

YASA LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**



COMPANY INFORMATION

Directors	Dr C Harris Dr T Woolmer Mr S Parker Mr F Deiss (Appointed 3 rd August 2021) Mr K Neiss (Appointed 3 rd August 2021) Mr M Warburton (Appointed 3 rd August 2021) Mr M Grychtol (Appointed 8 th December 2021)
Company secretary	Mrs N Johnson
Registered number	06975790
Registered office	11 - 14 Oxford Industrial Park Mead Road Yarnton 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	Goodwin Procter (UK) LLP 50-60 Station Road Cambridge CB1 2JH

YASA LIMITED

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YASA LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

Introduction

The Directors present their strategic report for the period ended 31 December 2021, with the year ended 30 June 2021.

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 and industrial.

Business review

Turnover for the period ended 31 December 2021 was £9,963,659, turnover for the year ended 30 June 2021 was £12,369,532.

The Company incurred a loss before tax for the period, excluding interest and exceptional items, of £7,435,726 compared to £12,811,986 for the year ended 30 June 2021. The Directors do not recommend the payment of a dividend.

During the period the Company was acquired by Mercedes-Benz Holdings UK Limited (Formerly known as Daimler UK Limited). Operating as a wholly owned subsidiary of Mercedes-Benz, with our own brand, team and facilities, YASA will help to develop pioneering best-in-class electric drive innovations to give Mercedes-Benz exceptional performance in a new electric era.

The Company increased its pipeline of opportunities across a range of applications in the period and will continue to do so. 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 reduced from the prior year by 46.2% to £4,645,782 from £7,500,159, however this is predominantly because the current period was only 6 months.

The Company was acquired on 3rd August 2021 by Mercedes-Benz Holdings UK Limited, who have the resources and intent to support the Company 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.

**STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021**

Principal risks and uncertainties

The Directors have considered the Company's principal 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 and marine.

- 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 ended 31 December 2021 was £9,963,659 (prior year ended 30 June 2021: £12,369,532).

Loss before tax, excluding exceptional items, interest receivable and similar income, for the period was £7,435,726 (prior year ended 30 June 2021: £12,811,986).

Cash at bank was £8,237,118 (prior year ended 30 June 2021: £4,056,013).

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



Dr C Harris
Director

Date: 17 May 2022

YASA LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the period ended 31 December 2021.

Directors

The Directors who served during the period were:

Dr C Harris
Dr P Mason (resigned 3rd August 2021)
Mr P Ward (resigned 3rd August 2021)
Dr T Woolmer
Parkwalk Advisors Limited (resigned 3rd August 2021)
Mr A Connolly (resigned 3rd August 2021)
Mr S Parker
Universal Partners Limited (resigned 3rd August 2021)
Mr F Deiss (Appointed 3rd August 2021)
Mr K Neiss (Appointed 3rd August 2021)
Mr M Warburton (Appointed 3rd August 2021)
Mr M Grychtol (Appointed 8th December 2021)

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 period. 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 £2,574,913 (prior year ended 30 June 2021: £11,933,952).

The Directors do not recommend a dividend.

YASA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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.

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.



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Dr C Harris
Director

Date: 17 May 2022

YASA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF YASA LIMITED

Opinion

We have audited the financial statements of YASA Limited for the period ended 31 December 2021, set out on pages 9 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 31 December 2021 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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.

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.

Auditor's 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness; evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

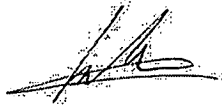
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

YASA LIMITED

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

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 BPF 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

18 May 2022

YASA LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021

		6 month period to 31 December 2021	Year Ended 30 June 2021
	Note	£	£
Turnover	4	9,963,659	12,369,532
Cost of sales		(9,042,940)	(10,327,370)
Gross profit		920,719	2,042,162
Administrative expenses		(10,053,795)	(19,406,396)
Other operating income	5	1,697,350	4,552,248
Exceptional Income	13	5,500,000	-
Exceptional Expenditure	13	(1,769,856)	
Interest receivable and similar income	10	239	1,373
Interest payable	11	(8,938)	-
Loss before tax		(3,714,281)	(12,810,613)
Tax on loss	12	1,139,368	876,661
Loss and total comprehensive loss for the financial period		(2,574,913)	(11,933,952)

YASA LIMITED
REGISTERED NUMBER: 06975790

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	At 31 December 2021 £	At 30 June 2021 £
Fixed assets			
Tangible assets	14	5,395,946	4,693,130
Investments	15	3	5
		<u>5,395,949</u>	<u>4,693,135</u>
Current assets			
Stocks	16	2,785,684	2,031,403
Debtors: amounts falling due within one year	17	11,182,790	4,873,801
Cash at bank and in hand	18	8,237,118	4,056,013
		<u>22,205,592</u>	<u>10,961,217</u>
Creditors: amounts falling due within one year	19	(15,623,171)	(6,227,507)
Net current assets		<u>6,582,421</u>	<u>4,733,710</u>
Total assets less current liabilities		<u>11,978,370</u>	<u>9,426,845</u>
Creditors: amounts falling due after more than one year	21	(53,428)	(60,417)
Provisions for liabilities			
Other provisions	22	(521,616)	(417,282)
Net assets		<u>11,403,326</u>	<u>8,949,146</u>
Capital and reserves			
Called up share capital	23	2,644	2,394
Share premium account	24	54,320,416	49,291,573
Profit and loss account	24	(42,919,734)	(40,344,821)
		<u>11,403,326</u>	<u>8,949,146</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: 17 May 2022

The notes on pages 12 to 29 form part of these financial statements.

YASA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2020	2,389	49,291,532	(29,929,248)	19,364,673
Comprehensive income for the year				
Loss for the period (as restated)	-	-	(11,933,952)	(11,933,952)
Total comprehensive income for the year	-	-	(11,933,952)	(11,933,952)
Shares issued during the period	5	41	-	46
Share based payment charge	-	-	1,518,379	1,518,379
Total transactions with owners	5	41	1,518,379	1,518,425
At 1 July 2021	2,394	49,291,573	(40,344,821)	8,949,146
Comprehensive income for the period				
Loss for the period	-	-	(2,574,913)	(2,574,913)
Total comprehensive income for the period	-	-	(2,574,913)	(2,574,913)
Shares issued during the period	250	5,028,843	-	5,029,093
Share based payment charge	-	-	-	-
Total transactions with owners	250	5,028,843	-	5,029,093
At 31 December 2021	2,644	54,320,416	(42,919,734)	11,403,326

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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 advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;

The company has taken advantage of the above exemptions on the basis it is included in the consolidated group Financial Statements for Mercedes-Benz Group AG, incorporated in Germany, as at 31 December 2021. The group accounts of Mercedes-Benz Group AG are available to the public from the Mercedes-Benz corporate website.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

2.3 Going Concern

The company has made a loss of £2,574,913 (year ended 30 June 2021: £11,933,953) during the period ended 31 December 2021. The directors believe it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

- The Company has been acquired by Mercedes Benz UK Limited, a wholly owned subsidiary of Mercedes Benz Group AG. Mercedes Benz Group AG, has provided the Company with a credit facility which provides the Company with the required financial support for a period of at least 12 months from the date of signing the financial statements.
- 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, with the support of Mercedes Benz UK Limited, the Company to be a going concern.
- The Company's operations have not been materially affected by the Covid-19 situation.

Taking these factors together, the directors are of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

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.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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

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.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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.

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 period 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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.

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 period. 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.

Stock provision (note 16)

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

Provisions (note 22)

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 PERIOD ENDED 31 DECEMBER 2021

4. Turnover

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

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
Sale of goods	5,959,055	7,134,578
Rendering of services	4,004,604	5,234,954
	<u>9,963,659</u>	<u>12,369,532</u>

Analysis of turnover by country of destination:

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
United Kingdom	879,954	1,456,907
Rest of Europe	8,486,835	9,791,134
Rest of the world	596,870	1,121,491
	<u>9,963,659</u>	<u>12,369,532</u>

5. Other operating income

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
Grant income	1,243,013	4,005,801
R&D tax credit for RDEC claim	454,337	546,447
	<u>1,697,350</u>	<u>4,552,248</u>

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

6. Loss for the period

The loss for the period is stated after crediting:

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
Research & development charged as an expense	4,645,782	7,500,159
Depreciation of tangible fixed assets	506,299	1,230,723
Exchange differences	216,590	299,002
Other operating lease rentals	290,588	522,087
Defined contribution pension cost	<u>371,007</u>	<u>591,820</u>

7. Auditor's remuneration

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>27,000</u>	<u>21,520</u>
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	8,000	4,700
All other assurance services	9,000	5,750
All other services	--	57,303
	<u>17,000</u>	<u>67,753</u>

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

8. Employees

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

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
Wages and salaries	6,527,332	10,228,736
Social security costs	822,010	1,120,338
Cost of defined contribution scheme	371,007	591,820
	<u>7,720,349</u>	<u>11,940,894</u>

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

	6 month period to 31 December 2021 No.	Year to 30 June 2021 No.
Manufacturing	71	45
Selling, General and Administrative	59	47
Research and Development	117	107
	<u>247</u>	<u>199</u>

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

9. Directors' remuneration

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
Directors' emoluments	282,642	551,112
Company contributions to defined contribution pension schemes	12,344	20,320
	<u>294,986</u>	<u>571,432</u>

During the period retirement benefits were accruing to 2 Directors (Year ended 30 June 2021: 2) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £154,439 (Year ended 30 June 2021: £297,320).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £7,010 (Year ended 30 June 2021: £13,364).

During the period no Director received shares under the long-term incentive schemes (Year ended 30 June 2021: 0).

10. Interest receivable

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
Bank interest received	<u>239</u>	<u>1,373</u>

11. Interest payable

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
Loan interest	<u>8,938</u>	<u>7</u>

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

12. Taxation

	6 month period to December 2021 £	Year to 30 June 2021 £
Corporation tax		
Current tax on profits for the year	(1,139,368)	(876,661)
	<u>(1,139,368)</u>	<u>(876,661)</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than (June 2021 - lower than) the standard rate of corporation tax in the UK of 19.0% (2020 – 19.0%). The differences are explained below:

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
Loss on ordinary activities before tax	<u>(3,714,281)</u>	<u>(12,810,613)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2020 – 19.0%)	(705,713)	(2,434,016)
Effects of:		
Fixed asset differences	-	20,304
Expenses not deductible for tax purposes	330,239	397,550
Other permanent differences	(2,635,676)	(15,735)
Additional deduction for R&D expenditure	(81,779)	(649,281)
Adjust deferred tax to average rate of 25%/ 2020: 19%	(2,799,360)	(1,721,274)
Surrender of tax losses for R&D tax credit refund	34,268	272,067
R&D Expenditure Credits	20,249	24,355
Deferred tax not recognised	5,008,111	3,229,369
Enhanced Capital Allowances deduction	(309,707)	-
Total tax credit for the period	<u>(1,139,368)</u>	<u>(876,661)</u>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main corporation tax rate will increase to 25%. There is not expected to be any impact of this as no deferred tax asset is recognised within these financial statements.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

13. Exceptional items

	6 month period to 31 December 2021 £	Year to 30 June 2021 £
Sale Costs	(1,701,165)	-
Profit on sale of business assets	5,500,000	-
Dilapidation provision	(68,691)	-
	<u>3,730,144</u>	<u>-</u>

The Company incurred costs of £1,701,165 in relation to the acquisition by Mercedes-Benz UK Limited and £68,691 in respect of a dilapidation provision of the premises occupied in Welshpool.

The Company sold the trade and assets of its Aerospace business to Yalium Limited for proceeds of £5,500,000 during the period. This company was then sold to external investors. The trade and assets had a net book value of £Nil.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

14. Tangible fixed assets

	Leasehold improve- ments £	Plant & machinery £	Fixtures & fittings £	Office equipment £	Software £	Total £
Cost or valuation						
At 1 July 2021	1,133,587	6,833,885	96,617	349,595	990,008	9,403,692
Additions	-	995,061	6,649	60,064	147,341	1,209,115
Disposals	-	-	-	-	-	-
At 31 December 2021	1,133,587	7,828,946	103,266	409,659	1,137,349	10,612,807
Depreciation						
At 1 July 2021	485,264	3,096,817	82,244	306,131	740,106	4,710,562
Charge for the period on owned assets	57,162	330,010	4,939	18,095	96,093	506,299
Disposals	-	-	-	-	-	-
At 31 December 2021	542,426	3,426,827	87,183	324,226	836,199	5,216,861
Net book value						
At 31 December 2021	<u>591,161</u>	<u>4,402,119</u>	<u>16,083</u>	<u>85,433</u>	<u>301,150</u>	<u>5,395,946</u>
At 30 June 2021	<u>648,323</u>	<u>3,737,068</u>	<u>14,373</u>	<u>43,464</u>	<u>249,902</u>	<u>4,693,130</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

15. Fixed asset investments:

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2021	5
Additions	-
Disposals	(2)
At 31 December 2021	<u>3</u>
Net book value	
At 31 December 2021	<u>3</u>
At 30 June 2021	<u>5</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 Automotive Limited	Ordinary	100%	Dormant company

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

16. Stocks

	31 December 2021 £	30 June 2021 £
Raw materials and consumables	2,534,199	1,487,474
Finished goods and goods for resale	251,485	543,929
	<u>2,785,684</u>	<u>2,031,403</u>

Stock is stated after a provision against slow moving stock of £484,886 (30 June 2021: £525,057).

17. Debtors

	31 December 2021 £	30 June 2021 £
Trade debtors	3,630,724	1,916,578
Amounts owed by group undertakings	3,616,163	-
Other debtors	1,278,248	284,810
Prepayments and accrued income	1,339,930	1,919,444
Tax recoverable	1,317,725	752,969
	<u>11,182,790</u>	<u>4,873,801</u>

Amounts owed by group undertakings relate to the trading operations and are due for payment 30 days from the date of invoice.

18. Cash and cash equivalents

	31 December 2021 £	30 June 2021 £
Cash at bank and in hand	8,237,118	4,056,013
	<u>8,237,118</u>	<u>4,056,013</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

19. Creditors: Amounts falling due within one year

	31 December 2021 £	30 June 2021 £
Trade creditors	872,458	1,337,259
Other taxation and social security	366,911	314,718
Other creditors	86,431	302,977
Accruals and deferred income	4,288,433	4,272,553
Intercompany Loan	10,008,938	
	<u>15,623,171</u>	<u>6,227,507</u>

20. Loans

	31 December 2021 £	30 June 2021 £
Intercompany Loan	10,008,938	-
	<u>10,008,938</u>	<u>-</u>

The intercompany loan is due for repayment within one year. Interest is payable at a rate of 0.75% per annum.

21. Creditors: Amounts falling due after more than one year

	31 December 2021 £	30 June 2021 £
Accruals and deferred income	53,428	60,417
	<u>53,428</u>	<u>60,417</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

22. Provisions

	31 December 2021	30 June 2021
	£	£
Dilapidation	381,458	313,870
Warranty Provision	140,158	103,412
	<u>521,616</u>	<u>417,282</u>

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 warranty provision relates to the future estimated costs of customer warranty claims.

23. Share capital

	31 December 2021	30 June 2021
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
264,442 (30 June 2021: 239,353) Ordinary shares of £0.01 each	2,644	2,394
	<u>2,644</u>	<u>2,394</u>

During the period the Company has allotted 25,089 (Year ended 30 June 2021: 455) Ordinary shares of £0.01 each for total consideration of £250 less share issue costs of £Nil.

24. 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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 £371,007 (Year ended 30 June 2021: £591,820). As at 31 December 2021 there was £Nil owed to the pension provider (30 June 2021: £Nil).

26. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	31 December 2021 £	30 June 2021 £
Land and buildings		
Not later than 1 year	574,575	530,582
Later than 1 year and not later than 5 years	774,064	1,017,359
Later than 5 years	-	27,643
	<u>1,348,639</u>	<u>1,575,584</u>

	31 December 2021 £	30 June 2021 £
Other		
Not later than 1 year	4,559	9,041
Later than 1 year and not later than 5 years	-	930
	<u>4,559</u>	<u>9,971</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

27. Capital Commitments

At 31 December 2021 the Company had capital commitments totalling £3,908,701 (30 June 2021: £713,444).

28. 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.

29. Related party transactions

During the period the Company provided £458,571 of goods and services to Evolito Limited, a company in which Dr C Harris and S Parker are also Directors. £96,208 of services have been provided during the period by Evolito Limited.

At 31 December 2021 £278,802 (30 June 2021: £Nil) was owed to the Company by Evolito Limited.

30. Controlling party

The parent undertaking of the Company is Mercedes-Benz UK Limited. It is the opinion of the Directors that the ultimate controlling party is Mercedes-Benz Group Ag.