

Registered number: 06975790

YASA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



YASA LIMITED

COMPANY INFORMATION

Directors	Dr T Woolmer Mr S Parker Mr F Deiss Mr K Neiss Mr M Warburton Mr M Grychtol
Company secretary	Mrs K Curtis
Registered number	06975790
Registered office	11 - 14 Oxford Industrial Park Mead Road Yarnton Kidlington Oxfordshire OX5 1QU
Independent auditor	James Cowper Kreston Audit Chartered Accountants and Statutory Auditor 2 Chawley Park Cumnor Hill Oxford Oxfordshire OX2 9GG
Bankers	HSBC Bank PLC 62-76 Park Street London SE1 9DZ
Solicitors	Goodwin Procter (UK) LLP 50-60 Station Road Cambridge CB1 2JH

YASA LIMITED

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YASA LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their strategic report for the year ended 31 December 2022.

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 electronic products to drive its motors.

YASA's products are designed to address multiple applications including automotive, construction, agriculture, marine, and industrial.

Business review

Turnover for the year ended 31st December 2022 was £37,982,321; turnover for the 6 month period to 31st December 2021 was £9,963,659.

The Company incurred a loss before tax of £6,828,491 for the year ended 31 December 2022 compared to £3,714,280 (as restated) for the 6 months to 31st December 2021.

The Directors do not recommend the payment of a dividend.

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 this 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, the Company would focus its technology and products on different markets.

Loss of key suppliers

The Company relies on a small number of key suppliers & sub contractors for components used to build its electric motors and inverters. 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 and at a competitive cost and quality to meet the Company's needs. Ongoing monitoring of existing suppliers is undertaken as well as risk assessment for new suppliers.

Where the Company is engaged on project work for Mercedes-Benz Group companies it coordinates with expert procurement resources at Mercedes-Benz to ensure that the suppliers meet the wider strategic objectives of the group's product development.

Financial key performance indicators

The Company considers its KPI's to be turnover and the loss before tax. These are detailed in the business review above.

Cash at bank is also considered to be a KPI and at 31 December 2022 was £nil (2021: £8,237,118).

YASA LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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



Konstantin Neiss 20 Sep 2023 11:03:09 BST (UTC +1)

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Mr K Neiss
Director

Date: 20 September 2023

YASA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The loss for the year, after taxation, amounted to £3,289,960 (2021 - loss £2,574,912).

The Directors do not recommend a dividend.

Directors

The directors who served during the year were:

Dr T Woolmer
Mr S Parker
Mr F Deiss
Mr K Neiss
Mr M Warburton
Mr M Grychtol
Mr J Banken (appointed 15 September 2022, resigned 23 August 2023)
Dr C Harris (resigned 31 January 2023)

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 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Future developments

In the year ahead the Company anticipates further commitment to expanding its facilities and staff resources and has set out a long-term plan ensuring its continued focus on the research and development of new innovative products. The Company is fully engaged on projects for the next-generation axial flux motors, where power density, optimised packaging, and weight are key drivers for its future customers. Additionally, the Company has built up its capabilities in the field of power electronics to enable integrated solutions and overall improved motor performance.

YASA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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.

Post balance sheet events

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

Auditor

The auditor, James Cowper Kreston Audit, 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.



Konstantin Neiss 20 Sep 2023 11:03:09 BST (UTC +1)

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Mr K Neiss
Director

Date: 20 September 2023

YASA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YASA LIMITED

Opinion

We have audited the financial statements of YASA Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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 Auditor's 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.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

YASA LIMITED

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

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 or 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out 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.

YASA LIMITED

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

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.

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 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.



James Pitt BA BPF FCA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston Audit

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

Date: 21 September 2023

YASA LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	Year ended 31 December 2022 £	As restated 6 month period to 31 December 2021 £
Turnover	4	37,982,321	9,963,659
Cost of sales		(26,422,965)	(9,042,940)
Gross profit		11,559,356	920,719
Administrative expenses		(19,087,628)	(10,070,418)
Other operating income	5	1,501,136	1,697,350
Exceptional other operating income	14	7,038,984	8,947,443
Exceptional other operating expenses	14	(7,584,196)	(5,148,608)
Operating loss	7	(6,572,348)	(3,653,514)
Interest receivable and similar income	11	84	239
Interest payable and similar expenses	12	(256,227)	(61,005)
Loss before tax		(6,828,491)	(3,714,280)
Tax on loss	13	3,538,531	1,139,368
Loss for the financial year		(3,289,960)	(2,574,912)

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 11 to 33 form part of these financial statements.

YASA LIMITED
REGISTERED NUMBER: 06975790
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Tangible assets	15	22,155,580	9,703,585
Investments		-	3
		<u>22,155,580</u>	<u>9,703,588</u>
Current assets			
Stocks	16	3,401,007	2,785,684
Debtors: amounts falling due within one year	17	29,698,968	14,630,233
Cash at bank and in hand	18	-	8,237,118
		<u>33,099,975</u>	<u>25,653,035</u>
Creditors: amounts falling due within one year	19	(10,654,418)	(19,695,073)
Net current assets		<u>22,445,557</u>	<u>5,957,962</u>
Total assets less current liabilities		<u>44,601,137</u>	<u>15,661,550</u>
Creditors: amounts falling due after more than one year	20	(5,763,932)	(3,604,680)
		<u>38,837,205</u>	<u>12,056,870</u>
Provisions for liabilities			
Other provisions	22	(724,200)	(653,543)
		<u>(724,200)</u>	<u>(653,543)</u>
Net assets		<u><u>38,113,005</u></u>	<u><u>11,403,327</u></u>
Capital and reserves			
Called up share capital	23	2,644	2,644
Share premium account	24	54,320,416	54,320,416
Capital contribution	24	29,999,638	-
Profit and loss account	24	(46,209,693)	(42,919,733)
		<u><u>38,113,005</u></u>	<u><u>11,403,327</u></u>

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



Korstanja Notes 20 Sep 2023 11:03:09 BST (UTC +1)

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Mr K Neiss

Director
20 September 2023

The notes on pages 11 to 33 form part of these financial statements.

YASA LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Share premium account	Capital contribution	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2021	2,394	49,291,573	-	(40,344,821)	8,949,146
Loss for the period	-	-	-	(2,574,912)	(2,574,912)
Shares issued during the period	250	5,028,843	-	-	5,029,093
At 1 January 2022	2,644	54,320,416	-	(42,919,733)	11,403,327
Loss for the year	-	-	-	(3,289,960)	(3,289,960)
Capital contribution	-	-	29,999,638	-	29,999,638
At 31 December 2022	2,644	54,320,416	29,999,638	(46,209,693)	38,113,005

The notes on pages 11 to 33 form part of these financial statements.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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,
Yamton,
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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 29.

The preparation of financial statements in compliance with FRS 101 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).

First time application of FRS 101

In the current year the Company has adopted FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards (FRS 102).

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. An explanation of the impact of the adoption of FRS 101 for the first time is included in note 29.

There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied:

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Mercedes-Benz Group AG as at 31 December 2022 and these financial statements may be obtained from Mercedes-Benz Group AG website.

2.3 Going concern

The directors believe it is appropriate to prepare the financial statements on a going concern basis for the following reasons:

- The Company is owned by 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 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 AG Group, the Company to be a going concern.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

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 providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Sale of goods

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

2.5 Impact of new international reporting standards, amendments and interpretations

a) New standards, interpretations and amendments effective from 1 January 2022

Classification of liabilities as current or non current (amendments to IAS 1) - Effective for annual reporting periods beginning on or after 1 January 2022.

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non current.

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16) -

The amendments amend IAS 16 to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Annual Improvements 2018 2020 Cycle - Effective for annual reporting periods beginning on or after 1 January 2022 -

These annual improvements will make the following amendments:

IFRS 1 First time Adoption of International Financial Reporting Standards Subsidiary as a first time adopter

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

IFRS 9 Financial Instruments Fees in the '10 per cent' test for derecognition of financial liabilities

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Impact of new international reporting standards, amendments and interpretations (continued)

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IAS 41 Agriculture Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

Reference to the Conceptual Framework (Amendments to IFRS 3) - Effective for annual reporting periods beginning on or after 1 January 2022.

These amendments will result in the following changes to IFRS 3:

- i) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- ii) add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- iii) add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Company expects to adopt the amendments for the first time in the 2022 annual financial statements. The Company does not expect these amendments to have a material impact.

b) New standards, interpretations and amendments not yet effective

At the date of signing of these financial statements, the following new reporting standards will be applicable to the Company.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. Effective from annual periods beginning on or after 1 January 2023.

Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. Effective from annual periods beginning on or after 1 January 2023.

Amendment to IAS 1 - Non current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Effective from annual periods beginning on or after 1 January 2024.

Amendments to IFRS 16 - Leases on sale and leaseback

These Amendments to IFRS 16 - Lease liability in a sale and leaseback amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.5 Impact of new international reporting standards, amendments and interpretations (continued)

all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. Effective from annual periods beginning on or after 1 January 2024.

IFRS 17, 'Insurance contracts' as amended in December 2021

This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. Effective from annual periods beginning on or after 1 January 2023.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

2.6 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 profit or loss.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

2.12 Short-term incentive plan

The Company has an incentive plan which requires certain employees to fulfill various conditions or requirements over time. The costs are recognised as an expense in profit or loss as the services are rendered. Amounts not paid are shown in accruals as a liability in the Balance Sheet. These costs are reimbursed by the parent group and amounts reimbursed recognised as income in profit or loss as the services are rendered. Amounts not yet recovered are shown in amounts owed by group undertakings as an asset in the Balance Sheet.

2.13 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Foreign currency translation

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.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.15 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.18 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of Financial Position.

2.19 Government grants

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

2.20 Taxation

Tax is recognised in profit or loss 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 reporting date in the countries where the Company operates and generates income.

2.21 Exceptional items

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

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.22 Research and development

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

2.23 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments (including in-substance fixed payments) that are not paid at the commencement date, discounted by using the rate implicit in the lease and allowing for any lease incentives. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' line, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.6.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

The Company has taken the full retrospective approach of IFRS 16 - restating the comparative information in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. This approach effectively restates the financial statements as if IFRS 16 had always been applied.

YASA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****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.

Short-term incentive plan (note 14)

Amounts recognised under the short-term incentive plan requires estimates to be made regarding the expected liability. The liability is assessed annually and any amendments reflected in the reporting period. These amounts are reimbursed by the parent group and therefore the asset is also assessed annually and any amendments reflected in the reporting period.

Stock provision (note 17)

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 24)

The directors have considered the obligations arising from contracts and have provided for liabilities where costs can be reliably estimated. Most significantly, the directors have estimated the dilapidations provision using an industry standard rate per square foot.

4. Turnover

	Year ended 31 December 2022	6 month period to 31 December 2021
	£	£
Sale of goods	18,740,603	5,959,055
Rendering of services	19,241,718	4,004,604
	37,982,321	9,963,659
	£	£
	Year ended 31 December 2022	6 month period to 31 December 2021
	£	£
Analysis of turnover by country of destination		
United Kingdom	2,780,447	879,954
Rest of Europe	35,049,217	8,486,835
Rest of the world	152,657	596,870
	37,982,321	9,963,659

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5. Other operating income

	Year ended 31 December 2022 £	6 month period to 31 December 2021 £
Grant income	800,218	1,243,013
R&D tax credit for RDEC claim	700,918	454,337
	<u>1,501,136</u>	<u>1,697,350</u>

6. Leases

Company as a lessee

The Company has several different finance leases, most of which are for properties.

Lease liabilities are due as follows:

	2022 £	2021 £
Not later than one year	914,267	624,459
Between one year and five years	3,410,322	2,661,818
Later than five years	2,300,182	889,434
	<u>6,624,771</u>	<u>4,175,711</u>

The following amounts in respect of leases have been recognised in profit or loss:

	Year ended 31 December 2022 £	6 month period to 31 December 2021 £
Interest expense on lease liabilities	<u>193,381</u>	<u>52,067</u>

7. Loss for the year

The loss for the year is stated after charging:

	Year ended 31 December 2022 £	6 month period to 31 December 2021 £
Research & development charged as an expense	10,079,145	4,645,782
Depreciation of tangible fixed assets	2,530,859	506,299
Exchange differences	283,871	216,590
Defined contribution pension cost	882,122	371,007

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

8. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	Year ended 31 December 2022 £	6 month period to 31 December 2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	30,000	27,000
Taxation compliance services	9,000	8,000
All other assurance services	10,750	9,000
	<u> </u>	<u> </u>

9. Employees

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

	Year ended 31 December 2022 £	As restated 6 month period to 31 December 2021 £
Wages and salaries	15,121,410	6,566,685
Social security costs	1,902,260	822,010
Cost of defined contribution scheme	882,122	371,007
Short-term incentive plan	6,681,612	3,447,443
Employee energy bonus payment	902,584	-
	<u>25,489,988</u>	<u>11,207,145</u>

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

	2022 No.	2021 No.
Manufacturing	92	71
Selling, general and administrative	62	59
Research and development	133	117
	<u>287</u>	<u>247</u>

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Directors' remuneration

	Year ended 31 December 2022 £	As restated 6 month period to 31 December 2021 £
Directors' emoluments	470,745	281,121
Defined contribution pension schemes	21,486	12,344
Short-term incentive plan	5,602,669	2,837,462
	<u>6,094,900</u>	<u>3,130,927</u>

At 31 December 2022 retirement benefits were accruing to 1 director (31 December 2021 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £4,901,767 (2021 as restated - £2,328,068).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £11,083 (2021 - £5,943).

During the year no directors received shares under the long-term incentive schemes (2021 - 0)

11. Interest receivable

	Year ended 31 December 2022 £	6 month period to 31 December 2021 £
Bank interest received	<u>84</u>	<u>239</u>

12. Interest payable and similar expenses

	Year ended 31 December 2022 £	As restated 6 month period to 31 December 2021 £
Loan interest payable	62,846	8,938
Finance leases	193,381	52,067
	<u>256,227</u>	<u>61,005</u>

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Taxation

	Year ended 31 December 2022 £	6 month period to 31 December 2021 £
Corporation tax		
Current tax on profits for the year	(3,331,929)	(1,139,368)
Adjustments in respect of previous periods	(206,602)	-
Total current tax	(3,538,531)	(1,139,368)

Factors affecting tax charge for the year/period

The tax assessed in the year/period is higher than the standard rate of corporation tax in the UK of 19%. (For the period ended 31 December 2021, the tax assessed was also higher than the applicable standard rate of 19%). The differences are explained below:

	Year ended 31 December 2022 £	6 month period to 31 December 2021 £
Loss on ordinary activities before tax	(6,828,491)	(3,714,280)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(1,297,413)	(705,713)
Effects of:		
Expenses not deductible for tax purposes	122,821	330,239
Capital allowances for year/period in excess of depreciation	-	(2,635,676)
Additional deduction for R&D expenditure	-	(81,779)
Adjust deferred tax to average rate of 25% (2021: 19%)	(1,115,396)	(2,799,360)
Surrender of tax losses for R&D tax credit refund	-	34,268
R&D Expenditure Credits	157,944	20,249
Deferred tax not recognised	1,232,996	5,008,111
Enhanced Capital Allowances deduction	(2,432,881)	(309,707)
Prior period adjustment	(206,602)	-
Total tax charge for the year/period	(3,538,531)	(1,139,368)

Factors that may affect future tax charges

The main rate of corporation tax will rise from 19% to 25% from 1 April 2023. On this basis deferred tax should be provided at the future rate of 25%. The impact of these changes is not expected to be material as the Company does not recognise any deferred tax.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

14. Exceptional items

	Year ended 31 December 2022 £	As restated 6 month period to 31 December 2021 £
Short-term incentive recharge	6,681,612	3,447,443
Short-term incentive charge	(6,681,612)	(3,447,443)
Employee energy bonus payment	(902,584)	-
Dilapidation (IFRS16)	357,372	-
Sale costs	-	(1,701,165)
Profit on sale of business assets	-	5,500,000
	<u>(545,212)</u>	<u>3,798,835</u>

During the acquisition of the Company by Mercedes-Benz Holdings UK Limited (August 2021), certain key Company directors and managers were offered retention bonuses aligned to aspects of the Mercedes-Benz Short-Term Incentive scheme. Payment obligations of £6,681,612 (6 months ended 31 December 2021: £3,447,443) accrue to those Directors and managers through the provision of their continuing service, with the first annual payment falling on 3rd August 2022. Accordingly, both the payment and recovery has been shown as exceptional to the Company's normal operating activities, and is now restated to show also the effect in the previous accounting period.

During the year ended 31 December 2022, all staff were paid a one-off emergency bonus payment to support cost of living and fuel increases, costing the Company a total of £902,584 (6 months ended 31 December 2021: £Nil).

During the year ended 31 December 2022, the dilapidation provision was increased by £357,372 (6 months ended 31 December 2022: £Nil).

During the prior year, the Company incurred costs of £1,701,165 in relation to the acquisition by Mercedes-Benz Holdings UK Limited.

During the prior year, the Company sold the trade and assets of its Aerospace business to Evolito Ltd for proceeds of £5,500,000. The company was then sold to external investors. The trade and assets had a net book-value of £Nil.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Tangible fixed assets

	L/Term Leasehold Property £	Plant & machinery £	Right of use assets £	Fixtures & fittings £	Office equipment £
Cost or valuation					
At 1 January 2022 (as previously stated)	1,133,587	7,828,946	-	103,266	409,659
Prior Year Adjustment	-	-	4,742,450	-	-
At 1 January 2022 (as restated)	1,133,587	7,828,946	4,742,450	103,266	409,659
Additions	504,552	10,015,896	3,021,286	179,903	206,116
Disposals	-	(22,507)	-	(1,677)	(5,988)
At 31 December 2022	1,638,139	17,822,335	7,763,736	281,492	609,787
Depreciation					
At 1 January 2022 (as previously stated)	542,426	3,426,827	-	87,183	324,226
Prior Year Adjustment	-	-	434,811	-	-
At 1 January 2022 (as restated)	542,426	3,426,827	434,811	87,183	324,226
Charge for the year on owned assets	155,314	744,937	-	79,841	44,006
Charge for the year on right-of-use assets	-	-	795,171	-	-
Disposals	-	(19,882)	-	(1,677)	(5,988)
At 31 December 2022	697,740	4,151,882	1,229,982	165,347	362,244
Net book value					
At 31 December 2022	940,399	13,670,453	6,533,754	116,145	247,543
At 31 December 2021 (as restated)	591,161	4,402,119	4,307,639	16,083	85,433

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

15. Tangible fixed assets (continued)

	Software £	Total £
Cost or valuation		
At 1 January 2022 (as previously stated)	1,137,349	10,612,807
Prior Year Adjustment	-	4,742,450
	<hr/>	<hr/>
At 1 January 2022 (as restated)	1,137,349	15,355,257
Additions	595,545	14,523,298
Disposals	(42,888)	(73,060)
	<hr/>	<hr/>
At 31 December 2022	1,690,006	29,805,495
	<hr/>	<hr/>
Depreciation		
At 1 January 2022 (as previously stated)	836,199	5,216,861
Prior Year Adjustment	-	434,811
	<hr/>	<hr/>
At 1 January 2022 (as restated)	836,199	5,651,672
Charge for the year on owned assets	249,409	1,273,507
Charge for the year on right-of-use assets	-	795,171
Disposals	(42,888)	(70,435)
	<hr/>	<hr/>
At 31 December 2022	1,042,720	7,649,915
	<hr/>	<hr/>
Net book value		
At 31 December 2022	647,286	22,155,580
	<hr/>	<hr/>
At 31 December 2021 (as restated)	301,150	9,703,585
	<hr/>	<hr/>

YASA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****15. Tangible fixed assets (continued)**

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Long leasehold	940,399	591,161

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2022 £	2021 £
Tangible fixed assets owned	15,621,826	5,395,946
Right-of-use tangible fixed assets	6,533,754	4,307,639
	<u>22,155,580</u>	<u>9,703,585</u>

Information about right-of-use assets is summarised below:

Net book value

	2022 £	2021 £
Property	6,471,097	4,298,585
Other tangible fixed assets	62,657	9,054
	<u>6,533,754</u>	<u>4,307,639</u>

Depreciation charge for the year ended

	2022 £	2021 £
Property	785,219	237,485
Other tangible fixed assets	9,952	11,842
	<u>795,171</u>	<u>249,327</u>

YASA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****16. Stocks**

	2022	2021
	£	£
Raw materials	3,070,723	2,534,199
Finished goods	330,284	251,485
	<u>3,401,007</u>	<u>2,785,684</u>

Stock is stated after a provision against slow moving stock and stock recharged to Mercedes' projects of £2,273,728 (2021: £484,886).

17. Debtors

	2022	As restated 2021
	£	£
Trade debtors	6,134,949	3,630,724
Amounts owed by group undertakings	16,747,781	7,063,606
Other debtors	3,567,610	1,278,248
Prepayments and accrued income	2,348,632	1,339,930
Tax recoverable	899,996	1,317,725
	<u>29,698,968</u>	<u>14,630,233</u>

Amount owed by group undertakings are due for payment 30 days from the date of invoice.

18. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	-	8,237,118

During the year ended 31 December 2022, the Company entered into an intercompany cash-pooling arrangement, where daily balances are satisfied through intercompany facility accounts. The facility agreement has an overdraft limit of £5,000,000 and interest is incurred based on market interest rates.

YASA LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****19. Creditors: Amounts falling due within one year**

	2022	As restated 2021
	£	£
Trade creditors	3,606,097	872,458
Cash pooling facility	1,818,613	-
Intercompany loan	-	10,008,938
Other taxation and social security	859,744	366,911
Lease liabilities	914,267	624,459
Other creditors	217,595	86,431
Accruals and deferred income	3,238,102	7,735,876
	<u>10,654,418</u>	<u>19,695,073</u>

See note 18 for details of the cash pooling facility.

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

	2022	2021
	£	£
Lease liabilities	5,710,504	3,551,252
Accruals and deferred income	53,428	53,428
	<u>5,763,932</u>	<u>3,604,680</u>

21. Loans

	2022	2021
	£	£
Intercompany loan	-	10,008,938

During the year ended 31 December 2022, the Company repaid the loan in full from funding received as capital contributions from its parent company.

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

22. Provisions

	Dilapidation provision £	Warranty provision £	Total £
At 1 January 2022	513,385	140,158	653,543
Charged to profit or loss	(34,934)	105,591	70,657
At 31 December 2022	<u>478,451</u>	<u>245,749</u>	<u>724,200</u>

The dilapidation provision relates to future expected cost of restoring leasehold premises to their former state as per terms of each lease. The expected end dates of these leases range between October 2026 and November 2036.

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

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
264,442 (2021 - 264,442) Ordinary shares of £0.01 each	<u>2,644</u>	<u>2,644</u>

24. Reserves

Share premium account

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

Capital contribution

The capital contribution account relates to the aggregate of capital gifts received from the parent company and is treated as a non-distributable reserve.

Profit and loss account

The profit and loss account is the accumulated realised profits less the accumulated realised losses of the Company.

25. Prior year adjustment

During the year ended 31 December 2022, the Directors identified a prior year adjustment in respect of short-term incentive bonuses that should have been partially accrued as at 31 December 2021. The adjustment has resulted in an increase of £3,447,443 to both exceptional income and exceptional expenditure in the statement of comprehensive income for the 6 months ended 31 December 2021, and an increase to amounts owed by group undertakings and accruals of £3,447,443 as at 31 December 2021.

YASA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

26. 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 £882,122 (2021: £371,007). Contributions totalling £154 (2021: £nil) were payable to the fund at the balance sheet date.

27. Related party transactions

As permitted by FRS 101, related party transactions with wholly owned members of Mercedes Benz Group AG have not been disclosed.

During the period the Company provided £718,555 of goods and services to Evolito Limited, a company in which Dr C Harris & S Parker are also Directors. £198,753 of services have been provided during the period by Evolito Limited.

28. Controlling party

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

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

29. First time adoption of FRS 101

The Company transitioned to FRS 101 from previously extant UK GAAP as at 1 July 2021. The impact of the transition to FRS 101 is as follows:

	As previously stated 1 July 2021 £	Effect of transition 1 July 2021 £	FRS 101 (as restated) 1 July 2021 £	As previously stated 31 December 2021 £	Effect of transition 31 December 2021 £	FRS 101 (as restated) 31 December 2021 £
Fixed assets	4,693,135	2,042,876	6,736,011	5,395,949	4,307,639	9,703,588
Current assets	10,961,217	-	10,961,217	25,653,035	-	25,653,035
Creditors: amounts falling due within one year	(6,227,507)	(357,918)	(6,585,425)	(19,070,614)	(624,459)	(19,695,073)
Net current assets	4,733,710	(357,918)	4,375,792	6,582,421	(624,459)	5,957,962
Total assets less current liabilities	9,426,845	1,684,958	11,111,803	11,978,370	3,683,180	15,661,550
Creditors: amounts falling due after more than one year	(60,417)	(1,722,604)	(1,783,021)	(53,428)	(3,551,252)	(3,604,680)
Provisions for liabilities	(417,282)	-	(417,282)	(521,616)	8,231	(513,385)
Net assets	8,949,146	(37,646)	8,911,500	11,403,326	140,159	11,543,485
Capital and reserves	8,949,146	-	8,949,146	11,403,326	-	11,403,326

YASA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

29. First time adoption of FRS 101 (continued)

	As previously stated 6 month period to 31 December 2021 £	Effect of transition 6 month period to 31 December 2021 £	FRS 101 (as restated) 6 month period to 31 December 2021 £
Turnover	9,963,659	-	9,963,659
Cost of sales	(9,042,940)	-	(9,042,940)
	<hr/>	<hr/>	<hr/>
	920,719	-	920,719
Administrative expenses	(10,053,795)	(16,623)	(10,070,418)
Other operating income	1,697,350	-	1,697,350
Exceptional Income	5,500,000	-	5,500,000
Exceptional Expenditure	(1,769,856)	68,690	(1,701,166)
	<hr/>	<hr/>	<hr/>
Operating profit	(3,705,582)	52,067	(3,653,515)
Interest receivable and similar income	239	-	239
Interest payable and similar charges	(8,938)	(52,067)	(61,005)
Taxation	1,139,368	-	1,139,368
	<hr/>	<hr/>	<hr/>
Loss on ordinary activities after taxation and for the financial period	(2,574,913)	-	(2,574,913)
	<hr/>	<hr/>	<hr/>

Explanation of changes to previously reported profit and equity:

1 As a result of applying IFRS 16, at the date of transition, the Company has recognised a right of use asset of £2,042,876; a lease liability of £2,080,522; and an increase in administrative expenses of £37,646.

During the six months ended 31 December 2021, the Company has recognised a right of use asset of £4,307,639; a lease liability of £4,175,710; an increase in administrative expenses of £16,623; and an increase in interest payable of £52,067.