06975790

# **YASA LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**



## COMPANY INFORMATION

<b>Directors</b>	Dr C Harris Mr P Mason Mr P Ward Dr T Woolmer Parkwalk Advisors Ltd Mr A Connelly Mr S Parker Universal Partners Limited
<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>	Taylor Wessing LLP 5 New Street Square London EC4A 3TW

## **YASA LIMITED**

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# **YASA LIMITED**

## **STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018**

### **Introduction**

The Directors present their strategic report for the year ended 30 September 2018.

The principal activity of the Company during the year 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 increased by 84.0% from £4,144,714 to £7,628,053. The increase was largely due to an increase in both motor sales and professional services fees as we continue to develop motors and inverters for key customers.

The company incurred a loss before tax for the year, excluding exceptional charges and interest of £6,126,487 compared to £4,233,443 in 2017. The Directors do not recommend the payment of a dividend.

During the year the Company has increased 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. As a result, research and development expenditure increased from the prior year by 21.7% to £4,414,669 from £3,628,293.

The Directors are currently engaged in finalising an investment round to provide the Company with sufficient funding to continue as a going concern. Current investors have indicated that should the Company require further equity financing during the 12 months from the date of the approval of the financial statements that it is their current intention to continue to support the Company. Such investment would be subject to the investors' standard review and approval processes. Consequently, although further funding is inherently uncertain the Directors anticipate further funding being available and therefore it is appropriate to adopt the going concern basis of accounting.

## **YASA LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018**

#### **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 year to 30 September 2018 was £7,628,053 (2017: £4,144,714).

Loss before tax, excluding exceptional charges and interest, for the year was £6,126,487 (2017: £4,233,443).

Cash at bank was £6,807,038 (2017: £14,205,935).

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



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

Date: 28 November 2018

## **YASA LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2018**

The Directors present their report and the financial statements for the year ended 30 September 2018.

#### **Directors**

The Directors who served during the year were:

Dr C Harris  
Mr P Mason  
Mr P Ward  
Dr T Woolmer  
Parkwalk Advisors Ltd  
Mr A Connelly  
Mr S Parker  
Universal Partners Limited

#### **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 year, after taxation, amounted to £4,848,245 (2017: £4,093,715).

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 YEAR ENDED 30 SEPTEMBER 2018**

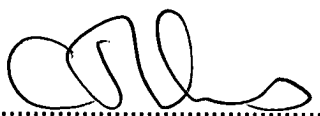
**Post balance sheet events**

There have been no significant events affecting the Company since the year 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.

A handwritten signature in black ink, consisting of a series of loops and a trailing line, positioned above a dotted line.

**Dr C Harris**  
Director

Date: 28 November 2018

## **YASA LIMITED**

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

#### **Opinion**

We have audited the financial statements of YASA Limited for the year ended 30 September 2018, set out on pages 8 to 27. 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 September 2018 and of its 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 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.



## **YASA LIMITED**

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

#### **Material uncertainty relating to going concern**

We draw attention to note 2.2 in the financial statements which indicates that the Company incurred a net loss of £4,848,245 and that the Company is currently in the process of finalising an investment round. These conditions along with other matters set out in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in this respect.

#### **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 year 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.



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

08 January 2019

**YASA LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	7,628,053	4,144,714
Cost of sales		(4,273,281)	(1,768,358)
<b>Gross profit</b>		<b>3,354,772</b>	<b>2,376,356</b>
Administrative expenses		(10,301,439)	(8,002,480)
Other operating income	5	820,180	1,392,681
Exceptional charges	12	5,996	(556,531)
Interest receivable and similar income	10	32,009	559
<b>Loss before tax</b>		<b>(6,088,482)</b>	<b>(4,789,415)</b>
Tax on loss	11	1,240,237	695,700
<b>Loss and total comprehensive income for the financial year</b>		<b><u>(4,848,245)</u></b>	<b><u>(4,093,715)</u></b>

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

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	4,982,802	2,924,602
Investments	14	3	1
		<u>4,982,805</u>	<u>2,924,603</u>
<b>Current assets</b>			
Stocks	15	1,377,698	725,524
Debtors: amounts falling due within one year	16	5,268,696	3,371,769
Cash at bank and in hand	17	6,807,038	14,205,935
		<u>13,453,432</u>	<u>18,303,228</u>
Creditors: amounts falling due within one year	18	(3,938,535)	(1,961,613)
<b>Net current assets</b>		<u>9,514,897</u>	<u>16,341,615</u>
<b>Total assets less current liabilities</b>		<u>14,497,702</u>	<u>19,266,218</u>
Creditors: amounts falling due after more than one year	19	(180,733)	(255,737)
<b>Provisions for liabilities</b>			
Other provisions	21	(303,870)	(303,870)
		<u>(303,870)</u>	<u>(303,870)</u>
<b>Net assets</b>		<u><u>14,013,099</u></u>	<u><u>18,706,611</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	1,868	1,860
Share premium account	23	31,000,715	31,015,646
Profit and loss account	23	(16,989,484)	(12,310,895)
		<u><u>14,013,099</u></u>	<u><u>18,706,611</u></u>

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

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

Date: 28 November 2018

The notes on pages 12 to 27 form part of these financial statements.

**YASA LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
<b>At 1 October 2016</b>	1,116	16,022,501	(8,280,024)	7,743,593
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(4,093,715)	(4,093,715)
<b>Total comprehensive income for the year</b>	-	-	(4,093,715)	(4,093,715)
Shares issued during the year	744	14,993,145	-	14,993,889
Share based payment charge	-	-	62,844	62,844
<b>Total transactions with owners</b>	744	14,993,145	62,844	15,056,733
<b>At 1 October 2017</b>	1,860	31,015,646	(12,310,895)	18,706,611
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(4,848,245)	(4,848,245)
<b>Total comprehensive income for the year</b>	-	-	(4,848,245)	(4,848,245)
Shares issued during the year	8	(14,931)	-	(14,923)
Share based payment charge	-	-	169,656	169,656
<b>Total transactions with owners</b>	8	(14,931)	169,656	154,733
<b>At 30 September 2018</b>	<u>1,868</u>	<u>31,000,715</u>	<u>(16,989,484)</u>	<u>(14,013,099)</u>

**YASA LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(4,848,245)	(4,093,715)
<b>Adjustments for:</b>		
Depreciation of tangible assets	836,433	563,764
Loss on disposal of fixed assets	1,015	-
Interest received	(32,009)	(559)
Taxation credit	(1,316,943)	(881,462)
(Increase) in stocks	(652,174)	(94,833)
(Increase) in debtors	(1,447,081)	(532,496)
Increase in creditors	1,901,916	605,430
Increase in provisions	-	303,870
Corporation tax received	867,097	737,032
Share option charge	169,656	62,844
<b>Net cash generated from operating activities</b>	<b>(4,520,335)</b>	<b>(3,330,125)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(2,895,648)	(2,168,819)
Interest received	32,009	559
<b>Net cash from investing activities</b>	<b>(2,863,639)</b>	<b>(2,168,260)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	(14,923)	14,993,889
<b>Net cash generated from financing activities</b>	<b>(14,923)</b>	<b>14,993,889</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(7,398,897)</b>	<b>9,495,504</b>
Cash and cash equivalents at beginning of year	14,205,935	4,710,431
<b>Cash and cash equivalents at the end of year</b>	<b><u>6,807,038</u></b>	<b><u>14,205,935</u></b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	6,807,038	14,205,935
	<b><u>6,807,038</u></b>	<b><u>14,205,935</u></b>

## **YASA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

#### **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.

#### **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 Going concern**

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operations for the foreseeable future.

There was a net loss for the year of £4,848,245 (2017: £4,093,715) and at the year end the Company had cash and cash equivalents of £6,807,038 (2017: £14,205,935).

The Directors are currently engaged in finalising an investment round to provide the Company with sufficient funding to continue as a going concern. Current investors have indicated that should the Company require further equity financing during the 12 months from the date of the approval of the financial statements that it is their current intention to continue to support the Company. Such investment would be subject to the investors' standard review and approval processes. Consequently, although further funding is inherently uncertain the Directors anticipate further funding being available and therefore it is appropriate to adopt the going concern basis of accounting.

## **YASA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.3 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 motors, systems and controllers is recognised when goods are delivered in accordance with the terms and conditions of sale agreed with the customer.

##### **2.4 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	- 20 - 50% Straight line
Fixtures & fittings	- 33% Straight line
Office equipment	- 33% Straight line
Software	- 33% Straight line

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.

##### **2.5 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.



## **YASA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.6 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 the cost of purchase on a first in, first out 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.

##### **2.7 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.

##### **2.8 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.

##### **2.9 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.

##### **2.10 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.

##### **2.11 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

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.

##### **2.12 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.

## **YASA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

#### **2. Accounting policies (continued)**

##### **2.13 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.

##### **2.14 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.

##### **2.15 Government grants**

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

##### **2.16 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.

##### **2.17 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.

##### **2.18 Research and development**

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

## **YASA LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

#### **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. In determining the fair value of the provision, assumptions and estimates are made in relation to future product sales.

##### **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 YEAR ENDED 30 SEPTEMBER 2018

### 4. Turnover

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

	2018 £	2017 £
Sale of goods	4,596,944	2,024,655
Rendering of services	3,031,109	2,120,059
	<u>7,628,053</u>	<u>4,144,714</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	1,467,320	1,426,404
Rest of Europe	5,534,396	2,436,507
Rest of the world	626,337	281,803
	<u>7,628,053</u>	<u>4,144,714</u>

### 5. Other operating income

	2018 £	2017 £
Grant income	820,180	1,392,681
	<u>820,180</u>	<u>1,392,681</u>

### 6. Loss for the year

The loss for the year is stated after charging/(crediting):

	2018 £	2017 £
Research & development charged as an expense	4,414,669	3,628,293
Depreciation of tangible fixed assets	836,433	563,764
Exchange differences	49,504	(20,126)
Other operating lease rentals	455,286	430,481
Defined contribution pension cost	<u>260,785</u>	<u>188,685</u>

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**7. Auditor's remuneration**

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>11,525</u>	<u>12,500</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	4,385	4,300
All other assurance services	10,100	7,600
All other services	10,300	750
	<u>24,785</u>	<u>12,650</u>

**8. Employees**

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

	2018 £	2017 £
Wages and salaries	5,138,730	3,841,581
Social security costs	537,325	415,566
Cost of defined contribution scheme	260,785	188,685
	<u>5,936,840</u>	<u>4,445,832</u>

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

	2018 No.	2017 No.
Manufacturing	17	10
Selling, General and Administrative	27	19
Research and Development	61	45
	<u>105</u>	<u>74</u>

# YASA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	504,403	426,814
Company contributions to defined contribution pension schemes	18,902	21,251
	<u>523,305</u>	<u>448,065</u>

During the year retirement benefits were accruing to 2 Directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £274,831 (2017 - £243,483).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £12,826 (2017 - £15,691).

During the year 2 Directors received shares under the long term incentive schemes (2017 -2)

### 10. Interest receivable

	2018 £	2017 £
Bank interest received	<u>32,009</u>	<u>559</u>

### 11. Taxation

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	(1,240,237)	(713,093)
Adjustments in respect of previous periods	-	17,393
	<u>(1,240,237)</u>	<u>(695,700)</u>
<b>Total current tax</b>	<u>(1,240,237)</u>	<u>(695,700)</u>

# YASA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19.0% (2017 – 19.5%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	<u>(6,088,482)</u>	<u>(4,789,415)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2017 – 19.5%)	(1,156,812)	(933,936)
<b>Effects of:</b>		
Fixed asset differences	19,297	13,925
Expenses not deductible for tax purposes	33,806	72,834
Additional deduction for R&D expenditure	(929,350)	(564,822)
Surrender of tax losses for R&D tax credit refund	389,424	256,179
R&D Expenditure Credits	14,574	-
Deferred tax not recognised	388,824	460,120
<b>Total tax charge for the year</b>	<u>(1,240,237)</u>	<u>(695,700)</u>

#### Factors that may affect future tax charges

Legislation has been passed to reduce the rate of UK corporation tax to 17% from 1 April 2020. The future impact of the changes on the deferred tax asset have been considered.

### 12. Exceptional items

	2018 £	2017 £
Onerous lease	(5,996)	252,661
Dilapidation provision	-	303,870
	<u>(5,996)</u>	<u>556,531</u>

The company incurred a credit of £5,996 (2017: a cost of £252,661) in respect of an onerous lease and £nil (2017: £303,870) in respect of a dilapidation provision in respect of the Company's Oxford office.

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**13. Tangible fixed assets**

	Leasehold improve- ments £	Plant & machinery £	Fixtures & fittings £	Office equipment £	Software £	Total £
<b>Cost or valuation</b>						
At 1 October 2017	1,047,308	2,226,175	137,911	310,758	399,271	4,121,423
Additions	68,599	2,559,908	36,237	72,416	158,488	2,895,648
Disposals	-	(79,478)	(17,740)	(8,649)	-	(105,867)
At 30 September 2018	<u>1,115,907</u>	<u>4,706,605</u>	<u>156,408</u>	<u>374,525</u>	<u>557,759</u>	<u>6,911,204</u>
<b>Depreciation</b>						
At 1 October 2017	72,985	765,429	74,069	169,625	114,713	1,196,821
Charge for the year on owned assets	106,374	495,370	36,409	84,073	114,207	836,433
Disposals	-	(78,463)	(17,740)	(8,649)	-	(104,852)
At 30 September 2018	<u>179,359</u>	<u>1,182,336</u>	<u>92,738</u>	<u>245,049</u>	<u>228,920</u>	<u>1,928,402</u>
<b>Net book value</b>						
At 30 September 2018	<u>936,548</u>	<u>3,524,269</u>	<u>63,670</u>	<u>129,476</u>	<u>328,839</u>	<u>4,982,802</u>
At 30 September 2017	<u>974,323</u>	<u>1,460,746</u>	<u>63,842</u>	<u>141,133</u>	<u>284,558</u>	<u>2,924,602</u>



# YASA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 14. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 October 2017	1
Additions	2
At 30 September 2018	<u>3</u>
<b>Net book value</b>	
At 30 September 2018	<u>3</u>
At 30 September 2017	<u>1</u>

### 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

The aggregate of the share capital and reserves as at 30 September 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £
YASA Motors Limited	1
YASA Marine Limited	1
YASA Aerospace Limited	1
	<u>3</u>

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**15. Stocks**

	2018 £	2017 £
Raw materials and consumables	1,186,325	460,785
Finished goods and goods for resale	191,373	264,739
	<u>1,377,698</u>	<u>725,524</u>

**16. Debtors**

	2018 £	2017 £
Trade debtors	1,325,419	824,676
Other debtors	117,915	323,924
Prepayments and accrued income	2,508,419	1,356,072
Tax recoverable	1,316,943	867,097
	<u>5,268,696</u>	<u>3,371,769</u>

**17. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	6,807,038	14,205,935
	<u>6,807,038</u>	<u>14,205,935</u>

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

	2018 £	2017 £
Trade creditors	1,035,551	451,779
Other taxation and social security	162,890	120,890
Other creditors	39,531	60,022
Accruals and deferred income	2,700,563	1,328,922
	<u>3,938,535</u>	<u>1,961,613</u>

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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

	2018 £	2017 £
Accruals and deferred income	180,733	255,737
	<u>180,733</u>	<u>255,737</u>

**20. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Cash at bank	6,807,038	14,205,935
Financial assets that are debt instruments measured at amortised cost	3,702,401	2,297,797
	<u>10,509,439</u>	<u>16,503,732</u>

**Financial liabilities**

Financial liabilities measured at amortised cost	(3,956,378)	(2,096,459)
	<u>(3,956,378)</u>	<u>(2,096,459)</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.

**21. Provisions**

	Dilapidation £
At 1 October 2017	303,870
<b>At 30 September 2018</b>	<u><b>303,870</b></u>

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

# YASA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 22. Share capital

	2018 £	2017 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
186,813 (2017 - 186,047) Ordinary shares of £0.01 each	1,868	1,860
	<u>1,868</u>	<u>1,860</u>

During the year the Company has allotted 766 (2017: 74,490) Ordinary shares of £0.01 each for total consideration of £8 less share issue costs relating to 2017 of £15,000 (2017: 15,000,890 less share issue costs of £7,000)

During 2017 the Company converted 9,350 A Ordinary shares of £0.01 each into 9,350 Ordinary shares of £0.01 each.

### 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.

**YASA LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

**24. Share based payments**

The Company operates an EMI share option scheme; the charge recognised in the profit and loss account for the year ended 30 September 2018 was £169,656 (2017: £62,844).

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

	<b>Weighted average exercise price (pence) 2018</b>	<b>Number 2018</b>	<b>Weighted average exercise price (pence) 2017</b>	<b>Number 2017</b>
Outstanding at the beginning of the year	10	8,628	10	12,407
Granted during the year	10	10,393	10	5,865
Forfeited during the year	10	(1,135)	10	-
Exercised during the year	10	(766)	10	(9,403)
Expired during the year	10	(773)	10	(241)
	<u>10</u>	<u>16,347</u>	<u>10</u>	<u>8,628</u>
<b>Outstanding at the end of the year</b>				

	<b>2018 Black- Scholes</b>	<b>2017 Black- Scholes</b>
Option pricing model used		
Weighted average share price (pence)	2,000	6,000
Exercise price (pence)	10	10
Weighted average contractual life (days)	3,650	3,650
Expected volatility	24%	24%
Risk-free interest rate	<u>0.5%</u>	<u>0.5%</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 £260,785 (2017: £188,685).

# YASA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 26. Commitments under operating leases

At 30 September 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
<b>Land and buildings</b>		
Not later than 1 year	443,453	437,303
Later than 1 year and not later than 5 years	1,725,212	1,725,212
Later than 5 years	1,329,851	1,761,154
	<u>3,498,516</u>	<u>3,923,669</u>
	2018 £	2017 £
<b>Other</b>		
Not later than 1 year	4,143	4,143
Later than 1 year and not later than 5 years	9,630	13,773
	<u>13,773</u>	<u>17,916</u>

### 27. Related party transactions

During the year £nil (2017: £7,000) of fundraising services were provided by Parkwalk Advisors Ltd, a Director of the company, in relation to the shares issued during the year.

During the year £15,000 (2017: £nil) of fundraising services were provided by Universal Partners Limited, a Director of the company, in relation to the shares issued during 2017.

During the year £nil (2017: £264) of HR advisory services were provided by Harris Toole Associates Limited, a company in which Dr C Harris is also a Director.

### 28. Controlling party

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