ANNUAL REPORT AND ACCOUNTS 2022

COMPANY INFORMATION

Directors	Mr G Mahadevan (Non-Executive Director ("NED"))	
	Mr V Venkatesan (NED)	
	Mr S Bhagavathula (NED)	(Resigned 1 April 2021)
	Mr P Harihar (NED)	(Resigned 27 September 2021
	Mr S Norris (Independent NEDC)	(Resigned 1 December 2022)
	Dr A C Palmer (Independent NEC)	(Resigned 3 November 2022)
	Mr N Seth (NED)	(Resigned 1 October 2021)
Secretary	Mr A Mukhopadhyay	
Company number	06481690	
Registered office	Unit 3 Hurricane Way South Sherburn In Elmet North Yorkshire LS25 6PT	
Auditor	BDO LLP 3 Hardman Street Spinningfields Manchester United Kingdom M3 3AT	

CONTENTS

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

Fair review of the business

Optare PLC specialises in the production and service of diesel buses and through Switch Mobility the production and service of electric buses within the UK. With production facilities in Sherburn and service facilities in Rotherham, Thurrock and Manchester, FY 2021/2022 saw Optare deliver 52 buses. In total, revenues were £23,957k, a decrease of £5,856k compared with 2020/2021.The low sales numbers in the UK along with deliveries in India which would commence in the next financial year and as also our investment in products, marketing, facilities and staff have contributed to an increased pre-tax loss of £35,985k (compared with losses of £15,716k in FY2020/2021). The past year also saw a reorganisation of the Group with a number of activities taking place:

- Formally launched Switch Mobility Ltd (Switch UK), part of Optare PLC.
- Switch Mobility Automotive Ltd (bringing together Optare UK and Ashok Leyland's EV Division) became the subsidiary of Switch, UK on 14th June 2021.
- OHM Global Mobility Private Limited, the "Mobility-as-a-Service" arm of Switch was incorporated on 8th March 21 and became the subsidiary of OHM International Mobility Limited, UK in October 2021.
- Ashok Leyland EV business was transferred to Switch Mobility Automotive Ltd via a Business Transfer Agreement effective 1st October 2021.
- Switch Mobility SL was incorporated on 14th of December 2021.

s172 Companies Act 2006

As required by Section 172 (1) of the Companies Act 2006, the Directors of the group must act in the way they consider, in good faith, would be most likely to promote success of the group for its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term,
- The interests of the Group's employees,
- The need to foster the Group's business relationships with suppliers, customers and others,
- The impact of the Group's operations on the community and the environment,
- The desirability of the Group maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the Group.

During the year the Directors meet regularly to review medium- and long-term Strategy as well as scheduled Board presentations and reports including updated on operational matters, financial performance and Health & Safety updates. The Directors believe that the following issues are relevant in complying with Section 172 (1) of the Companies Act 2006.

The likely consequences of any decision in the long run
The Directors understand the business and the evolving and challenging conditions of the markets in which the business operates, as a Board we have always taken decisions for the long term, our aims are always to uphold the highest standard of conduct and act fairly. This is reflected in our strategy and business principles.

The interests of the group's employees
The group encourages the involvement of its employees through regular communication, consultation and information. Senior management works closely with Unite the Union which represents its members in Production and we have employee representative forum which is chaired by a Director on rotation, for our office based staff. During the pandemic, communication and employee involvement has been critical in ensuring all staff abide by social distancing and restrictions currently in place in the workplace, whilst at the same time keeping in touch with those working from home. A weekly memo issued by the HR Director outlining the latest government guidance, together with helpful links has been issued to all staff and outputs from a weekly feedback survey have been captured, to check how the workforce is managing and Directors have taken action as a result.

The need to foster the Group's business relationships with suppliers, customers and others
We understand that our business can only grow and prosper over the long-term if we understand and respect the views and needs of our customers, colleagues and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable. The Directors ensure that the Group engages at multiple levels with the customer to ensure that their needs are understood and met, and information received from them is incorporated into strategic decision making. The Directors ensure that suppliers are able to meet the group's quality, service and environmental standards and are aligned with the Group's business ethics and corporate social responsibility requirements.

The impact of the Group's operations on the community and the environment
The Directors recognise their responsibility to ensure that the impact of the business operations on local communities is positive and promote employment opportunities locally.

The Group's environmental policy is to meet the statutory requirements placed upon it and to apply good environmental practice in its operations. The Group will continue to reduce its greenhouse gas emissions through the implementation of the next phase of its ESOS action plan.

Environmental considerations are further detailed in the Streamlined energy and carbon reporting (SECR) section of the report which is on page 7.

The desirability of the group maintaining a reputation for high standards of business conduct
It is critical that the group maintains the highest standards of business conduct in order to retain existing contracts and customers whilst being able to compete for new tenders and business opportunities. This also enables long term mutually beneficial relationships with suppliers. The Directors regularly review and approve the corporate social responsibility policy, anti-fraud and bribery policies, modern slavery statements amongst other things to ensure that high standards are maintained within the Group's businesses and business relationships with third parties.

The need to act fairly as between members of the Group
The Directors will continue to engage with all stakeholders throughout 2023 to ensure success is delivered for the members of the Group.

Development

During 2021/2022 our strategic focus has been on developing a strong range of electric buses to cater for UK, Indian and European markets. We have launched 3 new products, Switch e1, Switch EIV12 and Switch EiV22, all of which were designed and developed during 2021/2022. We have also invested in product development for the Metrocity, delivering our first 8.7m variant. In parallel, we have invested in improved battery technology to improve the efficiency and range of Metrocity and Metrodecker in the UK. Optare PLC believes that these improvements and range of vehicles will deliver significant volume in years to come.

Development of our electric light commercial vehicle (eLCV) range also continued during 2021/2022. Having recruited a strong engineering team and using the knowledge gained from our electric bus products we will continue focusing on delivering eLCVs that offer the lowest total cost of ownership (TCO) to our customers and meet the net zero targets that we have established. We expect to launch our first eLCV in India in early 2023.

The period also saw continued development of dealer relations in the Middle East, Far East and Australasia whilst Optare PLC retained its international quality ISO 9001:2015 status.

Financial performance

The financial results for the year show a net loss of £35,985k compared to a loss of £15,716k in the previous period, largely due to a drop in UK volume and investment in EV vehicle development.

The key highlights for the period end are:

- Revenue for the period was £23,957k (2020/2021: £29,813k).
- Gross profit was £335k over the twelve-month period (2020/2021: £785k loss).
- Loss after tax was £35,985k (2020/2021: £15,716k).

Key Risks and Mitigating Activities

We have a robust management system in place to monitor and assess the company risks.

The Board of Directors and members of the Steering Committee are responsible for reviewing the Group's internal financial controls and risk management systems and processes to limit the exposure to the below key risks.

The key risks that might materially affect the financial performance of the Group are:

Changes in legislation

Legislative changes may require investment in new product developments or adaptations which will incur cost. Design changes are regularly made to address legislative changes well ahead of their legal introduction.

Decrease in market demand

The Group operates in a market where there are a number of competitors whose actions may affect the level of turnover of the Group. Market demand, whilst underpinned by strong long-term drivers, may fluctuate over the short to medium term. The Board is actively pursuing a policy to decrease the dependency on the Indian and UK markets by increasing focus on export markets.

Introduction and production of new technologies

The introduction and start-up of production of new technologies, such as EV technology, carries a technical and execution risk. The Group continually works with major global suppliers to evaluate new technological developments and how best to improve designs, introduce them into products and incorporate them into assembly production.

Supply chain

The Group is currently dependent upon key suppliers to ensure continuity of production. Interruption of such supply may have a detrimental effect on the Group's revenue stream and resultant operating results. Common sourcing strategies are being pursued with Ashok Leyland to reduce the dependency on any one supplier.

Customer relationships

The Group continues to trade with a number of customers, the future business of which cannot be guaranteed beyond the terms and conditions of existing contracts as referred to by separate disclosure. Significant effort is put into maintaining and developing Optare's long-term reputation with both existing customers and new customers.

Liquidity and cash flow risks

Cash Flow is monitored closely within the company and reported on regular basis internally and to the Group. Credit lines are in place to ensure short and midterm liquidity. The company has been adequately supported by the parent company in the past in meeting its liquidity needs.

Reputational risk from product failures

There is a risk that poor performance of legacy products impacts on the reputation of Optare PLC. This could result in higher warranty costs and a reduced order bank. To mitigate this risk, our Aftersales engage closely with operators to minimise the number of vehicles off road and have a concern and corrective action (CCR) process to ensure any issues in the field are permanently resolved on both current and future products.

On behalf of the board

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Mr G Mahadevan
Director

Date: 21/12/2022

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

The directors' and senior officers' remuneration report set out on pages 10 to 11 forms part of this report.

Principal activities

The Group is engaged in bus; design, manufacture, sales, refurbishment, and aftermarket support.

Results and dividends

The results for the year are set out on page 14.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G Mahadevan (NED)	
Mr V Venkatesan (NED)	
Mr S Bhagavathula (NED)	(Resigned 1 April 2021)
Mr P Harihar (NED)	(Resigned 27 September 2021
Mr S Norris (Independent NEDC)	(Resigned 1 December 2022)
Dr A C Palmer (Independent NEC)	(Resigned 3 November 2022)
Mr N Seth (NED)	(Resigned 1 October 2021)

Qualifying third party indemnity provisions

Every Director and Senior Officer shall be indemnified by the Company out of its own funds. An appropriate insurance policy is in place.

Supplier payment policy

The group's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The group's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the group at the year end were equivalent to 50 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Political and charitable contributions

There were no political contributions during the period (2021: £nil). Charitable contributions were £239 in the period (2021: £4,767).

Research and development

The Company has in our view one of the strongest product development teams in the industry, generating advanced product designs in accordance with customer needs, legislative requirements and market trends, integrated with market-leading technology suppliers. Through 2021/2022 our R&D teams developed a number of new products including Switch e1, Switch EiV 12 and Switch EiV 22. These products incorporate highly efficiency NMC battery technology and a lightweight structure, resulting in them being some of the most efficient buses within the industry.

Sustainability Strategy

The company places significant emphasis on sustainability, aiming to go beyond the statutory requirements placed upon it. In 2022 Switch became a Signatory to the UN Global Compact, outlining our commitment to working towards the UN Sustainability Development Goals (UNSDG's). We have aligned ourselves with 14 of the 17 UNSDG's and are in the process of setting targets and measurement criteria for each of the Goals.

From an environmental perspective, as outlined in the SECR, several steps have been taken to reduce green house gas emissions from operations. In addition, in calendar year 2021 the company conducted a Corporate Carbon footprint assessment of UK operations. This identified a carbon footprint of 2,793 $tCO2$ which were offset through the purchase of carbon credits. From this report the company is implementing a number of activities to reduce its carbon footprint, including but not limited to:

- Conducting a carbon footprint assessment of Indian operations and identifying opportunities for reduction.
- Ceasing sale of Diesel vehicles.
- Transitioning our fleet of service vehicles to electric vehicles.
- Manufacturing side improvements including energy optimisation during idle time followed by several small improvement projects.
- Replacement of conventional lamps with energy efficient LED lamps on a continual replacement basis.
- Working towards implementation of water-based painting of buses & recirculation of 60% water used in shower test bay.

· Supplier sustainability questionnaire issued and received back from over 65 strategic suppliers.
· Sustainability training for employees.

The company is also in the process of conducting an assessment of vehicle recoverability, recyclability and reusability (RRR) in accordance with ISO 22628. This will enable actions to be taken to improve RRR and reduce the product carbon footprint of our buses and vans. In FY2021/2022 Switch also received ISO14001 certification in the UK. Within India, our production facility has ISO14001 certification and we are implementing activities to ensure our new production facility in Spain complies with ISO14001 requirements.

Alongside our commitment to environmental sustainability, Switch is also placing an increased focus on Diversity, Equity and Inclusion and CSR. Within the UK, we have taken steps to reduce our gender pay gap and increase the number of female employees within the business. For the purpose of gender pay gap reporting, on the 5th April 2022 our mean pay gap was 6.29%, with female employees receiving 94p for every £1 male employees receive. This has reduced from 16.54% compared to 5th April 2021, predominantly due to 6 new female employees appointed into senior positions. The relevant population within Switch UK included 84.3% male and 15.7% women which increased by 4.1% compared to 5th April 2021.

Switch has also carried out gender pay gap assessments in Spain and India and is implementing measures to ensure there is no gender pay gap. These measures include:

· Review of female salaries at manager level and above
· Attracting more females into Director level jobs N-1 and N-2 levels
· Levelling exercise carried out during pay review
· Job pay and grading framework implemented to ensure consistency

Alongside these activities, training modules have been setup to help educate employees on Diversity, Equity and Inclusion – taking into account the cultural differences across our operations. An E,D &I survey has been conducted in the UK to enable us to better understand the diversity of our employees and similar actions will be taken in India. Switch has also been accredited as a 'Disability Confident' employer, demonstrating our commitment to inclusion.
From a CSR perspective, in 2022 Switch employees have raised over £1400 for UK based charities through a series of events. In India, projects are ongoing to repurpose wood packaging to desks that can be donated to local schools alongside working with NGO's to identify the possibility of training individuals from an underprivileged background to work in our service operations.

Disabled Persons

It is the policy of the Company that disabled people should have the same consideration as others for all job vacancies for which they apply as suitable candidates.

It is Company policy to ensure that equal opportunity is given for the employment, training and career development of disabled people, including people who become disabled whilst in the Company's employment. During FY 2021/ 2022 we also worked to achieve Disability Confident certification.

Employee Involvement

The Company encourages the involvement of its employees through regular communication, consultation, and information. Optare PLC senior management works closely with Unite the Union which represents its' members in Production, and we have an employee representative forum, which is chaired by a Director on rotation, for our office based staff. During the pandemic, communication and employee involvement has been critical in ensuring all staff abide by the social distancing and restrictions in place in the workplace, whilst at the same time keeping in touch with those working from home. A weekly memo issued by the HR Director outlining the latest government guidance, together with helpful links has been issued to all staff and outputs from a weekly feedback survey have been captured, to check how the workforce is managing and Directors have taken action as a result.

Post reporting event dates

The Group purchased an 80% holding in OHM International Mobility Limited from Hinduja Automotive Ltd for £2k on 26th August 2022 in order to complete the organisational consolidation of all related business under Switch Mobility Limited.

Going concern

In considering the going concern aspect of the business, the directors paid due regard to their financial forecasts over the next 12 months including expected revenue streams and future funding opportunities.

The group made a loss before tax for the year to 31 March 2022 of (£37.4m) with net liabilities of (£31.3m). Over the 12 months following this report, the group is forecasting a loss before tax.

The group forecasts have been drawn up on the basis that the group will source external funding from investors. To demonstrate prudence the forecasts were stress-tested to measure the cash requirements should funding not come into fruition, and covenants on financing facilities were also considered as part of this. This was considered by the group's ultimate parent company to be within their capacity for any necessary future funding required to support the Optare PLC group.

The group has obtained a legally binding letter of support from its ultimate parent company, Ashok Leyland Limited, who are a public limited company incorporated and domiciled in India. This letter confirms that, if necessary, Ashok Leyland Limited will source or provide additional funding if required to allow the company to meet all contractual and legal obligations and covenant requirements if needed, including any intercompany receivable balances due, for the period up to and including the 31st December 2023. The directors have assessed the ability and intention of the ultimate parent company to provide funding if required and consider this satisfactory.

Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Energy and carbon report

During the year the Group consumed 3,118,743 kilowatt hours (3,194,052 - 2021) of energy and the emissions were calculated at 617 tonnes (705 - 2021) of carbon dioxide equivalents at an emissions intensity of 26.2 for the period 1st April 2021 to 31st March 2022.

Energy consumption	**2022 kWh**	**2021 kWh**
Aggregate of energy consumption in the year		
- Gas combustion	1,404	1,267
- Electricity purchased	1,004	888
- Fuel consumed for transport	711	1,039
	3,119	3,194

Emissions of CO2 equivalent	**2022 metric tonnes**	**2021 metric tonnes**
Scope 1 - direct emissions		
- Gas combustion	253.00	235.00
- Fuel consumed for owned transport	170.00	263.00
	423.00	498.00
Scope 2 - indirect emissions		
- Electricity purchased	194.00	207.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the group	-	-
Total gross emissions	617.00	705.00
Intensity ratio		
Tonnes CO2e per employee	26.2	23.6

Quantification and reporting methodology
We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

An operational control approach has been used to define the Green House Gas (GHG) emissions boundary. This approach captures emissions associated with the operation of buildings within the scope of the regulation, plus transport: group owned, leased and private vehicles used for business travel. Data centric approach towards management of GHG has been initiated when compared to previous year, which has led to detailed analysis and reporting. Emissions have been calculated using the 2022 conversion factors as published by Gov.uk.

The emission intensity (measured in relation to revenue) has increased in comparison to the previous year, despite the reduction in overall consumption. The main driver is the reduced output linked to the pandemic and reduced market related uptake.

Intensity measurement
The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £'000 of revenue, the recommended ratio for the sector.

Measures taken to improve energy efficiency
Several energy efficiency improvement and conservation measures were taken up by all of the facilities which include:

· Behavioural changes at the facilities like switching off when not required, operating the essential and required assets during nights and weekends, employee awareness, etc

· Awareness through an 'energy month - January 22' to encourage energy conservation activities

· Manufacturing side improvements including energy optimisation during idle time followed by several small improvement projects.

· Monitoring and sustaining specific energy consumption levels at majority of the facilities

· Improved driving practises for service centre staff on fuel conservation. Idle time switch off, better planning towards travel well in advance to minimise miles, etc.

· Replacement of conventional lamps with energy efficient LED lamps on a continual replacement basis.

· Improved insulation at identified locations to minimise heat loss.

The company bought REGO offsets for 1174 MWh to become carbon neutral for the calendar year 2021. A fast track sustainability road map is created in order to transition into a net zero organisation with enhanced energy efficiency, reduced consumption and maximum use of renewable energy.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms 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 he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

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Mr G Mahadevan
Director

Date: 21/12/2022

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the annual report and the Group and company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The directors have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with UK IFRSs;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make an assessment of the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsability for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Remuneration Policy

The policy of the Committee is to reward Directors and Senior Officers in order to recruit, motivate and retain high quality executives within a competitive marketplace.

There are three main elements of the remuneration packages for Directors and senior management:

· basic annual salary (including Directors' fees) and benefits;
· annual bonus payments which cannot exceed 30% of salary; and
· pension arrangements

Basic Salary

Basic salary is reviewed annually in March with increases taking effect from 1 April. In addition to basic salary, the Senior Officers also receive certain benefits in kind, principally private medical insurance and a car or car allowance.

Annual Bonus

The purpose of the annual bonus is to reward the Senior Officers and other senior management for achieving above average performance compared to appropriate industry targets, which would also benefit shareholders. Incentive payments for the year ended 31 March 2022 totalled £nil (2020: £nil).

Share option incentives

Following a review of the long-term incentives offered by the Group it has been decided that share options will not be offered as part of remuneration packages for Directors. In the year ended 31 March 2022, no share options were issued (2021 nil).

Pension Arrangements

The Senior Officers are members of a money purchases pension scheme to which the Group contribution ranges from 6% to 10% of salary and bonuses. No other payments made to Directors are pensionable.

Senior Officers' contracts:

It is the Group's policy that the Senior Officers should have a contract with an indefinite term providing for a range of three to six months' notice. In the event of early termination, the Senior Officers' contract provides for compensation up to a maximum of basic salary for the notice period.

Non-executive Directors

The fees of independent Non-executive Directors are determined by the Board as a whole, having regard to the commitment of time required and the level of fees in similar companies. Non-executive directors are employed by a letter of appointment. Non-executive Directors are not entitled to participate in the Group's pension scheme.

Directors' emoluments and compensation

	Salary	Benefits	Bonuses	Other FY22	Total FY21	Total
Director 1	-	-	-	-	-	-
Director 2	-	-	-	-	-	26,066
Director 3	-	-	-	-	-	-
Director 4	-	-	-	-	-	-
Director 5	24,000	-	-	-	24,000	23,400
Director 6	-	-	-	-	-	-
Director 7	-	-	-	-	-	-
Director 8	-	-	-	-	-	-
	24,000	**-**	**-**	**-**	**24,000**	**49,466**

Directors' emoluments and compensation (Continued)

Key Management incorporates the Board of Directors and members of the Steering Committee ("SC"). Total emoluments and compensation for the SC consists of £1,140,232 for the year ended 31 March 2022 (£548,039 for the year ended 31 March 2021).

Directors' share options

No Statutory Director had any share options for Optare PLC as at 31 March 2022.

Directors' interests in shares

No Statutory Director had any interest in the shares of Optare PLC as at 31 March 2022.

Approval

This report was approved by the Board of Directors and was signed on its behalf by:

On behalf of the board

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Mr G Mahadevan
Director

Date: 21/12/2022

Opinion on the financial statements

In our opinion:

· the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;

· the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;

· the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

· the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Optare Plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the Group statement of comprehensive income, the Group statement of financial position, the Group statement of changes in equity, the Group statement of cash flows, the Parent company statement of financial position, the Parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Group or Parent 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 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 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.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Group and the Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

- the Parent Company 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, 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 Group's and the Parent 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 Group or the Parent 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

As part of our audit in accordance with the applicable accounting standards; and requirements of the Companies Act 2006, we exercised professional judgement and maintained professional scepticism throughout the audit. We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. Our audit planning identified fraud risks in relation to revenue recognition and management override of controls. We considered the processes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those processes and controls. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting on resulting from error. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that achieved fair presentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the stock provision and the IFRS 9 expected credit loss provision;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or including specific characteristics or keywords;
- Testing a sample of revenue transactions around the year end to determine if they have been recorded in the correct period;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Williams (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

Date: 21/12/2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Revenue	4	23,957	29,813
Cost of sales		(23,622)	(30,598)
Gross profit/(loss)		335	(785)
Other operating income		117	1324
Distribution costs		(706)	(805)
Administrative expenses		(34,691)	(14,086)
Operating loss	5	(34,945)	(14,352)
Finance Income	9	6	-
Finance costs	10	(2,503)	(1,364)
Loss before taxation		(37,442)	(15,716)
Income tax income	11	1,457	-
Loss for the year	(35,985)	(15,716)	
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gain on defined benefit pension schemes		48	-
Total items that will not be reclassified to profit or loss		48	-
Items that may be reclassified to profit or loss			
Currency translation differences		(92)	-
Total items that may be reclassified to profit or loss		(92)	-
Total other comprehensive income for the year		(44)	-
Total comprehensive income for the year		(36,029)	(15,716)
Loss for the financial year is attributable to:			
- Owners of the parent company		(35,766)	(15,716)
- Non-controlling interests		(219)	-
Total comprehensive income for the year is attributable to:		(35,985)	(15,716)
- Owners of the parent company		(35,809)	(15,716)
- Non-controlling interests		(220)	-
		(36,029)	(15,716)

The group statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 19 to 38 form part of these group financial statements.

AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Intangible assets	13	18,604	5,406
Property, plant and equipment	14	13,117	8,630
Other receivables	18	66	-
Deferred tax asset	24	1,457	-
Retirement benefit surplus	27	33	-
		33,244	14,036
Current assets			
Inventories	16	17,809	12,519
Trade and other receivables	18	22,968	17,632
Cash and cash equivalents		14,712	8,584
		55,489	38,735
Current liabilities			
Trade and other payables	22	26,490	8,652
Current tax liabilities		365	-
Borrowings	20	57,421	34,600
Lease liabilities	23	1,022	860
Provisions	25	648	667
Deferred revenue	26	52	150
		85,998	44,929
Net-current liabilities		(30,509)	(6,194)
Non-current liabilities			
Borrowings	20	25,037	-
Lease liabilities	23	4,789	4,634
Long term provisions	25	4,240	1,985
		34,066	6,619
Net (liabilities)/assets		(31,298)	1,223
Equity			
Called up share capital	28	102,980	102,980
Share premium account	29	32,396	32,396
Merger reserve	31	5,542	5,542
Share-based payment reserve	32	42	42
Other reserve	30	(9,516)	-
Retained earnings		(162,431)	(139,737)
Equity attributable to owners of the parent company		(30,987)	1,223
Non-controlling interests		(311)	-
Total equity		(31,298)	1,223

The notes on pages 19 to 38 form part of these group financial statements.

The financial statements were approved by the board of directors and authorised for issue on ...21/12/2022.........and are signed on its behalf by:

....

Mr G Mahadevan
Director

	Share capital £'000	Share premium account £'000	Other reserve £'000	Merger reserve £'000	Retained earnings £'000	Share-based payment reserve £'000	Total £'000	Non-Controlling Interest £'000	Total £'000
Balance at 1 April 2020	80,230	32,396	-	5,542	(124,021)	42	(5,811)	-	(5,811)
Year ended 31 March 2021									
Loss & total comprehensive income for the year	-	-	-	-	(15,716)	-	(15,716)	-	(15,716)
Transactions with owners in their capacity as owners:									
Issue of share capital	22,750	-	-	-	-	-	22,750	-	22,750
Balance at 31 March 2021	102,980	32,396	-	5,542	(139,737)	42	1,223	-	1,223
Year ended 31 March 2022									
Loss for the year	-	-	-	-	(35,766)	-	(35,766)	(219)	(35,985)
Other comprehensive income:									
Actuarial gains on pensions scheme	-	-	-	-	48	-	48	-	48
Currency translation differences	-	-	-		(91)	-	(91)	(1)	(92)
Total income for the year	-	-	-	-	(35,809)		(35,809)	(220)	(36,029)
Transactions with owners in their capacity as owners:									
Arising on group reorganisation	-	-	(9,516)	-	-	-	(9,516)	-	(9,516)
Disposal of shares in subsidiary to noncontrolling interest	-	-	-	-	13,115	-	13,115	(91)	13,024
Balance at 31 March 2022	102,980	32,396	(9,516)	5,542	(162,431)	42	(30,987)	(311)	(31,298)

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Operating activities					
Loss before tax			(37,442)		(15,716)
Adjusted for non-cash items:					
Depreciation charge	5		2,277		2,077
Amortisation of intangible assets	5		1,900		1,336
Impairment of fixed assets			3		707
Loss on disposal of tangible assets			33		722
Finance income	9		(6)		-
Finance charges	10		2,503		1,364
Loss on disposal of intangible assets			-		2,382
			(30,732)		(7,128)
Increase/(Decrease) in provisions			2,151		(1,868)
(Increase)/Decrease in inventories			(1,183)		3,250
(Increase)/Decrease in trade and other receivables			(5,336)		2,998
Increase/(Decrease) in trade and other payables			18,364		(1,802)
Cash generated from operations			(16,736)		(4,550)
Interest paid			(31)		(1,227)
Interest received			6		-
Income tax refund			365		-
Net cash outflow from operating activities			(16,396)		(5,777)
Investing activities					
Purchase of intangible assets	13	(1,837)		(518)	
Internal capitalised development costs		(1,637)		(2,855)	
Purchase of property, plant and equipment		(4,871)		(1,771)	
Proceeds on disposal of property, plant and equipment		249		-	
Net cash generated from/(used in) investing activities			(8,096)		(5,144)
Financing activities					
Proceeds from issue of shares		-		22,750	
Proceeds on disposal of shares insubsidiaries		13,024		-	
Proceeds of new bank loans	20	54,637		34,600	
Repayment of bank loans		(35,697)		(39,099)	
Payment of lease liabilities		(1,089)		(1,041)	
Net cash generated from financing activities			30,875		17,210
Net increase in cash and cash equivalents			6,383		6,289
Cash and cash equivalents at beginning of year			8,584		2,337
Effect of foreign exchange rates			(255)		(42)
Cash and cash equivalents at end of year			14,712		8,584

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's Consolidated Statement of Cash Flows as cash flows from financing activities.

	At 1 April 2021	Financing cash flows	New loans	New leases	Acquired through group reorganisation	Accrued interest	At 31 March 2022
		Cash movements		Non-cash movements			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bank loans	34,600	(35,697)	54,637	-	-	1,097	54,637
Leases	5,494	(1,089)	-	1,295	-	111	5,811
Loans from parent undertakings*	-	-	-	-	26,642	1,179	27,821
	40,094	(36,786)	54,637	1,295	26,642	2,387	88,269

	At 1 April 2020	Financing cash flows	New loans	New leases	Acquired through group reorganisation	Accrued interest	At 31 March 2021
		Cash movements		Non-cash movements			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bank loans	39,099	(39,099)	34,600	-	-	-	34,600
Leases	6,280	(1,041)	-	159	-	96	5,494
	45,379	(40,140)	34,600	159	- -	96	40,094

*The assets of Switch Mobility Automotive Limited were acquired for £23,881k in October 2021 via a group reorganisation from Ashok Leyland as detailed in note 33. However, to compensate for working capital movements up to completion in November 2021, the loan was increased by £2,761k to £26,642k.

1 Accounting policies

Company information
Optare PLC is a public company limited by shares incorporated in England and Wales. The registered office is Unit 3 Hurricane Way South, Sherburn In Elmet, North Yorkshire, LS25 6PT. The company's principal activities and nature of its operations are disclosed in the directors' report.

The group consists of Optare PLC and all of its subsidiaries.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

A business combination falls outside of the scope of IFRS 3 if there exists common control between the acquiring party and the vendor. Such acquisitions are accounted for using the predecessor value method. Assets and liabilities are recognised at book value, consideration is recognised at the value transferred, and the difference is allocated to a common control reserve.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Optare PLC together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

1.4 Going concern

In considering the going concern aspect of the business, the directors paid due regard to their financial forecasts over the next 12 months including expected revenue streams and future funding opportunities.

The group made a loss before tax for the year to 31 March 2022 of (£37.4m) with net liabilities of (£31.3m). Over the 12 months following this report, the group is forecasting a loss before tax.

The group forecasts have been drawn up on the basis that the group will source external funding from investors. To demonstrate prudence the forecasts were stress-tested to measure the cash requirements should funding not come into fruition, and covenants on financing facilities were also considered as part of this. This was considered by the group's ultimate parent company to be within their capacity for any necessary future funding required to support the Switch Mobility group.

The group has obtained a legally binding letter of support from its ultimate parent company, Ashok Leyland Limited, who are a public limited company incorporated and domiciled in India. This letter confirms that, if necessary, Ashok Leyland Limited will source or provide additional funding if required to allow the company to meet all contractual and legal obligations and covenant requirements if needed, including any intercompany receivable balances due, for the period up to and including the 31st December 2023. The directors have assessed the ability and intention of the ultimate parent company to provide funding if required and consider this satisfactory.

Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Revenue

The Group's revenue arises from the sale of vehicles and parts and the provision of servicing, maintenance and repairs. No separate revenues are generated from development and design. Revenue from the sale of vehicles and parts and for repairs is recognised when contractual performance obligations between the Group and customer are satisfied. For the sale of of vehicles, revenue is recognised on delivery of the goods; for parts, it is recognised on dispatch of the goods, and for repairs it is recognised on completion of the relevant repair. The Group also engages in longer term fleet servicing and maintenance contracts. The revenue from these maintenance contracts is recognised on the basis of; the number of miles commuted by the vehicles during the period multiplied by a fixed pence per mile. This is considered to reflect the transfer of services to the customer.

Some goods sold by the Group include warranties which require the Group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the cost of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts for bus sales, and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Exceptions are as follows:

Allocating amounts to performance obligations

For most bus sale contracts, there is a fixed unit price for each product sold, with reductions given for bulk orders placed at a specific time. Therefore, there is no judgement involved in allocating the contract price to each unit ordered in such contracts (it is the total contract price divided by the number of units ordered). Where a customer orders more than one product line, the Group is able to determine the split of the total contract price between each product line by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

Practical Exemptions

The Group has taken advantage of the practical exemptions:

· not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and
· to expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less

1.6 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed.

1.7 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:
· Acquired vehicle designs - 10 years straight line
· Internal vehicle designs - no more than 10 years straight line
· Customer relationships - 10 years straight line
· Research and development - no more than 10 years straight line
· Technical knowhow - 10 years straight line
· Software - 5 years straight line

Acquired vehicle designs, internal vehicle designs, technical knowhow and research and development are all recognised in vehicle related intangible assets in note 13.

1.8 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Over the life of the lease
Leasehold property improvements 10% over the life of the lease
Fixtures and fittings 10% to 33% straight line
Plant and equipment 10% to 25% straight line
Computers 10% to 33% straight line
Motor vehicles 10% to 25% straight line or over the life of the lease
Production tooling 15% to 20% straight line

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.9 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the parent company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of tangible and intangible assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial assets

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost
Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets
The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instruments) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. Trade receivables and contract assets with a significant financing component are measured using the general model described above.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on financial asset has increased significantly if it is more than 30 days past due with significant contracts reviewed on an individual basis.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.14 Financial liabilities

The group recognises financial debt when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities
Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

1.15 Equity instruments

Equity instruments issued by the parent company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer payable at the discretion of the company.

1.16 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable loss for the year. Taxable loss differs from net loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable loss, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax loss nor the accounting loss.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.17 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event and it is probable that the group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.19 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at the time of retirement, separation, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Group accounts for the liability for gratuity benefits payable in the future based on an actuarial valuation. The Group makes annual contributions to a funded gratuity scheme administered by the Life Insurance Corporation of India.

Eligible employees of the Group are entitled to receive benefits in respect of provident fund, a defined benefit plan, in which both employees and the Group make monthly contributions at a specified percentage of the covered employees' salary. The contributions are made to the provident fund and pension fund set up by the Central Government.

The Group's liability towards gratuity (funded), provident fund, other retirement benefits and compensated absences are actuarially determined at the end of each reporting period using the projected unit credit method as applicable.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.20 Leases

At inception, the group assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the group is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the group's estimate of the amount expected to be payable under a residual value guarantee; or the group's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.21 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.22 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

The group accounts consolidate overseas subsidiaries whose local accounts are maintained in currencies other than Sterling. Any differences arising on reserves as a result of movements between local currencies and Sterling are recognised as currency differences upon consolidation, and are taken directly to retained earnings.

2 Adoption of new and revised standards and changes in accounting policies

Standards which are in issue but not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the UK):

IAS 1	Presentation of Financial Statements: Classification of liabilities as current or non-current - Deferred until not earlier than 1 January 2024
IFRS 17 & IFRS 4 2023	Insurance Contracts and subsequent withdrawal of Insurance Contracts - Effective 1 January
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Effective 1 January 2023
IAS 8	Definition of an Accounting Estimate - Effective 1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction - Effective 1 January 2023
IAS 37	Onerous contracts - Effective 1 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use - Effective 1 January 2022
IFRS 3	Reference to the Conceptual Framework - Effective 1 January 2022
Annual Improvements to IFRS 2018-2020	Effective 1 January 2022

The adoption of all above standards is not expected to have any impact on the Group's financial statements.

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements
Impairment reviews

Management performs impairment reviews annually on goodwill, other intangible assets and tangible assets. These involve comparing the estimated future cash flows of the business, using a discount rate, to the carrying value of the Group's non-current assets. Where the net present value of the forecast cash flows exceeds the carrying value, no impairment is required. As required by IFRSs, no assumption is made that profit growth can exceed national, market or product averages without justification.

Clearly, there is an element of estimation uncertainty associated with forecasting accuracy. When completing the impairment review, the Directors considered the same factors as outlined for the going concern review; critical assumptions are the discount rate used and the growth in turnover in the next three years' business plan through the introduction of new products.

In the year, fixed assets with NBV of £9,737k (2021 - £9,329k) have been reviewed and assets related to the Diesel business (vehicles and production tooling) have been impaired by nil (2021 - £707k).

Provision for warranty claims

Management has estimated the cost of potential warranty claims arising on the acquisition of the various businesses and on the new bus sales. There is estimation uncertainty associated with the likely level of claims and their financial impact upon the business. The factors affecting the level of warranty costs are: the number of buses sold; the length in periods and the breadth in cover of the terms of the warranty given with the buss; the ability of the group to obtain suitable back to back warranties from its suppliers; the efficiency of the quality processes applied in the designing and the building of buses; the strictness with which warranty claims from customers are vetted; and the extent to which goodwill claims are allowed.

The level of warranty provision required is based on the number of buses in service and their remaining warranty life, with the key estimation being the likely warranty cost per bus. this is based on historical data, with estimates where necessary for new vehicle designs. If the assumption for likely warranty cost was adjusted by 10%, this would equate to an under or over provision of £489k (2021 - £400k). The accounts include a total warranty provision of £4,888k (2021 - £2,652k).

Provision for expected credit loss

Allowances against doubtful debts are recognised against trade receivables between 30 days and 365 days based on estimated recoverable amounts based on past experience under the expected credit loss model. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The group's credit risk relates primarily to its trade receivables. There is significant estimation uncertainty associated with the determination of the recoverable amount. The total trade debt not impaired was £1,322k (2021 - £8,447k) and a bad debt provision of £2,124k (2021 - £2,014k).

Provisions for inventories

Inventories are valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends. An inventory impairment provision has been recognised against stock of £2.66m (2021 - £1.94m). This has been allocated against raw materials. Management reviews the requirement for impairment against work in progress and finished goods on a case by case basis. At the year end, an impairment of nil (2021 - nil) was required.

4 Revenue

	2022 £'000	2021 £'000
Revenue analysed by class of business		
Sale of goods	22,524	27,694
Render of services	1,433	2,119
	23,957	29,813

	2022 £'000	2021 £'000
Revenue analysed by geographical market		
UK	22,852	28,620
Other European	45	113
Non-EU	1,060	1,080
	23,957	29,813

5 Operating loss

Operating loss for the year is stated after charging/(crediting):	2022 £'000	2021 £'000
Exchange losses	10	284
Research and development costs	690	125
Government grants	(76)	-
Depreciation of property, plant and equipment	1,270	1,114
Loss on disposal of property, plant and equipment	33	722
Depreciation of right of use assets	1,007	963
Impairment of fixed assets	3	707
Amortisation of intangible assets (included within administrative expenses)	1,900	1,336
Loss on disposal of intangible assets	-	2,382
Cost of inventories recognised as an expense	16,681	15,984

6 Auditor's remuneration

Fees payable to the company's auditor and associates:	2022 £'000	2021 £'000
For audit services		
Audit of the financial statements of the group and company	61	70
Audit of the financial statements of the company's subsidiaries	118	300
	179	370
For non-audit services		
Other services	53	-

7 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2022 £'000	2021 £'000
Production	211	152
Head Office and administration	277	172
Total	488	324

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	16,692	10,715
Social security costs	2,059	900
Pension costs	240	329
	18,991	11,944

Wage costs capitalised as part of development costs total £684k (2021 - £85k).

8 Directors' remuneration

	2022 £'000	2021 £'000
Remuneration for qualifying services	2,286	49

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2021 - 0).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 0 (2021 - 0).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £'000	2021 £'000
Remuneration for qualifying services	2,100	-

9 Finance income

	2022 £'000	2021 £'000
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	6	-

10 Finance costs

	2022 £'000	2021 £'000
Interest on bank overdrafts and loans	1,097	739
Interest on lease liabilities	111	107
Other interest payable	1,210	488
Total interest expense	2,418	1,334
Unwinding of discount on provisions	85	30
	2,503	1,364

11 Income tax credit

	2022 £'000	2021 £'000
Deferred tax		
Origination and reversal of temporary differences	(1,441)	-
Foreign exchange differences	(16)	-
	(1,457)	-

The credit for the year can be reconciled to the loss per the income statement as follows:

	2022 £'000	2021 £'000
Loss before taxation	(37,442)	(15,716)
Expected tax credit based on a corporation tax rate of 19.00% (2021:19.00%)	(7,114)	(2,986)
Effect of expenses not deductible in determining taxable profit	52	135
Income not taxable	-	(27)
Unutilised tax losses carried forward	6,279	2,878
Effect of overseas tax rates	(674)	-
Taxation credit for the year	(1,457)	-

In the March 2021 Budget, a change to the future UK corporation tax rate was announced, indicating that the rate will increase to 25% from April 2023. This was substantively enacted on 24 May 2021. UK Deferred tax balances at the reporting date are therefore measured at 25%.

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2022 £'000	2021 £'000
In respect of:		
Goodwill	3	-
Property, plant and equipment	-	707
Recognised in:		
Administrative expenses	3	707

Impairment loss recognised on tangible fixed assets in the year totalled nil (2021 - £707k) and is included in administrative expenses. The prior year impairment mostly arose because of anticipated future cash flow forecasts of a subsidiary company not being sufficient to support the carrying value of its assets, and the tangible fixed assets have been written down to their recoverable amount being the higher of their fair value less costs to sell and value in use.

13 Intangible assets

	Note	Goodwill	Software	Vehicle related intangible assets	Customer related intangible assets	Assets under development	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2020		8,700	-	14,965	608	-	24,273
Additions		-	-	3,373	-	-	3,373
Disposals		-	-	(4,050)	-	-	(4,050)
At 31 March 2021		8,700	-	14,288	608	-	23,596
Additions - internally generated		-	-	685	-	952	1,637
Additions - purchased		-	-	1,837	-	-	1,837
Additions - transfers in group reorganisations	**33**	3	886	10,606	-	-	11,495
Disposals		-	-	(4,521)	-	-	(4,521)
Foreign currency adjustments		-	10	118	-	11	139
At 31 March 2022		8,703	896	23,013	608	963	34,183
Amortisation and impairment							
At 1 April 2020		8,700	-	9,214	608	-	18,522
Charge for the year		-	-	1,336	-	-	1,336
Eliminated on disposals		-	-	(1,668)	-	-	(1,668)
At 31 March 2021		8,700	-	8,882	608	-	18,190
Charge for the year		-	137	1,763	-	-	1,900
Impairment loss		3	-	-	-	-	3
Eliminated on disposals		-	-	(4,523)	-	-	(4,523)
Foreign currency adjustments		-	2	7	-	-	9
At 31 March 2022		8,703	139	6,129	608	-	15,579
Carrying amount							
At 31 March 2022		-	757	16,884	-	963	18,604
At 31 March 2021		-	-	5,406	-	-	5,406

More information on impairment movements in the year is given in note 12.

14 Property, plant and equipment

	Land and buildings	Leasehold property improve.	Assets under construction	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Production tooling	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost									
At 1 April 2020	6,832	1,770	-	5,101	665	-	4,135	5,129	23,632
Additions	-	-	-	25	28	592	1,202	83	1,930
Disposals	-	-	-	-	-	-	(1,767)	-	(1,767)
Reclassification	-	-	-	(914)	-	914	-	-	-
At 31 March 2021	6,832	1,770	-	4,212	693	1,506	3,570	5,212	23,795
Additions	1,255	92	185	131	37	562	3,819	85	6,166
Additions - transfers in group reorganisations	-	-	-	767	27	38	-	-	832
Disposals	-	-	-	(1,778)	(200)	(38)	(395)	(2,586)	(4,997)
Foreign currency adjustments	3	1	2	10	1	1	32	-	50
At 31 March 2022	8,090	1,863	187	3,342	558	2,069	7,026	2,711	25,846
Accumulated depreciation and impairment									
At 1 April 2020	804	1,352	-	4,628	285	-	1,734	4,623	13,426
Charge for the year	832	177	-	100	46	123	657	142	2,077
Impairment loss (profit or loss)	-	-	-	-	-	-	516	191	707
Eliminated on disposal	-	-	-	-	-	-	(1,045)	-	(1,045)
Reclassification	-	-	-	(719)	-	719	-	-	-
At 31 March 2021	1,636	1,529	-	4,009	331	842	1,862	4,956	15,165
Charge for the year	863	159	-	150	52	249	722	82	2,277
Eliminated on disposal	-	-	-	(1,778)	(200)	(38)	(113)	(2586)	(4,715)
Foreign currency adjustments	-	-	-	1	-	-	1	-	2
At 31 March 2022	2,499	1,688	-	2,382	183	1,053	2,472	2,452	12,729
Carrying amount									
At 31 March 2022	5,591	175	187	960	375	1,016	4,554	259	13,117
At 31 March 2021	5,196	241	-	203	362	664	1,708	256	8,630

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	**2022 £'000**	**2021 £'000**
Net values at the year end		
Property	5,591	5,196
Motor vehicles	170	277
	5,761	5,473
Total additions in the year	1,295	159
Depreciation charge for the year		
Property	863	832
Motor vehicles	144	131
	1,007	963

Reclassification between computers and plant and equipment has been performed to better reflect the underlying nature of these tangible assets. This has no impact on the net book value.

Assets acquired via a group reorganisation relate to the assets acquired via the transfer as part of a group reorganisation and transfer from Ashok Leyland Limited to Switch Mobility Automotive Limited and detailed in note 33.

More information on impairments are given in note 12.

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Principal activities	Class of shares held	% Held Direct	% Held Indirect
Switch Mobility Automotive Limited	No.1, Sardar Patel Road, Guindy, Chennai, Tamil Nadu, India, 600032	Sale and service of commercial vehicles and the sale of spare parts	Ordinary	-	100.00
Switch Mobility Europe SL	Calle Miguel Iscar, nº 15 -1º centro, C.P. 47001, Valladolid, Spain	Sale and service of commercial vehicles and the sale of spare parts	Ordinary	-	100.00
Optare Australia Pty Ltd	56 Ramsay Road, Panania, NSW 2213 Australia	Dormant	Ordinary	-	100.00
Optare UK Limited	Unit 3, Hurricane Way South, Sherburn in Elmet, Leeds, North Yorkshire LS25 6PT United Kingdom	Supplying kits of passenger vehicles	Ordinary	100.00	-
Switch Mobility Limited	Unit 3, Hurricane Way South, Sherburn in Elmet, Leeds, North Yorkshire LS25 6PT United Kingdom	Manufacture of passenger vehicles	Ordinary	98.89	-

*Switch Mobility Automotive Limited has 50million shares in issue at the balance sheet date. All shares except for 6 are owned by the Company.

The share capital of Switch Mobility Limited is held as security as detailed in note 20.

16 Inventories

	2022 £'000	2021 £'000
Raw materials	13,570	6,522
Work in progress	2,324	4,286
Finished goods	1,915	1,711
	17,809	12,519

The movement in write down of stocks is recognised in cost of sales in the profit and loss account and can be reconciled as follows:

	2022 £'000	2021 £'000
Opening provision	1,944	1,231
Provisions made during the year	855	1,002
Provisions utilised during the year	(142)	(289)
Closing provision	2,657	1,944

A stock impairment provision has been recognised against stock of £ 2.66m (2021 - £1.94m). This has been allocated against raw materials. Management reviews the requirement for impairment against work in progress and finished goods on a case by case basis. At the year end, an impairment of £nil (2021 - £nil was required.

17 Contracts with customers

	2022 Year end £'000	2021 Year end £'000	2021 Year end £'000
Contracts in progress			
Contract assets	262	-	-

Analysis of contract assets	2022 £'000	2021 £'000
Sale of goods	262	-

No contract assets were acquired from the group reorganisation. All contract assets are expected to unwind within 12 months.

18 Trade and other receivables

	Current 2022 £'000	2021 £'000	Non-current 2022 £'000	2021 £'000
Trade receivables	3,446	13,520	-	-
Provision for bad and doubtful debts	(2,124)	(2,014)	-	-
	1,322	11,506	-	-
Contract assets (note 17)	262	-	-	-
VAT recoverable	3,307	-	-	-
Amount owed by parent undertaking	178	-	-	-
Other receivables	14,815	4,859	66	-
Prepayments	3,084	1,267	-	-
	22,968	17,632	66	-

Non-current receivables relate to security deposits and capital advances that are expected to be released after one year.

19 Trade receivables - credit risk

Expected credit loss assessment **Trade receivables 2022**	**Balance** **£'000**	**Expected loss rate%**	**Loss allowance** **£'000**
0 - 30 days past due	917	1%	14
31 - 180 days past due	2,096	83%	1,737
181 - 365 days past due	73	100%	73
More than 365 days past due	300	100%	300
	3,446		2,124

Expected credit loss provisions are based on estimated recoverable amounts based on past experiences under the expected credit loss model. The provision includes £1.74m which has been allocated to customer specific balances.

Movement in the allowances for doubtful debts	**2022** **£'000**	**2021** **£'000**
Balance at 1 April 2021	2,014	2,237
Provisions released during the year	(122)	(203)
Provisions utilised during the year	-	(20)
Provisions made during the year	232	-
Balance at 31 March 2022	2,124	2,014

20 Borrowings

	Current 2022 £'000	2021 £'000	Non-current 2022 £'000	2021 £'000
Borrowings held at amortised cost:				
Bank loans	29,600	34,600	25,037	-
Loans from parent undertaking	27,821	-	-	-
	57,421	34,600	25,037	-

Loans from parent undertakings relate to the assets acquired in Switch Mobility Automotive Limited via the group reorganisation and transfer from the ultimate parent company Ashok Leyland Limited. The loan bears an interest rate of 4% above the marginal cost of lending for the State Bank of India. The loan was due for repayment in full on 31 March 2022 and thus has been recognised as repayable within one year.

Non-current bank loans of £25,037k are secured against the assets of Switch Mobility Limited. They bear an interest rate of 3% plus the 6M SONIA rate and are repayable in full in 2024.

Included within current bank loans are £3,000k which are secured against the assets of Optare plc and Switch Mobility Limited. Current bank loans bear flexible interest rates ranging from 2% to 2.4%.

All current bank loans of £29,600k are covered by a corporate guarantee from the ultimate parent company, Ashok Leyland Limited.

21 Financial instruments

Foreign exchange risk

One of Management's primary foreign currency risks arise from suppliers who invoice in Euros, US Dollars and New Zealand Dollars. The Group monitors exchange rate movements and considers the utilisation of purchasing currency in advance to manage this risk. The Group's bulk purchases of stock enable management of the overall pricing of materials, and monitoring of exchange rates ensures that the Group makes payments against trade payables at an appropriate time to reduce the effect of exchange rate fluctuations. As of 31 March 2022 no foreign currency risk arose in regard to trade receivables as all invoices were issued in sterling.

While the Group takes steps to minimise its exposure to cash flow interest rate risk and foreign exchange risk as described above, changes in foreign exchange rates may have an impact on profit and cash flow. The Group's foreign exchange risk is dependent on the movement in the Euro, US Dollar, New Zealand Dollar and Indian Rupee to Sterling exchange rates. Any significant foreign currency denominated assets or liabilities at the period end are translated using exchange rates applicable to the time with any exchange rate differences recognised in the income statement. It is estimated that a 10 percent increase/decrease in exchange rates (GBP/EUR) would increase/decrease losses £96k (2021 - £164k), other foreign currency liabilities are not material.

The Group has subsidiaries in the UK, Spain and India with each company transacting in their local currency, being Euro and Indian Rupee. As a result many of the companies revenues and costs originate and denominate changes in foreign exchange rates and therefore the company carries an inherent risk in reporting profits given that it's functional and presentational currency is Sterling.

At the year end date the Spanish subsidiary was newly incorporated as such changes in the Euro rate do not have a material impact on the reported numbers. The effect of a 10 percent change in the Indian Rupee to Sterling on the reporting date would, all other variables being held constant, have resulted in a £716k reduction in net liabilities.

The Group actively seeks to manage a natural hedge to it's foreign exchange exposure with each region it operates in having both the cost base and sales revenue is the same currency. Currently the main foreign exchange risk arises on consolidation when operations results are translated from local currency to Sterling.

Interest rate risk

Management has a policy to obtain long-term debt at fixed rates and short-term debt at flexible rates. Fixed interest debt totaled nil (2021 - £nil) and flexible rate debt totaled £82.5m (2021 - £34.6m). It also benefits from access to Ashok Leyland Limited treasury resources and skills to give strategic guidance.

Although the Board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with interest payments, it considers that it achieves an appropriate balance of exposure to these risks. A one percentage point change in interest rates would result in a change in retained profit of approximately £0.8m (2021 - £0.5m).

The carrying amounts of financial liabilities which expose the group to cash flow interest rate risk are as follows:

	2022 £'000	2021 £'000
Bank loans	54,637	34,600
Loans from parent	27,821	-
	82,458	34,600

Credit risk

Credit risk is managed on a Group basis. The Group's credit risk is primarily derived from its trade receivables. This risk is managed daily by the Group's credit control functions, which monitor payment trends and ensure that outstanding debts are identified when these become overdue and appropriate action is taken to recover the amounts outstanding.

The Group's customers are also the main major bus operators, which have significant resources and facilities in place to fund their vehicle acquisitions, thus limiting the Group's exposure to credit risk. Credit checks are also made for new customers and appropriate credit limits are set from this information. Orders for new bus sales are rarely accepted without proof of funding in place. Credit limits may only be exceeded with the express authorisation of the Directors.

Further disclosures for credit risk are included in note 19.

Liquidity risk

The undiscounted contractual maturity analysis for Group financial instruments is shown below. The maturity analysis reflects the contractual undiscounted cashflows, including future interest charges, which may differ from the carrying value of the liabilities as at the reporting date.

Financial assets	Demand and less than 3 months £'000	From 3 to 12 months £'000	From 12 months to 2 years £'000	From 2 to 5 years £'000	More than 5 years £'000	Total £'000
Trade and other receivables	11,569	-	-	-	-	11,569
Cash and cash equivalents	8,584	-	-	-	-	8,584
As at 31 March 2021	20,153	-	-	-	-	20,153
Trade and other receivables	14,578	1,737	66	-	-	16,381
Cash and cash equivalents	14,712	-	-	-	-	14,712
As at 31 March 2022	29,290	1,737	66	-	-	31,093

Financial liabilities	Demand and less than 3 months £'000	From 3 to 12 months £'000	From 12 months to 2 years £'000	From 2 to 5 years £'000	More than 5 years £'000	Total £'000
Trade and other payables	7,585	-	-	-	-	7,585
Borrowings	29,553	5,247	-	-	-	34,800
Leases	238	714	925	2,435	1,519	5,831
As at 31 March 2021	37,376	5,961	925	2,435	1,519	48,216
Trade and other payables	25,927	-	-	-	-	25,927
Borrowings	29,785	459	612	25,445	-	56,301
Loans from parent undertakings	27,821	-	-	-	-	27,821
Leases	289	845	1,038	2,835	1,170	6,177
As at 31 March 2022	83,822	1,304	1,650	28,280	1,170	116,226

The maturity analysis of trade and other receivables includes management's assessment of the most likely repayment amounts and dates for receivables, calculated on a line-by-line basis and by reference historical experience of similar settlement patterns. As actual settlement profiles are contingent on graduate employment and salary levels, the actual receipt of cash is likely to be different to these projections.

The maturity gap analysis on the Group's financial assets and liabilities is as follows:

Liquidity gap	Demand and less than 3 months £'000	From 3 to 12 months £'000	From 12 months to 2 years £'000	From 2 to 5 years £'000	More than 5 years £'000	Total £'000
As at 31 March 2021	(17,223)	(5,961)	(925)	(2,435)	(1,519)	(28,063)
As at 31 March 2022	(54,532)	433	(1,584)	(28,280)	(1,170)	(85,133)

22 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	15,082	5,537
Amount owed to parent undertaking	120	-
Accruals	3,983	1,855
Social security and other taxation	615	1,217
Other payables	6,690	43
	26,490	8,652

23 Lease liabilities

Maturity analysis	2022 £'000	2021 £'000
Within one year	1,134	952
In two to five years	3,873	3,360
In over five years	1,170	1,519
Total undiscounted liabilities	6,177	5,831
Future finance charges and other adjustments	(366)	(337)
Lease liabilities in the financial statements	5,811	5,494

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £'000	2021 £'000
Current liabilities	1,022	860
Non-current liabilities	4,789	4,634
	5,811	5,494

Amounts recognised in profit or loss include the following:

	2022 £'000	2021 £'000
Interest on lease liabilities	111	107

24 Deferred taxation

	2022 £'000	2021 £'000
Deferred tax assets	(1,457)	-
	(1,457)	-

Deferred tax assets are expected to be recovered after more than one year.

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon during the current and prior reporting period.

	ACAs £'000	Tax losses £'000	Total £'000
Liability at 1 April 2020 and 1 April 2021	-	-	-
Deferred tax movements in current year			
Credit to profit or loss	(1,424)	(17)	(1,441)
Other	(16)	-	(16)
Asset at 31 March 2022	(1,440)	(17)	(1,457)

No deferred tax asset has been recognised in respect of tax losses amounting to £142.2m (2021 - £111.9m). If a deferred tax asset was recognised on these losses, it would decrease net liabilities by £35.6m (2021 - £21.6m).

25 Provisions for liabilities

	2022 £'000	2021 £'000
Warranty provisions	4,888	2,652

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

Current liabilities	648	667
Non-current liabilities	4,240	1,985
	4,888	2,652

Movements on provisions:	**Warranty provisions £'000**
At 1 April 2021	2,652
Additional provisions in the year	4,960
Reversal of provision	(454)
Utilisation of provision	(2,185)
Increase in discount	(85)
At 31 March 2022	4,888

Warranty provisions represent managements best estimate of the Group's liability under warranties granted on passenger vehicles manufactured, based on past experience for defective products. Warranty offered to customers is currently between two and five years.

26 Deferred revenue

	2022 £'000	2021 £'000
Arising from render of services and deposits for bus sales	52	150

All deferred revenues are expected to be settled within 12 months from the reporting date.

27 Retirement benefit schemes

Defined contribution schemes	2022 £'000	2021 £'000
Charge to profit or loss in respect of defined contribution schemes	240	329

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Unpaid pension in relation to defined contribution schemes amounts to £85k (2021 - £62k debtor) at the reporting date.

Defined benefit scheme
The subsidiary Switch Mobility Automotive Limited offers a defined benefit plan to all employees as detailed in note 1.19.

Key assumptions	2022 %	2021 %
Discount rate	7.36	-
Salary growth rate	5.5	-
Attrition	3	-
Average longevity at retirement age - past service	4.14	-
Average longevity at retirement age - future service	15.94	-

The amounts included in the statement of financial position arising from the group's obligations in respect of defined benefit plans are as follows:

	2022 £'000	2021 £'000
Present value of defined benefit obligations	163	-
Fair value of plan assets	(196)	-
Surplus in scheme	(33)	-

Total profit and loss charges for the defined benefit scheme are £22k, including £7k net interest.
Actuarial gains totalled £48k resulting from changes in financial assumptions.

28 Share capital

Ordinary share capital	2022 Number '000	2021 Number '000	2022 £'000	2021 £'000
Issued and fully paid				
Ordinary shares of 0.1p each	96,210,292	96,210,292	96,210	96,210
Deferred shares of 0.9p each	752,145	752,145	6,770	6,770
	96,962,437	96,962,437	102,980	102,980

The group has two classes of share which carry no right of fixed income.

A summary of the rights which will attach to the deferred share, which render them effectively worthless are as follows:

- they will not entitle holders to receive any dividend or other distribution, or to receive notice of, speak or vote at general meetings of the Group;
- on a return of assets on a winding up, they will only entitle the deferred share holder to the amounts paid up on such shares after the repayment of £10m per new ordinary share;
- they will not be freely transferrable;
- the creation and issue of further shares which rank equally or in priority to the deferred shares, or the passing of a resolution of the Group to cancel the deferred shares or to effect a reduction of capital shall not constitute a modification or abrogation of their rights; and
- the Group shall have the right at any time to purchase all of the deferred shares in issue for an aggregate consideration of £1.00.

29 Share premium account

	2022 £'000	2021 £'000
At the beginning and end of the year	32,396	32,396

30 Other reserve

	2022 £'000	2021 £'000
At the beginning of the year	-	-
Reserve arising on acquisition	(9,516)	-
At the end of the year	(9,516)	-

The common control reserve relates to the group reorganisation and acquisition of Switch Mobility Automotive Limited.

Switch Mobility Automotive Limited was established on 31 December 2020. The majority of the shares were acquired by Switch Mobility Limited on 14 June 2021. On 1 October 2021, Ashok Leyland Limited, the ultimate parent company, sold part of its business down to Switch Mobility Automotive Limited for Rs. 240 Crores (£23.9m). As this was a common control transaction, the difference between consideration and net assets has been recognised as a common control reserve as detailed in note 33.

31 Merger reserve

	2022 £'000	2021 £'000
At the beginning and end of the year	5,542	5,542

32 Share-based payment reserve

	2022 £'000	2021 £'000
At the beginning and end of the year	42	42

Share-based payment reserve is the amount outstanding for share-based payments to former employees.

33 Acquisitions of a business

On 14 December 2021 the group acquired 100% of the issued capital of Switch Mobility Europe SL.

	Book Value £'000
Cash and cash equivalents	3
Trade and other payables	(2)
Total identifiable net assets	1
Non-controlling interests	-
Goodwill	2
Total consideration	3

The consideration was satisfied by:	£'000
Cash	3

Net cash outflow arising on acquisition	£'000
Cash consideration	3
Less: Cash and cash equivalents acquired	(3)
	-

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£'000
Revenue	-
Loss after tax	(95)

On 14 June 2021 the group acquired 99.98% percent of the issued capital of Switch Mobility Automotive Limited for £3k. The acquired company had net assets of £2k, resulting in goodwill of £1k.

On 1st October 2021 Switch Mobility Automotive Limited acquired a business segment from Ashok Leyland Limited, the group's ultimate parent. This acquisition applied the principles of common control accounting as detailed in note 1.2.

Net assets of business acquired			Book Value £'000
Intangible assets			11,492
Property, plant and equipment			832
Inventories			4,107
Trade and other receivables			66
Trade and other payables			(2,132)
Total identifiable net assets	14,365	-	14,365
Non-controlling interests			-
Other reserve			9,516
Total consideration			23,881

The consideration was satisfied by:	£'000
Loans due to parent undertakings	23,881
	-

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£'000
Revenue	413
Loss after tax	(2,565)

34 Contingent liabilities

There is a bank guarantee in place for Switch Mobility Europe SL of £0.08m. The bank guarantee is in place at the year-end as security against a land purchase option agreement to secure the site where the Valladolid factory will be constructed. The guarantee covers the period from 17th of March 2022 through until the 31st of July 2022. The land was purchased on the 29th of July 2022 by Switch Mobility Europe SL and the bank guarantee released.

35 Capital risk management

The group's main objective when managing capital is to protect returns to shareholders by ensuring there is sufficient liquidity in the business and will trade profitably in the foreseeable future. The group manages it's capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing. The group also aims to maximise its capital structure of debt and equity so as to control its cost of capital.

The group considers capital to include share capital, share premium, common control reserve and retained earnings.

36 Events after the reporting date

The Group purchased an 80% holding in OHM International Mobility Limited from Hinduja Automotive Ltd for £2k on 26th August 2022.

37 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors and members of the Steering Committee, which includes the Chief Executive Officer, Chief Financial Officer, President Global Manufacturing and Supply Chain and Chief Technical Officer.

	2022 £'000	2021 £'000
Short-term employee benefits	1,140	638
Post-employment benefits	38	25
	1,178	663

Further details of remuneration are included in Director's and Senior Officer's remuneration report.

Other transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sale of goods 2022 £'000	2021 £'000	Purchase of goods 2022 £'000	2021 £'000
Parent company	561	-	3,959	-
Subsidiaries	-	-	20	-
	561	-	3,979	-

	Recharged costs 2022 £'000	2021 £'000	Interest payable on loan 2022 £'000	2021 £'000
Parent company	2,924	-	1,179	121
Subsidiaries	79	-	-	-
	3,003	-	1,179	121

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2022 £'000	2021 £'000
Parent company	28,540	-
Subsidiaries	109	-
	28,649	-

T he following amounts were outstanding at the reporting end date:

Amounts due from related parties	2022 £'000	2021 £'000
Parent company	600	-

Other information
Ashok Leyland Limited, the ultimate parent company, have provided guarantees for the bank loans included in note 20.

On 14 June 2021, a 99.98% holding in Switch Mobility Automotive Limited was acquired for £3k. Throughout the year, 49,650,000 shares were issued at par value increasing the investment value to £4,973k.

On 14 December 2021, the Group acquired 100% of the share capital of Switch Mobility Europe SL for £3k. Further shares were issued at par value during the year, increasing the cost of investment to £1,007k.

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	40		4,891		4,625
Investments	41		104,509		87,202
			109,400		91,827
Current assets					
Trade and other receivables	42	12,752		9,655	
Cash and cash equivalents		214		2,750	
		12,966		12,405	
Current liabilities	43	(31,566)		(30,971)	
Net current liabilities			(18,600)		(18,566)
Total assets less current liabilities			90,800		73,261
Non-current liabilities	43		(4,219)		(4,031)
Net assets			86,581		69,230
Equity					
Called up share capital	47		102,980		102,980
Capital reserves			36,832		36,832
Other reserves			42		42
Retained earnings			(53,273)		(70,624)
Total equity			86,581		69,230

As permitted by s408 Companies Act 2006 , the company has not presented its own income statement and related notes. The company's profit for the year was £17,351,000 (2021 - £6,093,000 loss).

The financial statements were approved by the board of directors and authorised for issue on ......21/12/2022............... and are signed on its behalf by:

....

Mr G Mahadevan
Director

Company Registration No. 06481690

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Capital reserves £	Share based payment reserve £	Retained earnings £	Total £
Balance at 1 April 2020		80,230	36,832	42	(64,531)	52,573
Year ended 31 March 2021:						
Loss and total comprehensive income for the year		-	-	-	(6,093)	(6,093)
Transactions with owners in their capacity as owners:						
Issue of share capital	**47**	22,750	-	-	-	22,750
Balance at 31 March 2021		102,980	36,832	42	(70,624)	69,230
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	-	-	17,351	17,351
Balance at 31 March 2022		102,980	36,832	42	(52,273)	86,581

The notes on pages 41 to 43 form part of these parent financial statements.

The capital reserve include share premium and merger reserve.

38 Accounting policies

Company information
Optare PLC is a public company limited by shares incorporated in England and Wales. The registered office is Unit 3 Hurricane Way South, Sherburn In Elmet, North Yorkshire, LS25 6PT. The company's principal activities and nature of its operations are disclosed in the directors' report.

38.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The company applies accounting policies consistent with those applied by the group. To the extent that an accounting policy is relevant to both group and parent company financial statements, please refer to the group financial statements for disclosure of the relevant accounting policy.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:
(a) the requirements of IFRS 7 'Financial Instruments: Disclosure';
(b) the requirements within IAS 1 relating to the presentation of certain comparative information;
(c) the requirements of IAS 7 'Statement of Cash Flows' to present a statement of cash flows;
(d) paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but it not yet effective); and
(e) the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions and balances between two or more members of a group.

39 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Head Office and administration	17	11

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	24	48
Social security costs	2	4
	26	52

40 Property, plant and equipment

	Freehold land and buildings £'000
Cost	
At 1 April 2021	6,087
Additions	1,027
At 31 March 2022	7,114
Accumulated depreciation and impairment	
At 1 April 2021	1,462
Charge for the year	761
At 31 March 2022	2,223
Carrying amount	
At 31 March 2022	4,891
At 31 March 2021	4,625

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2022 £'000	2021 £'000
Net values at the year end		
Property	4,891	4,625
Total additions in the year	1,027	-
Depreciation charge for the year		
Property	761	738

41 Investments

	Current 2022 £'000	2021 £'000	Non-current 2022 £'000	2021 £'000
Investments in subsidiaries	-	-	104,509	87,202
	-	-	104,509	87,202

Investment in subsidiary undertakings
Details of the company's principal operating subsidiaries are included in note 15.

Movements in non-current investments

	Shares in subsidiaries £'000
Cost or valuation	
At 1 April 2021	87,202
Impairment reversal	17,307
At 31 March 2022	104,509
Carrying amount	
At 31 March 2022	104,509
At 31 March 2021	87,202

During the year, Optare plc sold a 1.11% holding in Switch Mobility Limited for £13.02m. Based on the valuation evidenced by this transaction, a previously recognised impairment of £17.3m was reversed.

42 Trade and other receivables

	2022 £'000	2021 £'000
VAT recoverable	112	-
Amounts owed by fellow group undertakings	11,971	9,298
Other receivables	129	-
Prepayments	540	357
	12,752	9,655

43 Liabilities

	Notes	Current 2022 £'000	2021 £'000	Non-current 2022 £'000	2021 £'000
Borrowings	**44**	29,600	29,600	-	-
Trade and other payables	**45**	1,222	733	-	-
Taxation and social security	**45**	1	1	-	-
Lease liabilities	**46**	743	637	4,219	4,031
		31,566	30,971	4,219	4,031

44 Borrowings

	2022 £'000	2021 £'000
Borrowings held at amortised cost:		
Bank loans	29,600	29,600

Current bank loans of £3,000k are secured against the shares of Switch Mobility Limited. The remaining current bank loans of £26,600k are unsecured. Current bank loans bear flexible interest rates ranging from 2% to 2.4%.

All bank loans have a letter of awareness from the ultimate parent company, Ashok Leyland Limited.

45 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	399	138
Accruals	738	595
Social security and other taxation	1	1
Other payables	85	-
	1,223	734

46 Lease liabilities

Maturity analysis	2022 £'000	2021 £'000
Within one year	830	715
In two to five years	3,318	2,863
In over five years	1,126	1,387
Total undiscounted liabilities	5,274	4,965
Future finance charges and other adjustments	(312)	(297)
Lease liabilities in the financial statements	4,962	4,668

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £'000	2021 £'000
Current liabilities	743	637
Non-current liabilities	4,219	4,031
	4,962	4,668

47 Share capital

Refer to note 28 of the group financial statements.

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