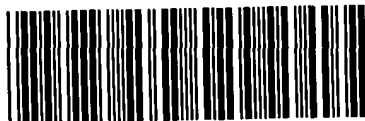


REGISTERED NUMBER: 07050335 (England and Wales)

JENOPTIK UK Limited

Annual Report and Financial Statements for the Year Ended 31 December 2022

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JENOPTIK UK Limited

**Contents of the Annual Report and Financial Statements
for the Year Ended 31 December 2022**

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Independent Auditors' Report	7
Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Financial Position	12
Company Statement of Financial Position	14
Consolidated Statement of Changes in Equity	16
Company Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Financial Statements	19

JENOPTIK UK Limited

**Company Information
for the Year Ended 31 December 2022**

DIRECTORS:

K Chevis
Dr P C Sturm
A Cadd

REGISTERED OFFICE:

10 Watchmoor Park
Riverside Way
Camberley
Surrey
GU15 3YL

REGISTERED NUMBER:

07050335 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Savannah House
3 Ocean Way
Ocean Village
Southampton
SO14 3TJ

BANKERS:

Deutsche Bank AG
Winchester House
1 Great Winchester Street
London
EC2N 2DB

JENOPTIK UK Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report of the Company and the Group for the year ended 31 December 2022.

The principal activity of the Group is that of design, manufacture, supply, installation and support of Intelligent Transportation Systems.

Review of business

The Company had a significant change in the management team during the 2022 financial year which also impacted the business activities to a certain extent. The new management team's primary objective is to ensure that the Company returns to being profitable from slightly adverse results in the last 2 years and to be positioned strongly within a very competitive market.

Principal risks and uncertainties

Competitive risk

The Group manages its competitive risk by performing constant analysis of market trends and condition, which includes a continued focus on research & development to ensure that we are at the forefront of technology available to our competitors.

Key performance indicators

Revenue showed a marginal increase of 4.8% on prior year, from £17,369,436 to £18,203,824. Ongoing supply-chain challenges because of long lead times, increasingly aggressive competitor pricing and a change in the revenue composition contributed to the challenge in revenue. The company won the largest ever single contract in 2022 to the value of £3.2m and continue to maintain a strong position in the market as a reliable supplier of Intelligent Transport Systems. The company is also a strategic partner within the Jenoptik Group for expansion of business activities in Northern and Latin America where our product portfolio will be key to the growth of this region.

Gross profit slightly decreased from £10,623,279 to £10,335,717 which also represented a reduction in percentage terms relative to turnover from 61.2% to 56.8%, driven by a change in sales mix. Continued monitoring of profitability of projects will focus on maintaining maximum gross profit margins in a very competitive landscape.

We completed the year with bank and cashpool balances of £750,337 (2021: £2,762,030). Cash collection from customers was 49 days at the balance sheet date due to customer contracts subjected to novation as a result of the simplification of the UK structure (2021: 40 days). Trade debtors are monitored regularly to ensure credit and cash flow risk is reduced to a minimum.

The Company has a credit facility in place with its ultimate parent, Jenoptik Aktiengesellschaft (Jenoptik AG) that provides the Company with the sufficient resource to meet its strategic objectives.

The Group achieved growth of 24.4% in order entry during the year versus 2021 with a value of £23,784,401 in 2022 and enters 2023 with an order backlog of £20,943,349 which positions the business extremely well for the next financial year. (Highest ever order backlog in the history of the Group.)

JENOPTIK UK Limited

**Strategic Report
for the Year Ended 31 December 2022**

Future developments

The Group continues to invest heavily in development of new products for both UK and international markets with total spend this year being £3,080,681 (2022: £2,686,404). Whilst it will take time to achieve the relevant home and overseas system approvals, the Board believe the Group is well positioned to deliver strong revenues in 2023 and beyond due to this continued investment.

In 2022, the Group continued the simplification of its UK structure, which will result in a reduction in the number of UK legal entities. The Group has transferred its trade, assets and liabilities to Jenoptik UK Ltd from Jenoptik Traffic Solutions UK Ltd on 30 June 2022 at net book value. The Group is in the process of dissolving Jenoptik Traffic Solutions UK Ltd to complete the simplification.

ON BEHALF OF THE BOARD:

DocuSigned by:

Adrian Cadd

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A Cadd - Director

Date: 29-Dec-2023

JENOPTIK UK Limited

Report of the Directors for the Year Ended 31 December 2022

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

PRINCIPAL ACTIVITIES

The principal activity of the Company and the Group is that of design, manufacture, supply, installation and support of Intelligent Transportation Systems.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

RESEARCH AND DEVELOPMENT

The Group continues to utilise its technical and materials expertise to remain at the forefront of innovative technology. The Group continues to work with new and existing customers and suppliers to develop its knowledge and product range for both UK and international markets. Total Group expenditure on research and development in the year was £3,080,681 (2021: £2,686,404).

FUTURE DEVELOPMENTS

Information relating to future developments is given in the Strategic Report.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

K Chevis

Other changes in directors holding office are as follows:

R Gorrington - resigned 21 September 2022

M Weber - resigned 9 May 2022

Dr P C Sturm - appointed 9 May 2022

A Cadd - appointed 26 October 2022

FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these instruments is to raise funds and to finance the Group's operations.

JENOPTIK UK Limited

Report of the Directors for the Year Ended 31 December 2022

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has implemented policies that require regular monitoring of the financial risk of each key customer. The Group's credit risk is primarily attributable to its trade receivables balance. The amounts presented in the statement of financial position are net of allowances for doubtful debts.

Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash to enable it to meet its operational requirements. Operating cash flows are actively managed with monthly rolling cash flow forecasts which are reviewed by the Board.

Financing risk

The Group has no requirement for debt finance outside of the JENOPTIK Group.

Financial instruments risk

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Price risk

The Group manages price risk by maintaining effective relationships with suppliers along with closely monitoring competitors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

JENOPTIK UK Limited

**Report of the Directors
for the Year Ended 31 December 2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS - continued

Under company law, 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 Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

DIRECTORS' CONFIRMATIONS

In the case of each director in office at the date the Report of the Directors is approved:

- so far as the director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

DIRECTOR'S INDEMNITIES AND LIABILITY INSURANCE

Qualifying third party indemnity provisions

The Jenoptik AG group maintains liability insurance for its Directors. This meets the definition of a third party indemnity provision and has been in place for all of the directors during the financial year and at the date of approval of the Report of the Directors.

INDEPENDENT AUDITORS

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

ON BEHALF OF THE BOARD:

DocuSigned by:

Adrian Cadd

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A Cadd - Director

29-Dec-2023

Date:

Independent Auditors' Report to the Members of JENOPTIK UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Jenoptik UK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2022; the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Independent Auditors' Report to the Members of JENOPTIK UK Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of JENOPTIK UK Limited

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax regulations and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We 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 the posting of inappropriate journals to misstate financial performance and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiry with management to identify instances of non-compliance with laws and regulations, including non-compliance with tax regulations and whether there was any alleged or suspected fraud.
- Auditing the risk of management override of controls, through testing journal entries and other adjustments for appropriateness and challenging the assumptions used in management's accounting estimates.
- Agreeing the financial statement disclosures to supporting documentation and assessing compliance of the financial statements with applicable laws and regulations.
- Incorporated elements of unpredictability into the audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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

**Independent Auditors' Report to the Members of
JENOPTIK UK Limited**

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sasha Lewis (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

Date: 30 December 2023

JENOPTIK UK Limited**Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
TURNOVER	5	18,203,824	17,369,436
Cost of sales		<u>(7,868,107)</u>	<u>(6,746,157)</u>
GROSS PROFIT		10,335,717	10,623,279
Administrative expenses		<u>(11,600,096)</u>	<u>(11,310,531)</u>
		(1,264,379)	(687,252)
Other operating income	6	<u>206,830</u>	<u>448,041</u>
OPERATING LOSS	8	(1,057,549)	(239,211)
Interest receivable and similar income		21,727	-
Interest payable and similar expenses	10	<u>(300,544)</u>	<u>(223,146)</u>
LOSS BEFORE TAXATION		(1,336,366)	(462,357)
Tax on loss	11	<u>596,795</u>	<u>153,941</u>
LOSS FOR THE FINANCIAL YEAR		<u><u>(739,571)</u></u>	<u><u>(308,416)</u></u>

The notes on pages 19 to 41 form part of these financial statements

JENOPTIK UK Limited (Registered number: 07050335)**Consolidated Statement of Financial Position
as at 31 December 2022**

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	13	1,465,277	1,846,654
Tangible assets	14	1,962,776	2,227,810
		<u>3,428,053</u>	<u>4,074,464</u>
CURRENT ASSETS			
Stocks	16	4,270,660	2,394,470
Debtors	17	5,793,272	6,685,962
Cash at bank and in hand		<u>56,049</u>	<u>50,512</u>
		10,119,981	9,130,944
CREDITORS:			
Amounts falling due within one year	18	<u>(6,874,085)</u>	<u>(5,964,923)</u>
NET CURRENT ASSETS		<u>3,245,896</u>	<u>3,166,021</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,673,949	7,240,485
CREDITORS:			
Amounts falling due after more than one year	19	(6,311,583)	(5,959,271)
Provisions for liabilities	22	<u>(392,328)</u>	<u>(571,605)</u>
NET (LIABILITIES)/ASSETS		<u>(29,962)</u>	<u>709,609</u>
CAPITAL AND RESERVES			
Called up share capital	23	400,000	400,000
Share premium account		23,037,071	23,037,071
Accumulated losses		<u>(23,467,033)</u>	<u>(22,727,462)</u>
TOTAL SHAREHOLDERS' (DEFICIT) / FUNDS		<u>(29,962)</u>	<u>709,609</u>

The notes on pages 19 to 41 form part of these financial statements

JENOPTIK UK Limited (Registered number: 07050335)

**Consolidated Statement of Financial Position
as at 31 December 2022**

The financial statements on pages 11 to 41 were approved by the Board of Directors on
29-Dec-2023 and were signed on its behalf by:

DocuSigned by:

Adrian Cadd

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A Cadd - Director

The notes on pages 19 to 41 form part of these financial statements

JENOPTIK UK Limited (Registered number: 07050335)**Company Statement of Financial Position
as at 31 December 2022**

		2022	2021
	Notes	£	£
FIXED ASSETS			
Tangible assets	14	1,962,776	-
Investments	15	<u>11,147,797</u>	<u>11,147,797</u>
		<u>13,110,573</u>	<u>11,147,797</u>
CURRENT ASSETS			
Stocks	16	4,270,660	-
Debtors	17	5,793,272	2,942
Cash at bank and in hand		<u>56,049</u>	<u>-</u>
		10,119,981	2,942
CREDITORS:			
Amounts falling due within one year	18	<u>(17,373,869)</u>	<u>(7,262,262)</u>
NET CURRENT LIABILITIES		<u>(7,253,888)</u>	<u>(7,259,320)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,856,685	3,888,477
CREDITORS:			
Amounts falling due after more than one year	19	(6,311,583)	(5,250,000)
Provision for liabilities	22	<u>(392,328)</u>	<u>-</u>
NET LIABILITIES		<u>(847,226)</u>	<u>(1,361,523)</u>
CAPITAL AND RESERVES			
Called up share capital	23	400,000	400,000
Share premium account		23,037,071	23,037,071
Accumulated losses		<u>(24,284,297)</u>	<u>(24,798,594)</u>
TOTAL SHAREHOLDERS' DEFICIT		<u>(847,226)</u>	<u>(1,361,523)</u>
Company's profit/(loss) for the financial year		<u>514,297</u>	<u>(229,987)</u>

The notes on pages 19 to 41 form part of these financial statements

JENOPTIK UK Limited (Registered number: 07050335)

**Company Statement of Financial Position
as at 31 December 2022**

The financial statements on pages 11 to 41 were approved by the Board of Directors on
29-Dec-2023 and were signed on its behalf by:

DocuSigned by:

Adrian Cadd

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A Cadd - Director

The notes on pages 19 to 41 form part of these financial statements

JENOPTIK UK Limited**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £	Accumulated losses £	Share premium account £	Total equity £
Balance at 1 January 2021	400,000	(22,419,046)	23,037,071	1,018,025
Loss for the financial year and total comprehensive loss	-	(308,416)	-	(308,416)
Balance at 31 December 2021	<u>400,000</u>	<u>(22,727,462)</u>	<u>23,037,071</u>	<u>709,609</u>
Loss for the financial year and total comprehensive loss	-	(739,571)	-	(739,571)
Balance at 31 December 2022	<u>400,000</u>	<u>(23,467,033)</u>	<u>23,037,071</u>	<u>(29,962)</u>

The notes on pages 19 to 41 form part of these financial statements

JENOPTIK UK Limited**Company Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £	Accumulated losses £	Share premium account £	Total equity £
Balance at 1 January 2021	400,000	(24,568,607)	23,037,071	(1,131,536)
Loss for the financial year and total comprehensive loss	-	(229,987)	-	(229,987)
Balance at 31 December 2021	<u>400,000</u>	<u>(24,798,594)</u>	<u>23,037,071</u>	<u>(1,361,523)</u>
Profit for the financial year and total comprehensive income	-	514,297	-	514,297
Balance at 31 December 2022	<u>400,000</u>	<u>(24,284,297)</u>	<u>23,037,071</u>	<u>(847,226)</u>

The notes on pages 19 to 41 form part of these financial statements

JENOPTIK UK Limited**Consolidated Statement of Cash Flows
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
Net cash flows from operating activities			
Cash (used in)/generated from operating activities	24	<u>(13,646)</u>	<u>749,859</u>
Net cash (used in)/generated from operating activities		<u>(13,646)</u>	<u>749,859</u>
Cash flows from investing activities			
Purchase of tangible assets		(297,005)	(270,455)
Proceeds from tangible asset disposals		95,005	1,172
Interest received		<u>21,727</u>	<u>-</u>
Net cash used in investing activities		<u>(180,273)</u>	<u>(269,283)</u>
Cash flows from financing activities			
Loans repaid		-	(250,000)
Loan drawdown		500,000	-
Interest paid		<u>(300,544)</u>	<u>(223,146)</u>
Net cash generated from/(used in) financing activities		<u>199,456</u>	<u>(473,146)</u>
Net increase in cash and cash equivalents		<u>5,537</u>	<u>7,430</u>
Cash and cash equivalents at beginning of year	25	<u>50,512</u>	<u>43,082</u>
Cash and cash equivalents at end of year	25	<u><u>56,049</u></u>	<u><u>50,512</u></u>

The notes on pages 19 to 41 form part of these financial statements

JENOPTIK UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1. STATUTORY INFORMATION

JENOPTIK UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page. The Company is incorporated in the UK.

The Group consists of JENOPTIK UK Limited and all of its subsidiaries.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The principal accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been applied consistently, other than where new policies have been adopted.

These financial statements are prepared on a going concern basis, under the historical cost convention. The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound. The financial statements are prepared using the accruals basis of accounting whereby items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

The Company's ultimate parent undertaking, JENOPTIK Aktiengesellschaft includes the Company in its consolidated financial statements. The consolidated financial statements of JENOPTIK Aktiengesellschaft are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from www.Jenoptik.com.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****3. ACCOUNTING POLICIES - continued**

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows and related notes;
- from the financial instrument disclosures, required under FRS 102 paragraphs, 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7

Going concern

The Group has prepared a 5 year from 1 January 2023 – 31 December 2027 forecast covering order entry, revenue, cost of sales and administration expenses, along with a cashflow for the same period. The forecast has assumed that revenues will continue to grow from both UK and international markets and will result in a positive cashflow each year. Sensitivities were performed up to December 2024 of the 5 year forecast to show the consequences of the unlikely event of a revenue reduction. Under all scenarios the Group has a positive cashflow.

As the current 5 year forecast of the Group is strong and the directors have considered other factors which may affect the Group's ability to continue as a going concern, the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

JENOPTIK AG continued to provide loans to the Company and the Group which are due to be repaid in 2024 and amounted to £5,750,000 (2021: £5,250,000) at the balance sheet date. The Group is part of a group cash pooling facility and an amount of £750,223 (2021: £2,762,030) is held within this cash pooling facility at the year end. The Group has the ability to draw on the cash within the cash pooling facility which is limited to the net receivables due from the cash pooling. A letter of support has been obtained from Jenoptik AG and the loan repayment has been postponed to 2025.

Basis of consolidation

The consolidated financial statements incorporate those of JENOPTIK UK Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 December 2022.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

3. ACCOUNTING POLICIES - continued**Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts derived from ordinary activities.

Turnover from permanent installations is recognised based on work undertaken in the period. This is usually upon equipment installation or in line with terms agreed with the individual customers.

Maintenance and support turnover is recognised in accordance with the terms and conditions of the agreement on a straight line basis over the period of the agreement.

For rental projects, turnover relating to installation is recognised on completion of the work done. Removal revenue is recognised in the period in which the work is carried out. Rental revenue is recognised on a straight line basis over the period relating to the equipment hire.

Goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Intangible assets

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

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

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****3. ACCOUNTING POLICIES - continued****Tangible assets**

Tangible assets are initially measured at cost and subsequently measured at cost, net of accumulated depreciation and any impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

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

Improvements to property	Over the life of the lease
Plant and machinery	3 to 8 years
Fixtures and fittings	20% straight line
Motor vehicles	25% straight line

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

Investments in subsidiaries

In the parent company financial statements investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

Impairment of non-financial assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

3. ACCOUNTING POLICIES - continued

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is determined on the average cost method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the statement of total comprehensive income. Reversals of impairment losses are also recognised in the statement of total comprehensive income.

Cash and cash equivalents

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

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

3. ACCOUNTING POLICIES - continued**Financial instruments**

The Group and Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's and Company's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Impairment of financial assets

Financial assets, other than those held at fair value through statement of comprehensive income, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group and Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

3. ACCOUNTING POLICIES - continued**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group and Company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's and Company's contractual obligations expire or are discharged or cancelled.

Equity instruments

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

Taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

3. ACCOUNTING POLICIES - continued**Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Foreign currencies

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

Interest

Interest income and expense are recognised on a time proportion basis using the effective interest method.

Employee benefits

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

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

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

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

Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease income

Operating lease income is recognised on a straight-line basis over the lease term.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

In the application of the Group's and Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. There are no critical judgements in preparing the financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the reporting end date was £1,190,578 (2021: £1,485,155) and is being amortised over an anticipated 10 year life.

Deferred tax asset

The recoverability of the tax asset is dependent on the future taxable profits.

5. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the Group.

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	16,490,714	15,590,136
Europe	592,772	1,008,394
Rest of the World	<u>1,120,338</u>	<u>770,906</u>
	<u>18,203,824</u>	<u>17,369,436</u>

All turnover relates to the same class of business.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****6. OTHER OPERATING INCOME**

	2022	2021
	£	£
Rents received	206,578	215,457
R&D tax credit	-	232,584
Other income	<u>252</u>	<u>-</u>
	<u><u>206,830</u></u>	<u><u>448,041</u></u>

7. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	6,395,467	5,989,152
Social security costs	756,651	677,145
Other pension costs	<u>310,600</u>	<u>311,901</u>
	<u><u>7,462,718</u></u>	<u><u>6,978,198</u></u>

The average number of employees during the year was as follows:

	2022	2021
Project managers and service engineers	54	53
Sales and administration	22	22
Research and development engineers	30	30
Directors	<u>3</u>	<u>3</u>
	<u><u>109</u></u>	<u><u>108</u></u>

	2022	2021
	£	£
Directors' remuneration	796,657	593,655
Directors' pension contributions to money purchase schemes	<u>31,341</u>	<u>27,441</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u><u>4</u></u>	<u><u>3</u></u>
------------------------	-----------------	-----------------

The directors' remuneration disclosed above includes the remuneration for one (2021: one) director of the subsidiary company, Jenoptik Traffic Solutions UK Limited, as key management of the group (remuneration £61,610 (2021: £143,176); pension contributions £3,631 (2021: £7,191)).

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****7. EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Remuneration	335,169	286,915
Pension contributions to money purchase schemes	<u>12,437</u>	<u>12,217</u>

8. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2022	2021
	£	£
Depreciation - owned assets	479,033	582,909
(Profit)/loss on disposal of fixed assets	(11,999)	14,908
Goodwill amortisation	294,577	294,578
Other intangible assets amortisation	86,800	105,647
Foreign exchange differences	9,241	37,622
Research and development costs	3,080,681	2,686,404
Operating lease charges	<u>701,667</u>	<u>683,055</u>

9. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the Company's auditors for the audit of the Company's financial statements	<u>84,543</u>	<u>65,000</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Interest payable to group undertakings	<u>300,544</u>	<u>223,146</u>
	<u>300,544</u>	<u>223,146</u>

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****11. TAX ON LOSS****Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

	2022	2021
	£	£
Deferred tax:		
Short term timing differences	6,397	(99,928)
Losses and other deductions	(620,003)	(168,957)
Fixed asset timing differences	<u>16,811</u>	<u>114,944</u>
Total deferred tax	<u>(596,795)</u>	<u>(153,941)</u>
Tax on loss	<u>(596,795)</u>	<u>(153,941)</u>

UK corporation tax has been charged at 19% (2021:19%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Loss before tax	<u>(1,336,366)</u>	<u>(462,357)</u>
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(253,910)	(87,848)
Effects of:		
Expenses not deductible for tax purposes	79,681	4,796
Income not taxable for tax purposes	-	(44,191)
Fixed asset differences	115,882	64,467
Qualifying donations unutilised	-	217
Deferred tax rate adjustment	(134,154)	(27,812)
Deferred tax not recognised	(170,124)	(109,529)
Patent box	-	45,959
Other tax adjustments	<u>(234,170)</u>	<u>-</u>
Total tax credit	<u>(596,795)</u>	<u>(153,941)</u>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****12. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

13. INTANGIBLE ASSETS**Group**

	Goodwill	Other intangible assets	Development costs	Totals
	£	£	£	£
COST				
At 1 January 2022 and 31 December 2022	<u>19,438,202</u>	<u>1,260,000</u>	<u>1,172,923</u>	<u>21,871,125</u>
ACCUMULATED AMORTISATION				
At 1 January 2022	17,953,047	898,501	1,172,923	20,024,471
Amortisation for year	<u>294,577</u>	<u>86,800</u>	<u>-</u>	<u>381,377</u>
At 31 December 2022	<u>18,247,624</u>	<u>985,301</u>	<u>1,172,923</u>	<u>20,405,848</u>
NET BOOK VALUE				
At 31 December 2022	<u>1,190,578</u>	<u>274,699</u>	<u>-</u>	<u>1,465,277</u>
At 31 December 2021	<u>1,485,155</u>	<u>361,499</u>	<u>-</u>	<u>1,846,654</u>

JENOPTIK UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

14. TANGIBLE ASSETS

Group

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2022	2,028,382	3,033,583	120,487	72,646	5,255,098
Additions	8,968	197,268	20,525	70,244	297,005
Disposals	-	(1,584,064)	(12,247)	(59,182)	(1,655,493)
At 31 December 2022	<u>2,037,350</u>	<u>1,646,787</u>	<u>128,765</u>	<u>83,708</u>	<u>3,896,610</u>
ACCUMULATED DEPRECIATION					
At 1 January 2022	661,741	2,277,691	26,024	61,832	3,027,288
Charge for year	210,288	212,763	36,195	19,787	479,033
Eliminated on disposal	-	(1,507,954)	(12,247)	(52,286)	(1,572,487)
At 31 December 2022	<u>872,029</u>	<u>982,500</u>	<u>49,972</u>	<u>29,333</u>	<u>1,933,834</u>
NET BOOK VALUE					
At 31 December 2022	<u>1,165,321</u>	<u>664,287</u>	<u>78,793</u>	<u>54,375</u>	<u>1,962,776</u>
At 31 December 2021	<u>1,366,641</u>	<u>755,892</u>	<u>94,463</u>	<u>10,814</u>	<u>2,227,810</u>

Company

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2022	-	-	-	-	-
Additions	8,968	104,037	8,827	16,244	138,076
Disposals	-	(1,630)	-	-	(1,630)
Transfer on Hive Up	<u>1,261,542</u>	<u>669,483</u>	<u>87,299</u>	<u>47,250</u>	<u>2,065,574</u>
At 31 December 2022	<u>1,270,510</u>	<u>771,890</u>	<u>96,126</u>	<u>63,494</u>	<u>2,202,020</u>
ACCUMULATED DEPRECIATION					
At 1 January 2022	-	-	-	-	-
Charge for year	<u>105,189</u>	<u>107,603</u>	<u>17,333</u>	<u>9,119</u>	<u>239,244</u>
At 31 December 2022	<u>105,189</u>	<u>107,603</u>	<u>17,333</u>	<u>9,119</u>	<u>239,244</u>
NET BOOK VALUE					
At 31 December 2022	<u>1,165,321</u>	<u>664,287</u>	<u>78,793</u>	<u>54,375</u>	<u>1,962,776</u>
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****15. INVESTMENTS****Company****Shares in
group
undertakings
£****COST**At 1 January 2022
and 31 December 202211,147,797**NET BOOK VALUE**

At 31 December 2022

11,147,797

At 31 December 2021

11,147,797**Subsidiary undertakings**

The following are subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Interest
JENOPTIK Traffic Solutions UK Limited	Ten Watchmoor Park, Riverside Way, Camberley, England, GU15 3YL	Design, manufacture, supply, installation and support of Intelligent Transportation Systems.	100% ordinary shares

The holding in JENOPTIK Traffic Solutions UK Limited is an investment held directly at the balance sheet date. On 30th June 2022 JENOPTIK Traffic Solutions UK Limited transferred all of its trade, assets and liabilities to its parent company Jenoptik UK Ltd at net book value via a hive up and ceased trading.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

16. STOCKS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Stocks	<u>4,270,660</u>	<u>2,394,470</u>	<u>4,270,660</u>	<u>-</u>

Cost of stocks recognised as an expense in the financial statements amount to £3,164,094 (2021: £2,482,235).

Included within the financial statements is a provision for stock impairment amounting to £402,844 (2021: £421,343).

There is no significant difference between the replacement cost of the inventory and its carrying amount.

17. DEBTORS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	2,481,693	2,092,849	2,481,693	-
Amounts owed by group undertakings	763,912	3,302,118	763,912	443
Other debtors	41,570	59,534	41,570	-
Taxation	-	180,270	-	-
Prepayments and accrued income	<u>1,831,239</u>	<u>973,128</u>	<u>1,831,239</u>	<u>2,499</u>
	<u>5,118,414</u>	<u>6,607,899</u>	<u>5,118,414</u>	<u>2,942</u>
Amounts falling due after more than one year:				
Deferred Tax	<u>674,858</u>	<u>78,063</u>	<u>674,858</u>	<u>-</u>
Aggregate amounts	<u>5,793,272</u>	<u>6,685,962</u>	<u>5,793,272</u>	<u>2,942</u>

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****17. DEBTORS - continued**

Included within amounts owed by group undertakings is the £750,223 (2021: £2,762,030) group cash pooling facility which the Company is able to draw down on demand.

Amounts owed by group undertakings are unsecured and interest free and repayable on demand.

Trade debtors are stated after provisions for impairment of £7,029 (2021: £44,444).

Deferred tax

The deferred tax asset consists of the following:

	2022	2021
	£	£
Fixed asset timing differences	(169,812)	(190,822)
Short term timing differences	93,531	99,928
Losses and other deductions	<u>751,139</u>	<u>168,957</u>
	<u><u>674,858</u></u>	<u><u>78,063</u></u>

Deferred tax asset not-recognised amounts to £632,456 (2021: £856,304).

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	1,121,097	1,511,441	1,121,098	-
Amounts owed to group undertakings	656,079	79,582	11,155,862	7,262,262
Taxation and social security	376,838	300,647	376,838	-
Other creditors	90,516	108,401	90,516	-
Accruals and deferred income	<u>4,629,555</u>	<u>3,964,852</u>	<u>4,629,555</u>	<u>-</u>
	<u><u>6,874,085</u></u>	<u><u>5,964,923</u></u>	<u><u>17,373,869</u></u>	<u><u>7,262,262</u></u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN
ONE YEAR**

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts owed to group undertakings	5,750,000	5,250,000	5,750,000	5,250,000
Accruals and deferred income	<u>561,583</u>	<u>709,271</u>	<u>561,583</u>	<u>-</u>
	<u>6,311,583</u>	<u>5,959,271</u>	<u>6,311,583</u>	<u>5,250,000</u>

Amounts owed to group undertakings is a loan of £5,750,000 (2021: £5,250,000) which is unsecured. This is due to be repaid in 2025. The interest rate is 8.019% (2021: 4.19%).

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	839,723	874,752
Between one and five years	3,043,089	3,121,013
In more than five years	<u>559,598</u>	<u>1,305,728</u>
	<u>4,442,410</u>	<u>5,301,493</u>

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****21. FINANCIAL INSTRUMENTS****Group**

The Group has the following financial instruments

	2022	2021
	£	£
Financial assets		
Cash	56,049	50,512
Debtors measured at amortised cost	<u>4,073,252</u>	<u>5,572,517</u>
	<u>4,129,301</u>	<u>5,623,029</u>
Financial liabilities		
Creditors measured at amortised cost	<u>10,155,185</u>	<u>8,944,990</u>

Included within debtors measured at amortised cost are trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Included within creditors measured at amortised cost are trade creditors, amounts owed to group undertakings, other creditors and accruals.

22. PROVISIONS FOR LIABILITIES**Group**

	Deferred tax	Other provisions	Total 2022	Total 2021
	£	£	£	
Balance as at 1 January 2022	-	571,605	571,605	656,212
Provided during year	-	7,259	7,259	19,663
Utilised during year	-	(12,553)	(12,553)	(78,678)
Reversed during the year	-	(173,983)	(173,983)	(25,592)
Balance as at 31 December 2022	<u>-</u>	<u>392,328</u>	<u>392,328</u>	<u>571,605</u>

Company

	Deferred tax	Other provisions	Total 2022	Total 2021
	£	£	£	
Balance as at 1 January 2022	-	-	-	-
Provided during year/Transferred hive-up	-	578,864	578,894	-
Utilised during year	-	(12,553)	(12,553)	-
Reversed during the year	-	(173,983)	(173,983)	-
Balance as at 31 December 2022	<u>-</u>	<u>392,328</u>	<u>392,328</u>	<u>-</u>

Other provisions

Included within other provisions is a provision for dilapidations of £352,944 (2021:£501,195). This relates to the Camberley office building. There is no fixed date for any resulting payments but the directors are of the opinion that this payment is expected within 6-8 years. This provision has been discounted to present value at a rate of 2.1%.

JENOPTIK UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

23. CALLED UP SHARE CAPITAL

	Group and company	
	2022	2021
	£	£
Allotted, called up and fully paid		
107,000 (2021: 107,000) 'A' Ordinary shares of 50p each	53,500	53,500
93,000 (2021: 93,000) 'B' Ordinary shares of 50p each	46,500	46,500
174,408 (2021: 174,408) 'C' Ordinary shares of £1 each	174,408	174,408
1,000 (2021: 1,000) 'E' Ordinary shares of 1p each	10	10
125,582 (2021: 125,582) Deferred shares of £1 each	125,582	125,582
	<u>400,000</u>	<u>400,000</u>

The A Ordinary shares have full voting and dividend rights. The A shares and B shares hold joint rights to any distribution of capital. The A Ordinary shares are redeemable. The B Ordinary shares are non-voting but hold joint rights to distribution of capital with the A shares. The B Ordinary shares have full dividend rights. The C shares have full voting and dividend rights and rank second to rights on capital distribution after the A and B Ordinary shares. The C shares are redeemable. The E Ordinary shares have no voting or dividend rights. The E shares rank last to rights on a capital distribution and are not redeemable. The deferred shares are non-voting, have no right to dividends and rank last to the right of capital distribution and are non-redeemable.

24. RECONCILIATION OF LOSS FOR THE FINANCIAL YEAR TO CASH USED BY OPERATIONS

	2022	2021
	£	£
Loss for the financial year	(739,571)	(308,416)
Depreciation charges	479,033	582,909
(Profit)/loss on disposal of fixed assets	(11,999)	14,908
Amortisation charges	381,377	400,225
Finance costs	300,544	223,146
Finance income	(21,727)	-
Taxation	<u>(596,795)</u>	<u>(153,941)</u>
	(209,138)	758,831
Increase in stocks	(1,876,190)	(349,762)
Decrease in trade and other debtors	1,489,485	2,020,569
Increase/(decrease) in trade and other creditors	<u>582,197</u>	<u>(1,679,779)</u>
Cash (used in)/generated from operations	<u>(13,646)</u>	<u>749,859</u>

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****25. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents consists of:

Year ended 31 December 2022

	31/12/22	1/1/22
	£	£
Cash	<u>56,049</u>	<u>50,512</u>

Year ended 31 December 2021

	31/12/21	1/1/21
	£	£
Cash	<u>50,512</u>	<u>43,082</u>

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1/1/22 £	Cash flow £	At 31/12/22 £
Net debt			
Jenoptik AG -, Intercompany loan	(5,250,000)	(500,000)	(5,750,000)
Cash	<u>50,512</u>	<u>5,537</u>	<u>56,049</u>
Total	<u>(5,199,488)</u>	<u>(494,463)</u>	<u>(5,693,951)</u>

JENOPTIK UK Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022****27. RELATED PARTY TRANSACTIONS**

At 31st December 2022, Jenoptik UK Limited owed £5,910,122 (2021: £5,329,581) to Jenoptik Aktiengesellschaft, the ultimate parent company.

£5,750,000 (2021: £5,250,000) is included within Creditors: Amounts falling due within more than one year. The remaining balance is included within Creditors: Amounts falling due within one year.

Interest paid against the loan facility was £300,544 (2021: £223,146)

Sales in the year to Jenoptik Robot GmbH, a parent company amounted to £513,021 (2021: £682,576)

Sales in the year to Jenoptik Australia Pty Ltd, a fellow group company amounted to £714,261 (2021: £51,945)

Sales in the year to Jenoptik North America, a fellow group company amounted to £354,390 (2021: £717,440)

Sales in the year to Robot Nederland B.V., a fellow group company amounted to £81,850 (2021: £23,660)

The amounts owed from related companies as at 31 December 2022 was as follows:

	2022	2021
JENOPTIK Aktiengesellschaft	£750,223	£2,762,030
Jenoptik Robot GmbH	£13,689	£443,681
Jenoptik North America	-	£96,407

Purchases in the year from Jenoptik Robot GmbH, a parent company amounted to £1,150,421 (2021: £486,326)

Purchases in the year from Jenoptik Aktiengesellschaft, ultimate controlling party amounted to £534,586 (2021: £557,959)

Purchases in the year from Jenoptik Industrial Metrology France, a fellow group company amounted to £175,199 (2021: £31,231)

Purchases in the year from Jenoptik Australia Pty Ltd, a fellow group company amounted to £Nil (2021: ££4,028)

Purchases in the year from Jenoptik Benelux B.V., a fellow group company amounted to £1,673 (2021: £Nil)

JENOPTIK UK Limited have taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group of companies included within these consolidated financial statements.

JENOPTIK UK Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

28. CONTROLLING PARTY

The immediate parent company is JENOPTIK Robot GmbH. JENOPTIK Robot GmbH is a fully owned subsidiary of JENOPTIK Aktiengesellschaft a company incorporated in Germany which is also the largest group in which the results of the Company are consolidated. The consolidated financial statements of JENOPTIK Aktiengesellschaft are available to the public, and are available from the Company's registered office.

JENOPTIK Aktiengesellschaft is regarded by the directors as being the ultimate parent company and controlling entity.

29. AUDIT EXEMPTION FOR SUBSIDIARY COMPANIES

Subsidiary company JENOPTIK Traffic Solutions UK Limited (company number 03540380) is exempt from the requirement of the Companies Act 2006 relating to the audit of the accounts for the year ended 31 December 2022 under section 479A. JENOPTIK UK Limited guarantee all outstanding liabilities to which the subsidiary company is subject as at 31 December 2022, until they are satisfied in full and the guarantee is enforceable against the company by any person to whom the subsidiary company is liable in respect of those liabilities