ANNUAL REPORT AND ACCOUNTS 2021

REVIEW OF THE YEAR

DELIVERED:

- 26 of an order for 37 Metrodecker electric vehicles (EVs) from Tower Transit London for TfL Routes C3 & 23
- 21 x Metrodecker EVs to York.
- 25 x E6 Solos to Translink in the year as part of our long-term partnership.

RECEIVED ORDERS FOR:

- 17 Metrodecker EVs from Go Ahead London in September 2020 for TfL Route 200. Delivered in Summer 2021 last in August.
- 11 x 8.7m Metrocity EVs from Abellio for TfL route 322 with delivery by end March 2022.

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2020/21 has been a transformative year for us with the rebranding of Optare Group Limited to Switch Mobility Limited.

By bringing together Optare and Ashok Leyland's electric vehicle division, Switch aims to deliver unrivalled product choice on a global scale in the growing electric bus and light commercial vehicle markets addressing both premium and value segments. We aim to do this placing significant emphasis on sustainability and carbon neutrality across our operations. Our vision is to be a global technology leader providing zero carbon commercial mobility products and solutions that create outstanding value for all our stakeholders. Following Optare's rebranding in November 2020, in 2021 we:

- Formally launched Switch Mobility Limited in the UK
- Switch Mobility Automotive Limited, India became the subsidiary of Switch, UK.
- OHM Global Mobility Private Limited, the "Mobility-as-a-Service" arm of Switch was incorporated.
- Strengthened our management team with Dr. Andy Palmer appointed Executive Vice Chairman & CEO, Mahesh Babu Group COO and CEO of Switch Mobility India and Sarwant Singh Sani CEO of OHM Global Mobility. This has been further strengthened by a diverse group of independent NEDs in José Maria Alapont, Miranda Brawn, Dr. Venkat Sumantran and Diane Moore. This team brings together a wealth of experience across the automotive and technology industry and a proven track record of delivering stakeholder value.
- Forged important partnerships with companies including Dana Incorporated, who made a strategic investment in Switch Mobility Ltd in July 2021.
- Secured our first significant orders under the Switch brand, including the supply of 300 buses to Bengaluru Metropolitan Transport Corporation in India and delivery of 21 Metrodeckers to First York as part of the largest electric Park and Ride fleet in the UK.
- Demonstrated our commitment to becoming a Net Zero Group via our pledge to the Science Based Targets Initiative and joining Race to Zero, a global movement led by the United Nations Framework Convention on Climate Change.

Whilst these developments leave Switch well positioned to capitalise on the growing e-mobility market, 2020-21 has also seen significant challenges within the bus industry due to COVID-19. The impact on public transport has been significant, with demand for buses reducing significantly through the year. Travel restrictions and lockdowns resulted in Optare's lowest deliveries for several years, although we have seen demand begin to gradually increase through the latter stages of 2021. During this challenging period, we have taken the opportunity to define the strategic objectives for Switch and focus on supporting our customers and employees.

Strategic Plan

We have defined a clear strategy that focuses on the expected growth of the electric bus and light commercial vehicle industry.

- Increase our market presence within the UK and India, our two home markets and continue to expand into new markets beyond the 40+ we already have operations in.
- Leverage our proven track record of over 300 EV's on the road to develop a product offering to capitalise on the growth within the EV Bus and LCV market.
- Build on in our view world class technology capabilities, including light weighting and best in class battery management system to achieve lowest Total Cost of Ownership in key markets.
- Continue to grow our electric Mobility as a Service (eMaaS) capabilities and build on our already market leading proprietary technology including our live fleet monitoring system – i-Alert Electric – and our AI powered "Digital Twin" which allows us to diagnose and continually optimise each of our vehicles.
- Synergise with Ashok Leyland, utilising their distribution channels to expand our presence and capabilities and maximising economies of scale.
- Focus on business processes, quality improvements and aftermarket delivery to ensure the best possible service for our customers.
- Build a world class team of talent and integrate our UK and India teams under the Switch Mobility brand.
- Deliver a carbon neutral business and products, focusing on reducing our carbon footprint in our operations.

Our customers

- We remain focused on building our existing relationships while also forging new relationships as we expand globally.
- Our unique range of market leading products – products which are currently on the road and have already clocked over 30 million miles – are key to winning business and we will continue to expand our bus and eLCV offering to appeal to a new range of customer.

Our people

2020/2021 has seen unparalleled challenges for our people. Despite the immense difficulties of working from home, alongside personal health and safety concerns, they worked as one team to navigate the business through this difficult period. I must thank them for their continued efforts. To achieve our strategic objectives, we are placing more emphasis on recruiting and also developing the best talent within the industry.

- We will continue to integrate our UK and India teams and take advantage of the collaborative nature of our work to forge efficient and effective teams.
- We are recruiting top talent across all our operations, with senior hires over the past year in Engineering, Planning, Operations, Legal, Quality and Marketing.
- We have continued to invest in our apprenticeship programmes in production and vehicle maintenance and in addition invested in an extensive programme of NVQ level 3, 4 and 5 qualifications open to work colleagues in administration and managerial roles across the business.
- While global lockdown measures have eased, we are cognisant of the continued impact of Coronavirus and work hard to ensure the safety of our people.
- Supported by the Board, we have defined a core set of values and behaviours that we will all adhere to and are in the process of engaging employees in the rollout of these values and behaviours.

Once again, I would like to thank our employees for their dedication, commitment and support in delivering the strategic objectives of the Group in a challenging marketplace. Despite these challenges next year promises to be an exciting year for Switch Mobility. We will continue to invest in new technologies, people and new business models and focus on ensuring that the interests of our customers and all stakeholders are fully safeguarded.

Thank you

Yours sincerely

Dr Andrew Palmer
Non-executive Chairman
1st of April 2022

Empowering our people to be agile, innovative and responsible

Training our employees.

Developing the next generation of talent via our apprentice scheme.

Recruiting the best talent from a range of industries.

Intelligently using our technology and data

Digital native approach to fleet solutions with all EVs embedded with proprietary telematics platform.

Best in class battery packs and battery management systems increase efficiency.

2TB of data used each day to feed digital solutions and enable optimised solutions.

Delivering lowest lifecycle cost products and solutions

Leverage our relationship with Ashok Leyland to deliver economies of scale.

Light weighting, vehicle optimisation and modular platforms.

Deliver quality products and reduce warranty costs.

Unique MaaS offering eBus and eLCV focused ecosystems.

Intelligently using our technology and data

Going further than just zero tail-pipe emissions, ensuring carbon neutrality throughout the Group's operations and supply chain.

Delivering sustainable practices such as 2nd life battery partnerships.

Combining these four principles will ultimately enable us to achieve our goal of democratising zero carbon mobility.

OUR KEY RISKS

We have a robust management system in place to monitor and assess the Group 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:

KEY RISK	MITIGATING ACTIVITIES
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 UK market 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 Limited to reduce the dependency on any one supplier. Due to the nature of our supplier base, management have not identified any specific risk factors related to the ongoing Ukraine/Russia conflict.
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. Due to the nature of our customer base, management have not identified any specific risk factors related to the ongoing Ukraine/Russia conflict.
COVID-19	The Group continues to monitor the impact of COVID-19 on operations and take appropriate actions as and when required.
Liquidity and cash flow risks	Cash Flow is monitored closely within the Group and reported on regular basis. Credit lines are in place to ensure short and midterm liquidity. The Group has been adequately supported by the parent company in the past in meeting its liquidity needs.

Dr Andrew Palmer

(Independent Non-executive Chairman appointed 17 July 2020)
Dr Palmer is a chartered engineer and an automotive executive with more than 40 years' experience, having been COO of Nissan and CEO of Aston Martin Lagonda who has led transformational change at two of the world's most recognisable business in the industry. He has served as a non-executive director of Ashok Leyland since 2015. In January 2014 he was named a Companion of The Order of St. Michael and St. George (CMG). The prestigious award is given in recognition of services to the British automotive industry.

Steven Norris

(Independent Non-executive Deputy Chairman)
Steven started his career in the engineering and motor industries, entering into politics in 1977, when he was elected to Berkshire County Council. In 1983 he became the Member of Parliament for Oxford East and subsequently held various parliamentary positions until 1992, when he became the Parliamentary Under-Secretary of State for Transport and Minister for Transport in London. Steven was responsible for the Jubilee line extension, the largest extension of the London Underground network to date. Steven is widely known for his interest in public transport. He possesses a wealth of experience and is either currently, or has previously held roles as chairman of the National Cycling Strategy Board, director general of the Road Haulage Association, president of the Motorcycle Industry Association, a commissioner of the Independent Transport Commission, and a patron of the cyclists' charity Sustrans and of the Campaign for Better Transport (UK) Charitable Trust. Steven holds an MA in Jurisprudence from the University of Oxford.

Gopal Mahadevan

(Non-executive Director)
Gopal is currently CFO of Ashok Leyland Limited. Gopal is a chartered accountant and a company secretary with over 25 years' experience in finance functions across a variety of industries. He started his career with the TTK Group and then moved to Sanmar Group, where he progressed to head of finance for their PVC business. He later joined Sify Limited to head mergers and acquisitions, legal and Nasdaq compliances, following which he joined Amara Raja Batteries as group CFO. Prior to his appointment at Ashok Leyland Limited, Gopal was CFO of engineering company Thermax Limited. On his appointment as a Non-executive Director, Gopal became Chairman of the Audit Committee.

Venkatesan Venkataraman

(Non-executive Director)
Venkatesan is currently president of business development and strategy for Hinduja Automotive Limited, responsible for strategy, M&A and business development activities of the Hinduja Group's automotive interests based in the UK. Starting as a graduate engineer at Ashok Leyland Limited, he has over 35 years' experience in industrial engineering, business and corporate planning functions. He led the Ashok Leyland Limited negotiations for its initial stake and, subsequently, its increased stake in Optare plc.

Seshu Bhagavathula

(Non-executive Director resigned 1 April 2021)
Seshu joined Ashok Leyland Limited in 2016 as chief technology officer and spearheads the company's global initiatives on research and new product development for commercial vehicles, buses and light commercial vehicles. Seshu is an experienced hand in the automotive industry, both in commercial and passenger vehicle segments, with his core areas of professional expertise being in research and development, innovation and strategic analysis. Seshu holds a doctorate in high frequency electronics and an advanced post-graduate diploma from the Space Sciences and Applications Centre. Before joining Ashok Leyland Limited, he was associated with Great Wall Motor Company in China, where he served as the vice president of research & development. Prior to this, he had spent a significant part of his career with Daimler AG at multiple locations, where he was responsible for product development and integration of engineering processes. In addition, Seshu was a founding managing director of Mercedes-Benz Research and Development Center in India between 1996 and 2000.

Nitin Seth

(Non-executive Director resigned 1 October 2021)
Nitin Seth completed his Bachelors in Engineering from Birla Institute of Technology and Science, Pilani and his Post Graduation in Business Management from University of Mumbai. Nitin has over 25 years of experience in the automotive industry in the realms of sales and marketing in Domestic and International Markets & Product Development. Prior to joining Ashok Leyland, he was the Head (Sales and Marketing) for Cars (Indica, Indigo & Nano) at Tata Motors and has additionally held various key leadership positions. He was one of the key members in launching the passenger car business at Tata Motors in 1999. Nitin has held several top positions in Ashok Leyland and is now the Chief Operating Officer and is responsible for LCV, Defence, International Operations (IO) & Power Solutions Business (PSB).

Padmanabhan Harihar

(Non-executive Director resigned 27 September 2021)
Harihar is a Mechanical Engineer from Birla Institute of Technology, Ranchi and a Post Graduate Diploma in Management. Harihar began his career with Eicher group in 1984 and was with them for nearly two decades before moving to General Electric Company in Bengaluru in 2003. In 2005, he joined Ashok Leyland as Plant Head of the Hosur-II plant. He later grew to manage all the 3 plants in Hosur before moving to lead the Sourcing and Supply Chain function in 2013. Since 2016, Harihar has been leading the Manufacturing and Project Planning function at Ashok Leyland, responsible for all facilities in India and overseas. He has played a key role in the organization's coveted "Deming Prize", world's most admired and recognized quality award, for the plants in Pantnagar and Hosur-II consecutively in 2016 and 2017 thus making Ashok Leyland the only company in the world to have won this award twice. He is currently the Head of Operations for all plants and is responsible for Manufacturing, Sourcing & Supply Chain (SSC) and PP.

John Fickling

(Independent Non-executive Chairman resigned 17 July 2020)
John is a qualified engineer. He has over 25 years' experience in the transport industry as a former major shareholder and executive director of Northumbria Buses and Kentish Bus, developing the latter into one of the largest privately owned London bus companies for Transport for London. He was chief executive of Sunderland AFC for eleven years, where he oversaw the building of the Stadium of Light and the new training academy and had significant involvement in its full stock market listing in the late 1990s. John is very well known across the industry and has a keen interest in green issues in public transport. He was the Chairman of the Remuneration Committee until his resignation.

The Board is accountable to the Group's shareholders for good corporate governance.

Principles of corporate governance

The Group is committed to high standards of corporate governance.

The role of the Board is to provide entrepreneurial leadership of the Group within a framework of prudent and effective controls, which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensures that the necessary financial and human resources are in place for the Group to meet its objectives and reviews management's performance. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Board structure

Following Ashok Leyland Limited and its associated companies' increase to 75.1% of the shares in the Company in January 2012, the Board has evolved to a structure of an independent Non-executive Chairman, an independent Non-executive Deputy Chairman and a minimum of three Ashok Leyland Limited-nominated Non-executive Directors.

Directors' dates of appointment and resignations during the year and post year end are detailed in the Directors' report.

Key management is considered to be the Board of Directors and members of the Steering Committee ("SC"), which includes the Chief Executive Officer, Chief Financial Officer, President Global Manufacturing and Supply Chain and Chief Technical Officer. The transactions with key management are described in the Directors' and Senior Officers' remuneration report.

Role of the Board

The Board is responsible to shareholders for the proper management of the Group. The Non-executive Directors have a particular responsibility to ensure that the strategies proposed by the Senior Officers are fully considered. To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The Board has a formal schedule of matters reserved to it. It is responsible for overall Group strategy, approval of major capital expenditure projects and consideration of significant financing matters. The Board met on eight separate occasions in the year.

Appointment and induction of Directors
The composition of the Board is kept under review with the aim of ensuring that the Directors collectively possess the necessary skills and experience to direct the Group's business activities.

Board Committees

The Board delegates certain matters to its two principal Committees, which deal with remuneration and audit.

Remuneration Committee

The Remuneration Committee comprises the Non-executive Chairman Dr Andrew Palmer and Non-executive Director Venkatesan Venkataraman. The Remuneration Committee determines and agrees with the Board the framework of remuneration for the Senior Officers. The Board itself determines the remuneration of the Non-executive Directors. There was no Remuneration Committee meeting held during the year. The report on Directors' remuneration is set out on pages 11.

Audit Committee

The Audit Committee comprises Non-executive Director Gopal Mahadevan (Chairman) and the Non-executive Chairman Dr Andrew Palmer.

The Audit Committee is responsible for:

- reviewing the scope of external audit and receiving regular reports from BDO LLP;
- reviewing the annual accounts prior to their recommendation to the Board;
- reviewing the Group's internal financial controls and risk management systems and processes;
- making recommendations on the appointment, re-appointment and removal of the external auditor and approving the terms of engagement;
- reviewing the nature of the work and the level of fees for non-audit services provided by the external auditor; and
- assessing the independence, objectivity and effectiveness of the external auditor.

The Committee met on two occasions during the year and the meetings were fully attended.

Meetings are also attended, by invitation, by the Chief Financial Officer, the CEO and the principal auditor from Optare plc's auditor BDO LLP.

Internal control

The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing the effectiveness of this system. Such a system can only be designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can therefore only provide reasonable, and not absolute, assurance against material misstatement or loss. The Board is of the view that due to the current size and composition of the Group it is not necessary to establish an internal audit function.

Relations with shareholders

The Group values its dialogue with both institutional and private investors. Effective two-way communication with investors is actively pursued and this encompasses issues such as performance, policy and strategy. Private investors are encouraged to participate in the annual general meeting, at which the Non-executive Chairman presents a review of the results and comments on current business activity. Members of the Audit and Remuneration Committees will be available at the annual general meeting to answer any shareholder questions.

Going concern

In light of the continued impacts of the Coronavirus pandemic and current conflict in Ukraine the directors have performed an updated cash flow forecast for at least 12 months from the date that the financial statements were signed. These forecasts show that the Group will have sufficient liquidity for the going concern period to meet all obligations as they fall due.

The key assumptions in these forecasts include a marked increase in sales, as well as an increased cost base to support the projected growth of the group.

The group has also 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 not require payment of amounts due from the Group and will provide additional funding if required to allow the Group to meet all contractual and legal obligations for the period up to and including the 31st of March 2023.

As a result, the financial statements have been prepared on a going concern basis.

Dr Andrew Palmer
Non-executive Chairman
1st of April 2022

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 2021 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 2021, no share options were issued (2020 nil).

Pension arrangements
The Senior Officers are members of a money purchase pension scheme to which the Group contribution ranges from 6% to 10% of salary and bonuses. No other payments 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 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 £	2020/21 Total £	2019/20 Total £
Non-executive Directors						
Dr Seshu Bhagavathula	-	-	-	-	-	-
John Matthew Fickling	26,066	-	-	-	26,066	50,000
Padmanabhan Harihar	-	-	-	-	-	-
Gopal Mahadevan	-	-	-	-	-	-
Steven Norris	23,400	-	-	-	23,400	24,000
Dr Andrew Palmer	-	-	-	-	-	-
Nitin Seth	-	-	-	-	-	-
Venkatesan Venkataraman	-	-	-	-	-	-
Total	49,466	-	-	-	49,466	74,000

Key management incorporates the Board of Directors and members of the Steering Committee ("SC"). Total emoluments and compensation for the SC consists of £548,039 for the year ended 31 March 2021 (£767,424 for year ended 31 March 2020.)
For further information see note 4.

Directors' share options
No Statutory Director had any share options for Optare plc as at 31 March 2021.

Directors' interests in shares
No Statutory Director had any interest in the shares of Optare plc as at 31 March 2021.

The Company delisted on 1 June 2015.

Approval
This report was approved by the Board of Directors and authorised for issue on 1st of April 2022 and was signed on its behalf by:

Dr Andrew Palmer
Non-executive Chairman
1st of April 2022

The Directors submit their report and the financial statements of Optare plc for the year ended 31 March 2021.

Principal activities

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

Strategic report note

The review of the business and future developments, principal risks and uncertainties and key performance indicators are not shown in the directors' report as they are shown in the strategic report in accordance with S414C(11) of the Companies Act 2006.

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 is 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. Optare 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 the 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 environmental policy is to meet the statutory requirements placed upon it and to apply good environmental practice in its operations. Optare will continue to reduce it greenhouse gas emission 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 15.

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 to be forget. 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 2022 to ensure success is delivered for the members of the Group

Financial instruments

The Group's financial instruments comprise cash, borrowings and finance leases, and various items such as trade debtors and trade creditors arising from its operations. The Group has not established a formal policy on the use of financial instruments but assesses the risks faced by the Group as economic conditions and the Group's operations develop. Further disclosures relating to financial instruments are included in the summary of significant accounting policies and Note 22 of the financial statements.

Political and charitable contributions

There were no political contributions during the period. Charitable contributions were £0.5k in the year ended 31 March 2021 (2020: £10.4k).

Research and development

The Group 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.
The Group has recently introduced its new product for the double deck market, which is running customer trials in the UK, with EV and hybrid variants to be made available.

Events since the end of the year

Since the onset of the pandemic, we have closely followed government guidance safe working practices for all our employees, which remains our top priority. Social distancing, hybrid working from home where possible, sanitising as well as an enhanced cleaning regime and an appropriate mask policy have been put in place. To date the business did not incur any major business interruption as a result of the commitment of all employees to adhere to these measures. Like most businesses in these times of uncertainty we have experienced some minor operational issues surrounding supply of materials as well as international shipping, though we have carefully manged these challenges to successfully ensure business continuity. The impact to the market due to reduced passenger volumes and delayed investments into fleet upgrades will be monitored closely and incorporated into the business plan.

In Financial year 21-22, Switch Mobility Automotive, which is bringing together Optare UK and Ashok Leyland's EV Division, and OHM Global Mobility Private Ltd, the "Mobility-as-a-Service" Subsidiary of OHM International Mobility Limited have been launched. Together the two will work collaboratively to speed up the SWITCH to electric transportation in India.

Dana Incorporated (NYSE: DAN), a global leader in drivetrain and e-propulsion systems, and Switch Mobility Ltd. announced on the 30th of July 2021 the signing of a strategic agreement between the two entities. Under the terms of the agreement, Dana will make a strategic investment in Switch Mobility and become a preferred supplier of electric drivetrain components for the Group's e-bus and EV commercial vehicle offering. The company subsequently issued 1,033,658 ordinary shares for total consideration of £13.02mn to Dana.

During the year a restructuring of the of the group investments and intercompany balances took place. This restructuring was to facilitate the closure of the dormant companies (Note 7). The closure of the dormant companies took place after the balance sheet date on 13 April 2021.

Directors

Directors who served in the year are as follows:

Dr Seshu Bhagavathula (resigned 1 April 2021)
John Matthew Fickling (resigned 17 July 2020)
Padmanabhan Harihar (resigned 27 September 2021)
Gopal Mahadevan
Steven John Norris
Dr Andrew Charles Palmer (appointed 17 July 2020)
Nitin Seth (resigned 1 October 2021)
Venkatesan Venkataraman

Senior Officers of the Group who served in the year and up to the date of this report are as follows:

Graham Belgum (resigned 14 September 2021)
Roger Blakey (appointed 16 November 2020)
Hariharan Krishnamurthi
Muralee Krishnan (appointed 3 August 2020)

During the year the Group maintained insurance policies providing liability cover to its Directors.

Disabled people

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

It is Group 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 Group's employment.

Streamlined energy and carbon reporting (SECR)

During the year the Group consumed 3,194,052 kilowatt hours (3,387,034 2019/20) of energy and the emissions were calculated at 705 tonnes (779 2019/20) of carbon dioxide equivalents at an emissions intensity of 23.6 for the period 1st April 2020 to 31st March 2021.

Emission source (tCO2e)	**2021**	2020
Fuel combustion: transport	**263**	278
Fuel combustion: natural gas	**235**	222
Consumption of generated electricity	**207**	279
Total emissions (tCO2e) tonnes	**705**	779
Revenue (£'000)	**29,813**	37,052
Intensity (tCO2e per kg/revenue £'000)	**23.6**	21.0

Emission source (kWh '000)	**2021**	2020
Transport Fuel	**1,039**	1,099
Natural gas	**1,267**	1,196
Electricity	**888**	1,092
Total emissions	**3,194**	3,387
Revenue (£'000)	**29,813**	37,052
Intensity (kWh/revenue £'000)	**107.1**	91.4

The data contained in this document is calculated and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, March 2019.

An operational control approach has been used to define the Greenhouse Gas 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. Emissions have been calculated using the 2020 conversion factors provided by the Department of Business and Energy,

The emission intensity (measured in relation to revenue) has increased in comparison to the previous year, despite the overall consumption going down. The main driver is the reduced output linked to the pandemic only reducing variable emissions.

Energy efficiency improvement measures undertaken in the year were as follows:

- Encouraged the switching off of lights when not required to lower energy usage for lighting.
- Educated drivers on safe and efficient driving to use less diesel for driving.
- Switching to primarily electric buses reducing the amount of diesel consumed from test driving.
- Keeping the roller doors closed when not required for ingress or egress to use less energy for heating.

Bus test driving uses 14.8% (24.9% 2019/20) of the Sherburn in Elmet production site energy consumption.

Policy on payment of creditors

It is Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice.

Trade creditor days based on creditors at 31 March 2021 were 49 days (2020: 51 days).

Substantial shareholdings

As at 31 March 2021 Ashok Leyland Limited owns 91.63% of the share capital of the business. Ashok Leyland Limited is classified as the immediate parent of the Group as it maintains the controlling interest and exercises control through its employees, who sit on the Board of Optare plc. The Board has authorisation from the 10 September 2014 shareholders' general meeting to issue warrants to maintain this percentage on the exercise of share options or other outstanding warrants.

Related party transactions
Details of transactions with Ashok Leyland Limited and associated companies can be found in note 21, Related party transactions.

Directors' interests in contracts
No Director had a material interest at any time during the period in any contract of significance, other than a service contract, with the Group or any of its subsidiary undertakings.

Dividends
The Directors do not propose the payment of a dividend in respect of the current period (2020 £nil).

Going concern
In light of the continued impacts of the Coronavirus pandemic and current conflict in Ukraine the directors have performed an updated cash flow forecast for at least 12 months from the date that the financial statements were signed. These forecasts show that the Group will have sufficient liquidity for the going concern period to meet all obligations as they fall due.

The key assumptions in these forecasts include a marked increase in sales, as well as an increased cost base to support the projected growth of the group.

The group has also obtained a legally binding letter of support from its ultimate parent Group Ashok Leyland Limited who are a public limited Group incorporated and domiciled in India. This letter confirms that, if necessary, Ashok Leyland Limited will not require payment of amounts due from the Group, and will provide additional funding if required to allow the Group to meet all contractual and legal obligations for the period up to and including the 30th April 2023.

As a result, the financial statements have been prepared on a going concern basis.

Auditor
During the year KPMG resigned as auditors and BDO LLP were appointed. BDO LLP has indicated its willingness to continue in office and a resolution that it be re-appointed as auditor will be proposed at the annual general meeting.

Statement as to disclosure of information to the auditor
The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware, and each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Directors' indemnity
Every Director shall be indemnified by the Group out of its own funds. An appropriate insurance policy is in place.

This report was approved by the Board of Directors and authorised for issue on 1st April 2022 and was signed on its behalf by:

Dr Andrew Palmer
Non-executive Chairman
Unit 3 Hurricane Way South,
Sherburn in Elmet
Leeds
North Yorkshire
LS25 6PT

1st April 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the group and parent 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 they have elected to prepare the group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law and 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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;
- assess the group and parent 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 the 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect 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.

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 2021 and of the Group's loss for the year then ended;

- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;

- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; 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 2021 which comprise of the Consolidated income statement and statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. 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's and 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 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 Statement of Directors' responsibilities in respect of the annual report and the financial statements, 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:

We gained an understanding of the legal and regulatory framework applicable to the group and parent company and the industry in they operate, and considered the risk of acts by group and parent company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, the principles of United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the stock, warranty and the IFRS 9 expected credit loss provision;

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 2021 and of the Group's loss for the year then ended;

- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;

- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; 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 2021 which comprise of the Consolidated income statement and statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. 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's and 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 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 Statement of Directors' responsibilities in respect of the annual report and the financial statements, 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:

We gained an understanding of the legal and regulatory framework applicable to the group and parent company and the industry in they operate, and considered the risk of acts by group and parent company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006, the principles of United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the stock, warranty 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 keywords;
- Testing a sample of revenue transactions within a specified cut off window pre and post year end to determine if they have been recorded in the correct period;
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. As part of this discussion, we identified potential for fraud in accounting estimates;
- 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.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial results, management bias in accounting estimates and overstatement of revenue.

We have addressed this risk through testing of journals, assessing and challenging the significant accounting estimates made and evaluation whether there was any evidence of bias by the Directors that represented a risk of material misstatement due to fraud and testing the existence of revenue recognised to underlying agreements and evidence of delivery.

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 non-compliance 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: 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.

Stuart Wood
(Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Manchester

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

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 (restated) £'000
Revenue	1	**29,813**	37,052
Cost of sales		**(30,598)**	(39,174)
Gross profit		**(785)**	(2,122)
Administrative expenses		**(12,043)**	(10,048)
Distribution costs		**(805)**	(804)
Amortisation of intangible assets	10	**(1,336)**	(1,753)
Impairment losses of tangible assets	11	**(707)**	-
Loss from operations	2	**(15,676)**	(14,727)
Finance costs	5	**(1,364)**	(788)
Other Income		**1,324**	-
Loss on ordinary activities before taxation		**(15,716)**	(15,515)
Taxation	6	**-**	-
Loss attributable to the equity holders of the parent company		**(15,716)**	(15,515)

There are no other recognised items of income and expense other than those presented above.

Details of the prior period adjustment can be seen in Note 25 of these financial statements.

The notes on pages 20 to 38 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 31 March 2021
Company number: 06481690

	Notes	As at 31 March 2021 £'000	As at 31 March 2021 £'000
Non-current assets			
Intangible assets	10	**5,406**	5,751
Property, plant and equipment	11	**8,630**	10,206
		14,036	15,957
Current assets			
Inventories	12	**12,519**	15,769
Trade and other receivables	13	**17,632**	20,630
Cash		**8,584**	2,337
		38,735	38,736
Total assets		**52,771**	54,693
Current liabilities			
Trade and other payables	14	**8,802**	10,605
Loans and overdrafts	22	**34,600**	39,099
Provisions	15	**667**	736
Lease liabilities	16	**860**	910
		44,929	51,350
Non-current liabilities			
Provisions	15	**1,985**	3,784
Lease liabilities	16	**4,634**	5,370
		6,619	9,154
Total liabilities		**51,548**	60,504
Net assets / (liabilities)		**1,223**	(5,811)
Equity			
Share capital	18	**102,980**	80,230
Share premium		**32,396**	32,396
Share-based payment reserve		**42**	42
Merger reserve		**5,542**	5,542
Retained loss		**(139,737)**	(124,021)
Total surplus / (deficit) attributable to equity holders of the parent		**1,223**	(5,811)

The notes on pages 20 to 38 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 1st of April 2022 and were signed on its behalf by:

Dr Andrew Palmer
Non-executive Chairman
01st April 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained loss £'000	Share-based payment reserve £'000	Total £'000
Balance at 31 March 2019	69,230	32,396	5,542	(109,230)	42	(2,020)
Adjustment on Initial application of IFRS (Net of Tax)	-	-	-	724	-	724
Adjusted balance at 1 April 2019	69,230	32,396	5,542	(108,506)	42	(1,296)
Transactions with shareholders						
Issue of ordinary shares	11,000	-	-	-	-	11,000
Comprehensive loss						
Comprehensive loss for the year	-	-	-	(15,515)	-	(15,515)
Total comprehensive loss	-	-	-	(15,515)	-	(15,515)
Balance at 31 March 2020	**80,230**	**32,396**	**5,542**	**(124,021)**	**42**	**(5,811)**
Transactions with shareholders						
Issue of ordinary shares	22,750	-	-	-	-	22,750
Total transactions with shareholders	**22,750**	**-**	**-**	**-**	**-**	**22,750**
Comprehensive loss						
Comprehensive loss for the year	-	-	-	(15,716)	-	(15,716)
Total comprehensive loss	**-**	**-**	**-**	**(15,716)**	**-**	**(15,716)**
Balance at 31 March 2021	**102,980**	**32,396**	**5,542**	**(139,737)**	**42**	**1,223**

The notes on pages 20 to 38 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2021

	Notes	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000
Net cash used in investing activities	11	**(1,771)**	(1,069)
Purchase of property, plant and equipment	10	**(518)**	-
Purchase of intangible assets	10	**(2,855)**	(951)
Internal capitalised development costs		**(5,144)**	(2,020)
Net cash from investing activities			
Cash flows from financing activities	18	**22,750**	11,000
Issue of ordinary shares	16	**(107)**	(108)
Interest paid on lease liabilities	16	**(934)**	(858)
Principal paid on lease liabilities	22	**(39,099)**	(21,500)
Repayment of loans and borrowings	22	**34,600**	39,099
Proceeds from loans and borrowings		**17,210**	27,633
Net cash flow from financing activities	20	**(5,777)**	(25,958)
Net cash flow from operating activities			
Net increase in cash and cash equivalents		**6,289**	(345)
Cash and cash equivalents at beginning of period		**2,337**	2,736
Exchange losses on cash and cash equivalents		**(42)**	(54)
Cash and cash equivalents at end of period		**8,584**	2,337

The notes on pages 20 to 38 form an integral part of these financial statements.

In respect of the consolidated financial statements

Basis of preparation

Optare plc is a company incorporated and domiciled in the UK.

The financial statements have been prepared on a historical cost basis. The historical financial statements consolidate those of Optare plc and its subsidiaries.

The historical financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Changes in Accounting policies

New standards, interpretations and amendments adopted from 1 April 2020 impacting the group that have been adopted in the annual financial statements for the year ended 31 March 2021 are:

- COVID-10-Related Rent Concessions (Amendments to IFRS 16)
- Interest Rate Benchmark Reform IBOR phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7

These did not have a material impact to the group at adoption.

New standards, interpretations and amendments not yet effective:

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

Going concern

In light of the continued impacts of the Coronavirus pandemic and current conflict in Ukraine the directors have performed an updated cash flow forecast for at least 12 months from the date that the financial statements were signed. These forecasts show that the Group and parent company will have sufficient liquidity for the going concern period to meet all obligations as they fall due.

The key assumptions in these forecasts include a marked increase in sales, as well as an increased cost base to support the projected growth of the group.

The group has also 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 not require payment of amounts due from the Group and will provide additional funding if required to allow the Group and parent company to meet all contractual and legal obligations for the period up to and including the 30th of April 2023.

As a result, the financial statements have been prepared on a going concern basis and no material uncertainties with respect to going concern have been identified

Basis of consolidation

Subsidiaries are entities controlled by Optare plc. Control exists when Optare plc has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions and balances and unrealised gains on transactions between Group companies are eliminated.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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 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.

Revenue (continued)

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 costs 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

Foreign currency

Transactions in foreign currencies are translated to the Group's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Functional and presentation currency

The functional and presentation currency for Optare plc is Sterling.

Goodwill

Goodwill, being the difference between the fair value of the assets acquired and the fair value of the consideration paid, arising on business combinations is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement. The asset is reviewed for impairment at least annually.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised over their useful economic lives.

Intangible assets are recognised on business combinations if they are identifiable and their fair value can be reliably measured. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

1. Acquired vehicle design

Vehicle design acquired is amortised on a straight-line basis of up to ten years.

2. Internal vehicle design

Vehicle designs are valued at the cost of generating vehicle designs including internal and external engineering and testing costs. The amortisation period and charges are recognised on a systematic basis over the anticipated useful economic life of the design of up to ten years. Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets, up to a maximum of 10 years.

3. Customer relationships

Customer relationships are valued using the multi-period excess earnings model. The customer relationships are amortised over ten years on a straight-line basis.

Research and development

Research activities are recognised as an expense in the period in which they are incurred and recognised within administrative expenses.

An internally generated intangible asset arising from development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- the product or process is technically and commercially feasible; and
- sufficient resources are available to complete the development and to either sell or use the asset.

Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. Internally generated intangible assets are amortised on a straight-line basis over the estimated useful lives of intangible assets, up to a maximum of 10 years. Intangible assets' amortisation charges are included as a separate line item in the income statement.

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually. Other non-financial assets including property, plant and equipment are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e., the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included as a separate line item in the income statement, except to the extent they reverse gains previously recognised directly in equity.

Financial assets and liabilities

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise principally through the provision of goods and services to customers, but also incorporate other types of contractual monetary asset. They are recorded at fair value and subsequently measured at amortised cost less any provision for impairment.

Cash and cash equivalents

Cash at bank and in hand comprises of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in the income statement over the term of the instrument using an effective rate of interest.

Trade and other payables

Other financial liabilities comprise trade payables and other short-term monetary liabilities, which are recorded at fair value then measured at amortised cost.

Employee benefits

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the income statement in the period to which they relate. The Group has no further payment obligations once the contributions have been paid. No defined benefit schemes exist within the Group.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Employee benefits (continued)

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value

Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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.

For all leases the Group has elected not to separate non-lease components and therefore accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. 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 incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, 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 not paid 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 the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise,
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Group presents right-of-use assets that do not meet the definition of investment property in 'tangible assets' and lease liabilities falling due within one year and after more than one year' in the balance sheet.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

Deferred taxation (continued)

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible; and
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

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.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. Depreciation is provided on all items of property, plant and equipment so as to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Leasehold property improvements	– 10% over the life of the lease
Plant, machinery and motor vehicles	– 10% to 25% per annum (straight line)
Fixtures, fittings and equipment	– 10% to 33% per annum (straight line)
Production tooling	– 15% to 20% per annum (straight line)

Demonstration fleet

Vehicles manufactured and held principally for customer demonstrations which are intended at the date of entering service to remain in such use for twelve months or more are capitalised at cost as part of our demonstration fleet. When no longer required as a sales aid, they are transferred to inventory at net book value. When sold, the proceeds are treated as revenue. Demonstration fleet vehicles are depreciated on a straight line basis over six years.

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.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and a reliable estimate can be made of a probable adverse outcome, for example, warranties. Otherwise, material contingent liabilities are disclosed unless the transfer of economic benefit is remote.

Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy

Government Grants and Assistance

Payroll Support

Included in the profit and loss is £1,324k of government grants obtained relating to supporting the payroll under the national Job Retention Scheme. The grant is recognised as other income in the P&L. There are no unfulfilled obligations related to this scheme.

Critical judgements and estimates

The preparation of historical financial information in conformity with Endorsed IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The directors have concluded there are no critical judgements that have a significant impact on the carrying value of assets and liabilities. The key sources of estimation that have a significant impact on the carrying value of assets and liabilities are discussed below:

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 discounted 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 of NBV total £9,329k have been reviewed and assets related to Diesel business (vehicles and production tooling) have been impaired by £707k (Note 11).

Provision for warranty claims

Management has estimated the cost of potential warranty claims arising on acquisition of the various businesses and on 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 cost are: the number of buses sold; the length in periods and the breadth in cover of the terms of the warranty given with the bus; the ability of the Group to obtain suitable back-to-back warranties from its suppliers; the efficiency of the quality processes applied in designing and building the 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 per vehicle was adjusted by 10%, this would equate to an under or over provision of £400,000. The accounts include a total warranty provision of £2,652k (Note 15).

Provision for expected credit loss

Allowances against doubtful debts are recognised against trade receivables between 30 days and 360 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 £8,447k and a bad debt provision of £2,014 (Note 13).

For the year ended 31 March 2021

1. Business and geographical segments and customer concentration

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Business segment analysis of revenue is as follows:		
Sale of goods	**27,694**	34,545
Rendering of services	**2,119**	2,507
Total revenue	**29,813**	37,052

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Geographical analysis of revenue is as follows:		
UK	**28,620**	20,196
Other European	**113**	387
Non-EU	**1,080**	16,469
Total revenue	**29,813**	37,052

The Group operates one business segment – the internal design and subsequent sale of single and double deck buses and parts. No separate revenues are generated from design activities.

Non-EU revenue relates, in the main, to sales in the Middle East and a distributor in Australia.

2. Loss from operations

Loss from operations has been arrived at after (crediting) / charging:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Net foreign exchange (gain)/ loss	**284**	(8)
Cost of inventories recognised in cost of sales	**21,047**	27,657
Net increase / (release) of inventory provision (see note 12)	**713**	(103)
Depreciation: (see note 11)		
– owned assets	**1,114**	1,118
– leased assets	**963**	850
Impairment loss tangible assets (see note 11)	**707**	-
Research and development cost expensed	**125**	-
Loss on disposal of fixed assets	**-**	-
Rental under leases charged to the income statement	**49**	294
Staff costs (note 3)	**11,945**	12,200
Amounts payable to BDO LLP and its associates in respect of both audit and non-audit services:		
Audit services:		
– statutory audit including audit of subsidiary companies	**300**	127
Non-audit services:		
– services relating to Brexit	**-**	24
– services relating to group audits	**70**	-
	370	151

3. Staff costs

The average monthly number of people (including Directors) employed by the Group's total operations was as follows:

	Average for year ended 31 March 2021 Number	Average for year ended 31 March 2020 Number
Production	**152**	207
Head office and administration	**172**	120
	324	327

The aggregate remuneration for the above people comprised:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Wages and salaries	**10,715**	10,749
Social security costs	**900**	1,038
Other pension costs	**329**	339
	11,944	12,126

Key management incorporates the Board of Directors and members of the Steering Committee ("SC"). Total emoluments and compensation for the SC consists of £637,907 for the year ended 31 March 2021 (£767,424 for year ended 31 March 2020), this includes £64,655 social security cost and £25,212 pension contribution.

The total renumeration for directors is listed under note 4.

4. Directors' remuneration

	Statutory Directors £000	
	2021	**2020**
Wages and salaries	**49**	76
Social security costs	**4**	8
Contributions to defined contribution plans	**-**	-
Total remuneration	**53**	84

There were no directors in the Group's defined contribution plan (2020 – nil).

5. Finance costs

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Interest on bank overdrafts and loans	**739**	632
Interest on loans from Ashok Leyland Limited and related companies	**121**	40
Loan arrangement fees	**367**	-
Lease Interest	**107**	116
Unwinding of discount	**30**	
Total borrowing costs	**1,364**	788

6. Taxation

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Adjustments in respect of prior periods	**-**	-
Total current tax	**-**	-
Tax attributable to the Group and its subsidiaries	**-**	-

6. Taxation (continued)

The main UK corporation tax rate is currently 19% and will rise to 25% in the tax year commencing 1 April 2023. However, businesses with profits of less than £50,000 will continue to be taxed at 19% and a tapered rate will be introduced for profits above £50,000, so that only businesses with profits greater than £250,000 will be taxed at the full 25%.

The charge for the period can be reconciled to the loss per the income statement as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Loss on ordinary activities before tax	**(15,716)**	(15,515)
Tax at the domestic income tax rate	**(2,986)**	(2,948)
Tax effect of expenses that are not deductible in determining taxable profit	**135**	604
Income not taxable	**(27)**	
Tax losses not utilised	**2,878**	2,344
Tax credit for the period	**-**	-

7. Dividends

The Directors do not propose the payment of a dividend in respect of the current period (2020: £nil).

8. Subsidiaries

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest	Proportion of voting power held	Principal activity
Optare UK Limited	UK	100%	100%	Supplying kits of passenger vehicles
Switch Group Limited	UK	100%	100%	Manufacturer of passenger vehicles
Jamesstan Investments Limited (Dissolved 13 April 2021)	UK	100%	100%	Dormant Holding company
Optare Holdings Limited (Dissolved 13 April 2021)	UK	100%	100%	Dormant Holding company
Optare (Leeds) Limited (Dissolved 13 April 2021_	UK	100%	100%	Dormant
East Lancashire Busbuilders Limited (Dissolved 13 April 2021)	UK	100%	100%	Dormant

The registered address of all of the above companies is Unit 3, Hurricane Way South, Sherburn in Elmet, Leeds, North Yorkshire LS25 6PT.

During the year a restructuring of the of the group investments and intercompany balances took place. This restructuring was to facilitate the closure of the dormant companies listed above. The closure of the dormant companies took place after the balance sheet date on 13 April 2021.

9. Goodwill

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cost		
At the start of the period	8,700	8,700
At the end of the period	8,700	8,700
Impairment		
At the start of the period	8,700	8,700
At the end of the period	8,700	8,700
Carrying amount at the end of the period	-	-

Goodwill arose on the 2008 purchase of Jamesstan Investments Limited. The Directors consider there is only one cash-generating unit ("CGU"), being the whole group.

10. Intangible assets

	Vehicle related intangible assets £'000	Customer related intangible assets £'000	Total £'000
Cost			
At 31 March 2019	14,014	608	14,622
Additions – internally generated	951	-	951
Transfer to Tangible Assets	-	-	-
Disposals	-	-	-
At 31 March 2020	14,965	608	15,573
Additions – internally generated	2,855	-	2,855
Additions externally acquired	518	-	518
Disposals	(4,050)	-	(4,050)
At 31 March 2021	**14,288**	**608**	**14,896**
Amortisation			
At 31 March 2019	7,461	608	8,069
Charge for the year	1,753	-	1,753
Disposals	-	-	-
At 31 March 2020	9,214	608	9,822
Charge for the year	1,336	-	1,336
Disposals	(1,668)	-	(1,668)
At 31 March 2021	**8,882**	**608**	**9,490**
Carrying amount			
At 31 March 2021	**5,406**	**-**	**5,406**
At 31 March 2020	5,751	-	5,751
At 31 March 2019	6,553	-	6,553

The vehicle related intangible assets include internally generated new product developments in the period, such as the Solo EVs and low-carbon Euro 6 product line, and new product designs, such as the Metrocity and Metrocity EVs intended for the London market with a carrying value of £625k (2020: £375k) and a useful life of 7 years left, and the Metrodecker with a carrying value of £2,577k (2020: £2,602k) and a useful life of 9 years left.

The group has no contractual commitments for development costs or acquisition of intangible assets (2020: £nil).

Capitalised development costs are not treated as a realised loss for the purpose of determining the Group's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with IAS 38.

Amortisation charge

The amortisation charge of £1,336k (2020: £1,753k) is recognised in Amortisation of intangible assets line in the consolidated income statement.

11. Property, plant and equipment

	Leasehold property improvements £'000	Land and buildings £'000	Production tooling £'000	Plant and machinery £'000	Fixtures and fittings £'000	Vehicles £'000	Computers £'000	£'000
Cost								
At 31 March 2019	1,788	-	2,386	4,666	568	-	-	9,408
Reclassification	(18)	-	2614	191	83	3,158	-	6,028
Additions	-	-	129	244	14	682	-	1,069
Recognition of right-of-use assets on initial application of IFRS 16	-	6,832	-	-	-	295	-	7,127
Disposals	-	-	-	-	-	-	-	-
At 31 March 2020	1,770	6,832	5,129	5,101	665	4,135		23,632
Reclassification	-	-	-	(914)	-	-	914	-
Additions	-	-	83	25	28	1,202	592	1,930
Disposals	-	-	-	-	-	(1,767)		(1,767)
At 31 March 2021	**1,770**	**6,832**	**5,212**	**4,212**	**693**	**3,570**	**1,506**	**23,795**
Depreciation and impairments								
At 31 March 2019	1,149	-	1,958	2,214	109	-	-	5,430
Reclassification	27	-	2,506	2,242	131	1,122	-	6,028
Charge for the year	176	804	159	172	45	612	-	1,968
Disposals	-	-	-	-	-	-	-	-
At 31 March 2020	1,352	804	4,623	4,628	285	1,734		13,426
Reclassification	-	-	-	(719)	-	-	719	-
Charge for the year	177	832	142	100	46	657	123	2,077
Impairment loss	-	-	191	-	-	516	707	
Disposals	-	-	-	-	-	(1,045)	-	(1,045)
At 31 March 2021	**1,529**	**1,636**	**4,956**	**4,009**	**331**	**1,862**	**842**	**15,165**
Net book value								
At 31 March 2021	**241**	**5,196**	**256**	**203**	**362**	**1,707**	**664**	**8,630**
At 31 March 2020	418	6,028	506	473	380	2,401	-	10,206
At 31 March 2019	639	-	428	2,452	459	-	-	3,978

Note:
Reallocation has been performed in 2021 with no impact on net book value.

Part of the PPE is pledged as security for bank loans in form of a floating charge of £1.61m (2020: £1.61m).

The Group has no contractual commitments for acquisition of tangible assets (2020: £nil).

Depreciation charge

The depreciation charge of £2,077k (2020: £1,968k) is recognised in the administrative expenses line in the profit and loss account.

Impairment loss

The impairment loss recognised on tangible fixed assets in the period was £706,955 (2020 - £nil) and is included in Impairment losses of tangible assets in the consolidated income statement. It mostly arose because of anticipated future cashflow 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.

12. Inventories

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Raw materials and consumables	**8,466**	8,842
Work in progress	**4,286**	7,162
Finished goods	**1,711**	996
Stock impairment provision	**(1,944)**	(1,231)
Total	**12,519**	15,769

The movement in the write down of stocks to net realisable value can be reconciled to the income statement as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Opening provision	**1,231**	1,334
Provisions made during the year	**1,002**	141
Provisions utilised during the year	**(289)**	(244)
Total	**1,944**	1,231

13. Trade and other receivables

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Trade receivables	**13,520**	18,164
Allowance for estimated irrecoverable amounts	**(2,014)**	(2,237)
Net trade receivables	**11,506**	15,927
Other receivables and prepayments	**6,126**	4,703
Total	**17,632**	20,630

The carrying value of trade and other receivables classified at amortised cost approximates fair value.

Trade receivables past due but not impaired at the period end totalled £8,446,829 (2020: £5,304,323).

Allowances against doubtful debts are recognised against trade receivables between 30 days and 360 days based on estimated recoverable amounts based on past experience under the expected credit loss model. The Group's credit risk relates primarily to its trade receivables. The debtor days as at 31 March 2021 were 143 days (2020: 157 days).

Ageing of past due but not impaired receivables:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
0 – 30 days	**292**	324
30 – 180 days	**71**	1,593
180 – 365 days	**8,014**	3,384
Greater than one year	**70**	3
Total	**8,447**	5,304

The movement in the bad debt provision can be reconciled to the income statement as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Opening provision	**2,237**	98
Provisions (released) / made during the year	**(203)**	2,201
Provisions utilised during the year	**(20)**	(62)
Total	**2,014**	2,237

14. Trade and other payables

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Trade payables	**5,537**	7,351
Social security and other taxes	**1,217**	734
Accruals and deferred income	**2,049**	2,520
	8,803	10,605

Creditor days as at 31 March 2021 were 49 (2020: 51 days). The Directors consider that the carrying amount of trade payables and other payables classified as financial liabilities approximates fair value.

15. Provisions

	Warranty provision £'000
At 31 March 2020	4,520
Charged to profit or loss	911
Released in the year	(859)
Unwinding of discount	30
Utilisation of provision	(1,950)
At 31 March 2021	2,652
Under one year provision	667
Over one year provision	1,985
At 31 March 2021	**2,652**

The warranty provision represents management's 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.

16. Leases
Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 11):

	Land and buildings £'000	**Vehicle £'000**	**Total £'000**
Balance at 1 April 2019	6,832	295	7,127
Depreciation charge for the year	(804)	(46)	(850)
Balance at 31 March 2020	6,028	249	6,277
Additions	-	159	159
Depreciation charge for the year	(832)	(131)	(963)
Balance at 31 March 2021	**5,196**	**277**	**5,473**

16. Leases (Continued)
Lease liability

	Land and buildings £'000	Vehicle £'000	Total £'000
Balance at 1 April 2019	6,832	306	7,137
Interest expenses	106	2	108
Lease payments	(905)	(61)	(966)
Balance at 31 March 2020	6,033	246	6,280
Additions	-	148	146
Interest expenses	102	5	107
Lease payments	(905)	(136)	(1,041)
Balance at 31 March 2021	**5,231**	**263**	**5,494**

Maturities of leases shown under note 22. The average IBR discount rate used was 2.13% (2020: 1.83%)

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Group is a lessee:

	2021 £'000	2020 £'000
Interest expense on lease liabilities	107	116
Expenses relating to short-term leases	50	294
	157	**410**

Amounts recognised in statement of cash flows

	2021 £'000	2020 £'000
Total cash outflow for leases	1,041	1,020
	1,041	1,020

17. Deferred tax

At the reporting date, the Group has unused tax losses of £111,877,064 (2020: £98,306,678) available for offset against future profits. A deferred tax asset of £21,555,744 at a tax rate of 19% (2020: £18,678,269 at 19%) has not been recognised in respect of these losses due to the uncertainty of the timing of future profits.

18. Share capital and reserves

	Ordinary shares of 1p each number	Ordinary shares of 0.1p each number	Deferred shares of 0.9p each number	£'000
At 31 March 2020	-	73,460,291,827	752,145,493	80,230
Shares issued	-	22,750,000,000	-	22,750
At 31 March 2021	-	96,210,291,827	752,145,493	102,980

During the year Ashok Leyland Limited subscribed to an additional 15,250,000,000 ordinary shares at par and Hinduja Automotive Limited to 7,500,000,000 new ordinary shares at par.

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 shares, which render them effectively worthless, is 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 transferable;
- 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

18. Share Capital and reserves (continued)

• 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.

The following describes the nature and purpose of each reserve within equity

Reserve	**Description and purpose**
Share capital	Nominal value of share capital subscribed for.
Share premium	Amount subscribed for share capital in excess of nominal value.
Share-based payment reserve	Amount outstanding for share based payments to former employees
Merger reserve	The difference between the nominal value of the shares issued to acquire a subsidiary and the nominal value of the shares acquired.
Retained loss	Carried forward profit and losses

19. Retirement benefits

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to income of £328,887 (2020: £339,016) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. As at 31 March 2021, contributions of £nil (2020: £nil) due in respect of the current reporting period had not been paid over to the schemes.

20. Net cash from operating activities

Reconciliation of loss from operations to net cash absorbed in operating activities is:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash Flow from operating activities		
Loss before tax	**(15,716)**	(15,515)
Net finance expense	**1,364**	788
Depreciation	**2,077**	1,968
Impairment of property, plant and equipment	**707**	-
Amortisation of intangible assets	**1,336**	1,753
Loss of disposal of property, plant and equipment	**722**	-
Loss of disposal of intangible assets	**2,382**	-
Operating cash flows before movements in working capital	**(7,128)**	(11,006)
Changes in working capital		
(increase)/decrease in inventories	**3,250**	1,632
increase /(decrease) in provisions	**1,868**	107
(increase)/decrease in trade and other receivables	**2,998**	(10,284)
increase/(decrease) in trade and other payables	**1,802**	(5,735)
Net cash absorbed in operating activities	**(4,550)**	(25,286)
Interest paid	**(1,227)**	(672)
Net cash from operating activities	**(5,777)**	(25,958)

21. Related party transactions

Key management is considered to be the Board of Directors and members of the Steering Committee ("SC"), which includes the Chief Executive Officer, Chief Financial Officer, President Global Manufacturing and Supply Chain and Chief Technical Officer.

A further subscription for 15,250,000,000 new ordinary shares to Ashok Leyland Limited and 7,500,000,000 new ordinary shares to Hinduja Automotive Limited was made during the year.

The major shareholder, Ashok Leyland Limited, is providing key employee resource to support the business. The net charge was £nil in this year's results (2020: £nil). The cost of this expense that remained outstanding at the period end was £nil (2020: £nil).

At the beginning of the year a loan of £2,500,000 from Hinduja Automotive Limited to Optare PLC was in place. This loan was increased during the year to £7,500,000 which was repaid by converting the loan to equity on 19 November 2020. At this time £120,923.56 interest had been accrued and this was fully paid during the year. No unpaid interest remained at the year end.

22. Financial instruments
Financial assets

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash and cash equivalents	8,584	2,337
Trade and other receivables	11,569	15,928
Total financial assets	**20,153**	**18,265**

Financial liabilities

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Current financial liabilities		
Bank loans	34,600	36,599
Related party short-term loans	-	2,500
Lease liabilities	5,494	6,280
Accruals	1,923	2,519
	42,017	47,898
Non-current financial liabilities		
Total financial liabilities	**42,017**	47,898
Analysis of borrowings by currency		
Sterling – loans	**34,600**	39,099
	34,600	39,099

The fair value of borrowings is not significantly different to the carrying value. The bank loan borrowings are at a floating rate of 1.05% over the GBP three month London InterBank Offered Rate. The bank overdrafts are at a floating rate of 1.05% over the Bank of England base rate.

Financial instruments – risk management

The Group is exposed through its operations to one or more of the following financial risks:

- liquidity risk;
- interest rate risk;
- foreign currency risk; and
- credit risk.

Policy for managing these risks is set by the Board following recommendations from the Chief Financial Officer. The policy for each of the above risks is described in more detail below;

22. Financial instruments (continued)

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal payments on debt financing. It is the risk that the Group will have difficulty in meeting its financial obligations as they fall due. The Group currently has sufficient liquid resources to meet the liquidity requirements of the business and its future plans. The Board monitors the cash flow on a regular basis through detailed short-term cash flow forecasts over the following three months.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities

As at 31 March 2021 £'000	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease Liability	238	714	925	2,435	1,519
Trade and other payables	5,537	-	-	-	-
Loans and borrowings	29,553	5,247			
Total	**35,328**	**5,961**	**925**	**2,435**	**1,519**

As at 31 March 2021 £'000	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Lease Liability	253	752 9	01	2,480	2,323
Trade and other payables	7,351	-	-	-	-
Loans and borrowings	14,566	25,013			
Total	**22,170**	**25,765**	**901**	**2,480**	**2,323**

Interest rate risk

Management has a policy to obtain long-term debt at fixed rates (£nil) and short-term debt at flexible rates (£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 £0.5m.

Foreign currency risk

Management's primary foreign currency risk arises 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 31st of March 2020/2021 no foreign currency risk in regard to trade receivables as all invoices issued in sterling.

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

22. Financial instruments (continued)

Credit risk

Credit risk is managed on a Group basis. Optare plc'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.

Optare plc's customers are also the main major bus operators, which have significant resources and facilities in place to fund their vehicle acquisitions, thus limiting Optare plc'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 regarding trade and other receivables, which are neither past due nor impaired, are provided in note 13.

Capital

Optare plc's main objective when managing capital is to protect returns to shareholders by ensuring the Group has sufficient liquidity in the business and will trade profitably in the foreseeable future. The Group manages its 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 its capital to include share capital, share premium, merger reserve, retained earnings and share-based earnings reserve.

At 31 March 2021 the Group had net assets of £1.0m, compared to net liabilities of £5.8m at 31 March 2020. The net debt of the Group was £31.5m at 31 March 2021 compared to £43.1m at 31 March 2020 as follows;

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Bank loans and overdrafts	34,600	39,099
Lease liabilities	5,494	6,280
	40,094	45,379

Gearing ratio at the year end is as follows:

	2021 £'m	2020 £'m
Debt	40.1	45.4
Cash and cash equivalents	8.6	2.3
Net debt	31.5	43.1
Capital	35.6	33.3
Net debt to capital ratio	88%	129%

23. Events after the reporting date

In Financial year 21-22, Switch Mobility Automotive, which is bringing together Optare UK and Ashok Leyland's EV Division has been launched as a direct subsidiary of Switch Mobility.

OHM Global Mobility Private Ltd, the "Mobility-as-a-Service" Subsidiary of OHM International Mobility Limited has been launched. Together the two will work collaboratively to speed up the switch to electric transportation in India.

Dana Incorporated (NYSE: DAN), a global leader in drivetrain and e-propulsion systems, and Switch Mobility Ltd. announced on the 30th of July 2021 the signing of a strategic agreement between the two entities. Under the terms of the agreement, Dana will make a strategic investment in Switch Mobility and become a preferred supplier of electric drivetrain components for the Group's e-bus and EV commercial vehicle offering. The company subsequently issued 1,033,658 shares for total consideration of £13.02mn to Dana.

During the year a restructuring of the of the group investments and intercompany balances took place. This restructuring was to facilitate the closure of the dormant companies (Note 8). The closure of the dormant companies took place after the balance sheet date on 13 April 2021

24. Parent company and ultimate controlling party

The Directors consider Ashok Leyland Limited incorporated in India to be the Group's parent company ultimate controlling party. The registered office of Ashok Leyland Limited is No 1, Saedar Patel Road, Guindy, Chennai, 600032, India, and Optare PLC is Unit 3 Hurricane Way South, Sherburn In Elmet, Leeds, North Yorkshire, LS25 6PT.

Copies of the financial statements of Ashok Leyland Limited are available from https://www.ashokleyland.com/in/en/investors/investor-information or on request from the company's registered office.

25. Prior Period Adjustment

A restatement has been made to the prior year figures for Distribution Costs, Administration Expenses and Cost of Sales. The adjustment to the prior year was £348,503 for inward freight reclassified from Distribution Costs to Cost of Sales, £264,646 of utility costs, £71,046 of plant maintenance, £341,409 of purchase price variance and £201,065 of direct labour all of which have been apportioned into stock costs and reflected in Cost of Sales.

This table summarises the impact on the financial statements

	Previously stated 2020 £000	Correcting adjustment £000	Restated 2020 £000
Turnover	37,052	-	37,052
Cost of Sales	(37,947)	(1,227)	(39,174)
Gross loss	**(895)**	**(1,227)**	**(2,122)**
Distribution cost	(1,154)	349	(804)
Administrative expenses	(10,926)	878	(10,048)
Amortisation of intangible assets	(1,753)	-	(1,753)
Operating loss	**(14,727)**	**-**	**(14,727)**

26. Restructuring

The group entered into a restructuring scheme which involved the following steps:

1. Assignment of intercompany receivables £9,574,542 from Jamestaan Investments and £6,910,482 from Optare holdings and intercompany payables due to Optare Leeds to 10,042,031 to Optare plc.
2. Transfer of EV assets from Optare UK for £2,500,000 to Switch Mobility Limited and sale of Diesel assets to Optare UK £500,000 from Switch Mobility Limited.
3. Assignment of receivables from Optare UK £2,961,322 to Optare plc towards settlement of dues payable to Optare plc.
4. Conversion of £75,202,505 of loans due from Switch Mobility Limited to Optare plc into 75,202,505 equity shares of 1GBP each.
5. Infusion of £12,000,000 by Optare plc into Switch Mobility Limited at par at one GBP per share.
6. Capitalisation of £4,000,000 by issue of bonus shares at par in Switch Mobility Limited.
7. Capital reduction of shares in Switch Mobility Limited wherein face value of shares reduced from £1 to £ 0.10

COMPANY BALANCE SHEET

For the year ended 31 March 2021

	Notes	**As at 31 March 2021 £'000**	As at 31 March 2020 £'000
Non-current assets			
Tangible assets	27	**4,625**	5,363
Investments	28	**87,202**	-
		91,827	5,363
Current assets			
Debtors	29	**9,655**	97,692
Cash		**2,750**	1,066
		12,405	98,758
Creditors: amounts falling due within one year	31	**(30,971)**	(46,880)
Net current (Liabilities) / assets		**(18,566)**	51,878
Creditors: amounts falling due after one year	32	**(4,031)**	(4,668)
Net assets		**69,230**	52,573
Capital and reserves			
Share capital	18	**102,980**	80,230
Capital reserves		**36,832**	36,832
Share-based payment reserve		**42**	42
Retained loss		**(70,624)**	(64,531)
Total equity		**69,230**	52,573

The Company's loss after tax for the period was £6,093k (2020: £21k loss). The loss includes distribution of reserves over £6,864k from dormant companies into Optare plc.

The notes are an integral part of these financial statements

The financial statements on pages 47 to 49 were approved by the Board of Directors and authorised for issue on 1st April 2022 and were signed on its behalf by:

Dr Andrew Palmer
Non-executive Chairman
1st of April 2022

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital £'000	Capital reserve £'000	Retained loss £'000	Share-based payment reserve £'000	Total £'000
Balance at 31 March 2019	69,230	36,832	(44,119)	42	61,985
Adjustment on the initial application of IFRS 16 (net of tax)	-	-	721	-	721
Adjusted balance at 1 April 2019	69,230	36,832	(43,398)	42	62,706
Issue of ordinary shares	11,000	-	-	-	11,000
Loss for the year	-	-	(21,133)	-	(21,133)
Total comprehensive loss / equity movement for the year	11,000	-	(21,133)	-	(10,133)
Balance at 31 March 2020	80,230	36,832	(64,531)	42	52,573
Issue of ordinary shares (note 18)	22,750	-	-	-	22,750
Loss for the year	-	-	(6,093)	-	(6,093)
Total comprehensive loss / equity movement for the year	22,750	-	-	- -	
Balance at 31 March 2021	**102,980**	**36,832**	**(70,624)**	**42**	**69,230**

The accompanying notes are an integral part of these financial statements

In respect of the Company financial statements

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards under FRS101 and under the historical cost accounting rules. The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented the profit and loss account of the Company.

Under FRS 101 the Company is exempt from the requirement to disclose related party transactions, share based payments, financial instruments and prepare a cash flow statement.

Investments

Investments are carried at historical cost less provision for impairments in carrying value; loans to subsidiaries are treated as part of the Company's net investment in subsidiaries. Impairments are calculated by reference to the expected recoverable amount.

Investments in joint ventures, associates and subsidiaries are carried at cost less impairment in accordance with IFRS 9

Critical judgements and estimates

The Directors consider that the assumptions and estimation uncertainties at 31 March 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts and liabilities in the next financial year are:

Carrying amount of investments in subsidiaries and amounts owed by subsidiary undertakings

An impairment indicator exists in terms of the continued loss-making performance in the underlying Group. Management perform an impairment assessment on the carrying amount of investments and intercompany receivables by comparing the aggregate balance with the recoverable amount. The recoverable amount is considered to be the value in use of the underlying Group. Where the aggregate carrying amount of investments in subsidiaries and amounts owed by subsidiaries exceeds the recoverable amount, an impairment charge is recognised. The impairment is first allocated against the investment, with any residual impairment recognised against the amounts owed by subsidiaries. Management recognise that there is inherent estimation uncertainty in the recoverable amount; and that the aggregate carrying amount has been impaired to its recoverable amount such that any adverse change in assumptions would increase the quantum of impairment. Discount rate used was 12% and average revenue growth rate was 57% (CAGR over a 7 year period), if increased/decreased by 10%-pts each still no impairment is recommended.

For the year ended 31 March 2021

27. Property, plant and equipment

	Land and buildings	Total £'000
Cost		
At 31 March 2020	**6,087**	**6,087**
Additions	-	-
Disposals	-	-
At 31 March 2021	**6,087**	**6,087**
Depreciation and impairments		
At 31 March 2020	724	724
Charge for the year	738	738
Disposals	-	-
At 31 March 2021	**1,462**	**1,462**
Net book value		
At 31 March 2021	**4,625**	**4,625**
At 31 March 2020	5,363	5,363

28. Investments

Details of investments held in the Company accounts are as follows:

	Share in subsidiary undertakings £'000
Cost	
At 31 March 2020	39,923
Investment into Switch Mobility Limited	12,000
Conversion of loan to Switch Mobility into equity	75,203
At 31 March 2021	**127,126**
Impairment	
At 31 March 2020	39,923
Charge for the year	-
At 31 March 2021	**39,923**
Carrying amount	
At 31 March 2021	**87,203**
At 31 March 2020	**-**

Details of the Company's subsidiaries at 31 March 2021 are shown in note 7.

The Directors have carried out an impairment review of the net investments in subsidiaries, using the same forecasts and assumptions used in the impairment review of the intangible included in note 10 of the consolidated financial statements. Based on this review the Directors have concluded that an impairment of £nil is required (2020 impairment of £220k.)

During the year a restructuring of the of the group investments and intercompany balances took place. This restructuring was to facilitate the closure of the dormant companies listed in note 8. The closure of the dormant companies took place after the balance sheet date on 13th April 2021.

29. Debtors

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Amounts owed by group undertakings	**9,298**	97,170
Prepayments	**357**	522
Social security and other taxes	**-**	-
Total	**9,655**	**97,692**

Amounts owed by group undertakings are all interest free and repayable on demand. Amounts owed by group undertakings are net of a provision of £33,993k (2020: £20,915k). Reduction due to restructuring explained in detail under note 26.

30. Leases
Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 27):

	Land and buildings £000	Total £000
Balance at 1 April 2020	5,363	5,363
Depreciation charge for the year	738	738
Balance at 31 March 2021	**4,625**	**4,625**

Lease Liability

	Land and buildings £'000	Vehicle £'000	Total £'000
Balance at 1 April 2019	6,087	-	6,087
Interest expenses	96	-	96
Lease payments	(803)	-	(803)
Balance at 31 March 2020	5,380	-	5,380
Additions	-	-	-
Interest expenses	91	-	91
Lease payments	(803)	-	(803)
Balance at 31 March 2021	**4,668**	**-**	**4,668**

When measuring the lease liabilities, the Company discounted lease payments using its incremental borrowing rate. A weighted average rate was applied for new leases in the year of 2.13% (2020 1.83%).

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2021 £'000	2020 £'000
Interest expense on lease liabilities	91	96
	91	**96**

31. Creditors: amounts falling due within one year

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Bank loans	**29,600**	29,600
Related party short term loans	**-**	2,500
Trade creditors	**138**	345
Amounts payable to subsidiary undertakings	**-**	13,380
Social security and other taxes	**1**	2
Accruals and deferred income	**594**	342
Lease liabilities	**637**	711
	30,970	46,880

Amounts payable to subsidiary undertakings are interest free and repayable on demand.
Bank loans are repayable in under one year at a rate varying between 1.890% and 1.895% per annum.

32. Creditors: amounts falling after one year

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Lease liabilities	**4,031**	4,668
	4,031	4,668

ADVISERS

Registered office
Unit 3
Hurricane Way South
Sherburn in Elmet
North Yorkshire LS25 6PT

Company secretary
Abhijit Mukhopadhyay

Solicitor to the Company
Pinsent Masons
1 Park Row
Leeds LS1 5AB

Auditor
BDO LLP
3 Hardman Street
Spinningfields
Manchester, M3 3AT

Registrar
Link Asset Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Optare plc
Unit 3
Hurricane Way South
Sherburn in Elmet
North Yorkshire LS25 6PT

Tel: +44 (0) 8434 873 200
Fax: +44 (0) 8434 873 201
Email: info@optare.com

www.optare.com