

Company Registration No. 07050335 (England and Wales)

**JENOPTIK HOLDINGS UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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# JENOPTIK HOLDINGS UK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	K B Chevis R Gorrige Mr M Weber
<b>Company number</b>	07050335
<b>Registered office</b>	Tlt Solicitors Redcliff Street Bristol England BS1 6TP
<b>Auditors</b>	Ernst and Young LLP Apex Plaza Forbury Road Reading RG1 1YE
<b>Bankers</b>	HSBC Bank Plc Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

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# JENOPTIK HOLDINGS UK LIMITED

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# **JENOPTIK HOLDINGS UK LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present the strategic report and financial statements for the year ended 31 December 2018.

The principal activity of the Group is that of design, manufacture, supply and installation of equipment for automatic number plate recognition (ANPR) systems and associated activities. The principal activity of the company is that of a holding company for the UK Group.

#### **Review of Business**

2018 saw the merger of the two main offices for the business into one new state of the art facility in Camberley. This investment into the future of the business comes at an increased ongoing cost to the business as well as a period of overlap of costs meaning our facilities costs in 2018 were significantly higher.

The Group achieved an order intake of £17,485,000 during the year. This represents an 8% decline on the prior year, however the book-to-bill ratio improved significantly to 1.34 in the year (2017: 1.04). This results in a significant order backlog that places the Group in a strong position for substantial growth in 2019 and beyond.

Turnover was £13,330,419 in the year representing a decline on the previous year of £5,866,168 (31%). This is down to a reduction in international revenues and in 2017 we saw the completion of some large ANPR contracts which did not reoccur in 2018.

Gross margins reduced from 56% achieved in 2017 to 48% this year, this is largely driven by the change in sales mix.

Loss before taxation and amortisation for the year was £4,881,078, being a reduction on 2017 performance by £7,206,385. The key reasons being the reduction in Gross profit, an investment in additional employee's (+26%), increased investment in Research & Development activities, additional travel costs associated with both integration within the Jenoptik Group coupled with expanding our International reach and finally the costs associated with the office merger as mentioned above.

# **JENOPTIK HOLDINGS UK LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **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 R&D to ensure that we are at the forefront of technology available to our competitors.

#### **Financial risk**

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.

#### **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

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

#### **Financing risk**

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

#### **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.

#### **Key performance indicators**

Order intake was down on prior year by £1,471,000, however the book-to-bill ratio improved significantly to 1.34 in the year from 1.04 in 2017.

Our gross profit reduced from £10,885,489 to £6,435,795, which also represented a reduction in percentage terms relative to turnover from 56% to 48%

We completed the year with bank and cashpool balances of £2,984,468 (2017: £2,321,563). Cash collection from customers improved in the year and is now at 43 days (2017: 62 days).

# JENOPTIK HOLDINGS UK LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### Future Developments

The Group continues to invest heavily in development of new products for both UK and International markets. 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 2019 and beyond due to this continued investment, aided by the strong order backlog position.

Uncertainty surrounding the actual impact of BREXIT will continue to impact the business, however the Management have planned and believe they have taken appropriate actions to mean that the Group is well placed to deal with the various possible impacts BREXIT will bring.

On behalf of the board



R Gorringer

Director

27/09/19

# JENOPTIK HOLDINGS UK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their annual report and financial statements for the year ended 31 December 2018.

#### Principal activities

The principal activity of the Company continued to be that of an intermediate holding company.

The principal activity of the Group is that of developing, manufacturing, marketing and the supply of Intelligent Transport Systems, including Average Speed Management, Bus Lane Enforcement, ANPR Surveillance, Level Crossing Enforcement and other related systems and services.

#### Directors

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

K B Chevis	
C Biemann	(Resigned 13 March 2018)
R Gorringe	(Appointed 13 March 2018)
H Leps	(Appointed 13 March 2018 and resigned 14 June 2019)
Mr M Weber	(Appointed 14 June 2019)

#### Results and dividends

The results for the year are set out on page 10.

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

#### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst and Young LLP will therefore continue in office.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

#### Going concern

The Group has net current assets of £4,377,440 and net liabilities of £18,183,388 as at 31 December 2018. The Company has net current liabilities of £4,809,846 and net liabilities of £23,056,059.

The Group is reliant on support from the ultimate parent company, Jenoptik AG, and has received a letter of support. Jenoptik AG continued to provide longer term loans for which no mandatory repayments are due until 2020. The loan agreement will not be recalled prior to 2020 and it is their intention to extend the repayment date on the loan.

The Group is part of a group cash pooling facility and an amount of £2,863,332 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 to fund their cash needs over the next 12 months.

Given the above, 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 annual financial statements.


# JENOPTIK HOLDINGS UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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On behalf of the board



R Gorringer  
Director

Date: 27/09/19



## **JENOPTIK HOLDINGS UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of their profit or loss for that period. In preparing each of the group financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JENOPTIK HOLDINGS UK LIMITED**

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### **Opinion**

We have audited the financial statements of Jenoptik Holdings UK Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Group statement of comprehensive income, Group balance sheet, Company Balance Sheet, Group statement of changes in equity and Company statement of changes in equity and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF JENOPTIK HOLDINGS UK LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF JENOPTIK HOLDINGS UK LIMITED**

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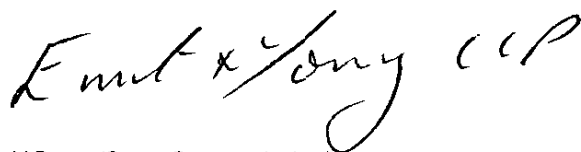
**Auditor's responsibilities for the audit of the financial statements**

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.

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Brown (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Reading

..... 27-09-2019

# JENOPTIK HOLDINGS UK LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	13,330,419	19,196,587
Cost of sales		(6,894,626)	(8,311,098)
<b>Gross profit</b>		<b>6,435,793</b>	<b>10,885,489</b>
Administrative expenses		(12,449,977)	(9,669,710)
<b>Operating (loss)/profit</b>	4	<b>(6,014,184)</b>	<b>1,215,779</b>
Interest receivable and similar income	8	3,469	121
Interest payable and similar expenses	9	(489,289)	(434,032)
<b>(Loss)/profit before taxation</b>		<b>(6,500,004)</b>	<b>781,868</b>
Taxation	10	542,706	(418,451)
<b>(Loss)/profit for the financial year</b>		<b>(5,957,298)</b>	<b>363,417</b>

Total comprehensive income for the year is all attributable to the owners of the parent company.

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

# JENOPTIK HOLDINGS UK LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	11		3,202,286		4,620,899
Other intangible assets	11		867,746		1,068,046
Total intangible assets			4,070,032		5,688,945
Tangible assets	12		3,750,102		1,927,557
			7,820,134		7,616,502
<b>Current assets</b>					
Stocks	16	1,390,483		1,277,285	
Debtors	17	7,879,975		5,428,391	
Cash at bank and in hand		121,135		637,874	
		9,391,593		7,343,550	
<b>Creditors: amounts falling due within one year</b>	18	(5,014,153)		(4,220,505)	
<b>Net current assets</b>			4,377,440		3,123,045
<b>Total assets less current liabilities</b>			12,197,574		10,739,547
<b>Creditors: amounts falling due after more than one year</b>	19		(29,678,903)		(22,554,528)
<b>Provisions for liabilities</b>	20		(702,059)		(411,109)
<b>Net liabilities</b>			(18,183,388)		(12,226,090)
<b>Capital and reserves</b>					
Called up share capital	24		333,286		333,286
Share premium account			103,785		103,785
Profit and loss reserves			(18,620,459)		(12,663,161)
<b>Total deficit</b>			(18,183,388)		(12,226,090)

The financial statements were approved by the board of directors and authorised for issue on 27/09/19 and are signed on its behalf by.



R Gorringer  
Director

# JENOPTIK HOLDINGS UK LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Investments	13		11,147,787		11,147,787
<b>Current assets</b>					
Debtors	17	30,150		30,150	
Cash at bank and in hand		-		21,065	
		30,150		51,215	
<b>Creditors: amounts falling due within one year</b>	18	(4,839,996)		(11,416,302)	
<b>Net current liabilities</b>			(4,809,846)		(11,365,087)
<b>Total assets less current liabilities</b>			6,337,941		(217,300)
<b>Creditors: amounts falling due after more than one year</b>	19		(29,394,000)		(22,350,000)
<b>Net liabilities</b>			(23,056,059)		(22,567,300)
<b>Capital and reserves</b>					
Called up share capital	24		333,286		333,286
Share premium account			103,785		103,785
Profit and loss reserves			(23,493,130)		(23,004,371)
<b>Total deficit</b>			(23,056,059)		(22,567,300)

As permitted by S408 Companies Act 2006, the Company has not presented its own statement of comprehensive income and related notes. The Company's loss for the year was £488,759 (2017: £433,915).

The financial statements were approved by the board of directors and authorised for issue on 27/09/19 and are signed on its behalf by:



R Gorringer  
Director

Company Registration No. 07050335

# JENOPTIK HOLDINGS UK LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2017</b>	333,286	103,785	(13,026,578)	(12,589,507)
<b>Year ended 31 December 2017:</b>				
Profit and total comprehensive income for the year	-	-	363,417	363,417
<b>Balance at 31 December 2017</b>	333,286	103,785	(12,663,161)	(12,226,090)
<b>Year ended 31 December 2018:</b>				
Loss and total comprehensive income for the year	-	-	(5,957,298)	(5,957,298)
<b>Balance at 31 December 2018</b>	333,286	103,785	(18,620,459)	(18,183,388)



# JENOPTIK HOLDINGS UK LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2017</b>	333,286	103,785	(22,570,456)	(22,133,385)
<b>Year ended 31 December 2017:</b>				
Loss and total comprehensive income for the year	-	-	(433,915)	(433,915)
<b>Balance at 31 December 2017</b>	333,286	103,785	(23,004,371)	(22,567,300)
<b>Year ended 31 December 2018:</b>				
Loss and total comprehensive income for the year	-	-	(488,759)	(488,759)
<b>Balance at 31 December 2018</b>	333,286	103,785	(23,493,130)	(23,056,059)

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

#### Company information

Jenoptik Holdings UK Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Tlt Solicitors, Redcliff Street, Bristol, England, BS1 6TP.

The group consists of Jenoptik Holdings UK Limited and all of its subsidiaries.

#### 1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound.

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

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](http://www.Jenoptik.com). In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Jenoptik Aktiengesellschaft include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (Continued)

#### 1.2 Basis of consolidation

The consolidated financial statements incorporate those of Jenoptik Holdings 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). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2018.

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 other members of the group.

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

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

#### 1.3 Going concern

The Group has net current assets of £4,377,440 and net liabilities of £18,183,388 as at 31 December 2018. The Company has net current liabilities of £4,809,846 and net liabilities of £23,056,059.

The Group is reliant on support from the ultimate parent company, Jenoptik AG, and has received a letter of support. Jenoptik AG continued to provide longer term loans for which no mandatory repayments are due until 2020. The loan agreement will not be recalled prior to 2020 and it is their intention to extend the repayment date on the loan.

The Group is part of a group cash pooling facility and an amount of £2,863,332 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 to fund their cash needs over the next 12 months.

Given the above, 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 annual financial statements.

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (Continued)

#### 1.4 Turnover

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

Revenue 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 revenues are recognised in accordance with the terms and conditions of the agreement on a straight line basis over the period of the contract.

For rental projects, revenue relating to installation is recognised on completion of the work done. Removal work is recognised in the period in which the work is carried out. Rental income is recognised in the period relating to the equipment hire.

Revenue for Domestic and Commercial Security Limited is recognised based on the transfer of software to the customer. On maintenance and support contracts revenues are recognised in accordance with the terms and conditions of the agreement on a straight line basis over the period of the contract.

#### 1.5 Intangible fixed assets - 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 at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

#### 1.6 Intangible fixed assets other than goodwill

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

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

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 on the basis of straight line over three years.

#### 1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (Continued)

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

Plant and machinery	3 to 7 years
Fixtures, fittings and equipment	20% straight line and 25% reducing balance
Motor vehicles	20% straight line and 25% reducing balance

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

#### 1.8 Fixed asset investments

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 the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.9 Impairment of fixed 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.10 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.

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies (Continued)

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.

##### 1.11 Cash at bank and in hand

Cash at bank and in hand 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 are shown within borrowings in current liabilities.

##### 1.12 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 total 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 total 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.

##### **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.

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies (Continued)

#### **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. Accounts payable 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.

### 1.13 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.

### 1.14 Taxation

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

#### **Current tax**

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

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of total comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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.

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### **1 Accounting policies (Continued)**

#### **1.15 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.

#### **1.16 Discounting**

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 total comprehensive income in the period it arises.

#### **1.17 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.

#### **1.18 Retirement benefits**

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

#### **1.19 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.

#### **1.20 Foreign exchange**

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



# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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### 2 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. 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.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Stocks***

Stocks are valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

#### ***Doubtful Debt***

The provision for doubtful debt is maintained for potential credit losses based upon the management's assessment of the expected collectability of all accounts receivable. The provision is reviewed periodically to assess the adequacy of the provision. In making this assessment, management takes into consideration any circumstances of which we are aware regarding a customer's inability to meet its financial obligations and our judgements as to potential prevailing economic conditions in the industry and their potential impact on the Group's and Company's customers.

#### ***Dilapidation Provision***

The Group and Company has recognised a provision for dilapidations in its financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate the provision are based on historical experience and other reasonable factors.

#### ***Useful lives of goodwill, tangible and intangible assets***

The Group and Company determines the estimated useful lives and related depreciation and amortisation charges for its goodwill, intangible assets, plant, equipment and motor vehicles with reference to the estimated periods that the Group and Company intends to derive future economic benefits from the use of these assets. Management will revise the depreciation or amortisation charge where useful lives are materially different from those previously estimated. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore depreciation and amortisation expenses in the future periods.

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 2 Judgements and key sources of estimation uncertainty (Continued)

#### 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 £3,202,286 and is being amortised over an anticipated 10 year life.

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Turnover derived from principal activity	13,011,609	18,241,766
Turnover derived from the acquisition of Domestic and Commercial Security Limited	318,810	954,821
	<u>13,330,419</u>	<u>19,196,587</u>
	2018 £	2017 £
Interest income	<u>3,469</u>	<u>121</u>
	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
Great Britain	12,897,380	17,542,714
Rest of the World	123,923	149,067
Other European Union	309,116	1,504,806
	<u>13,330,419</u>	<u>19,196,587</u>

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 4 Operating (loss)/profit

	2018	2017
	£	£
The Group's operating (loss)/profit for the year is stated after charging/(crediting).		
Exchange losses	20,625	10,665
Research and development costs	474,289	277,522
Depreciation of owned tangible fixed assets	657,017	546,893
Profit on disposal of tangible fixed assets	(6,226)	(3,303)
Goodwill amortisation	1,418,613	1,494,848
Amortisation of intangibles	200,300	48,591
Operating lease charges	355,659	203,563
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	45,000	65,200
	<u>          </u>	<u>          </u>
<b>For other services</b>		
All other non-audit services	-	7,100
	<u>          </u>	<u>          </u>

### 6 Employees

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

	Group 2018 Number	2017 Number
Project managers and service engineers	47	40
Sales and administration	23	19
Research and development engineers	22	17
Directors	3	2
	<u>          </u>	<u>          </u>
	95	78
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised.

	Group 2018 £	2017 £
Wages and salaries	5,330,168	4,191,899
Social security costs	669,514	477,971
Pension costs	252,826	195,347
	<u>          </u>	<u>          </u>
	6,252,508	4,865,217
	<u>          </u>	<u>          </u>

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	438,460	311,238
Company pension contributions to defined contribution schemes	18,652	15,044

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

	2018 £	2017 £
Remuneration for qualifying services	283,349	194,325
Company pension contributions to defined contribution schemes	11,250	8,863

### 8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Other interest income	3,469	121

### 9 Interest payable and similar expenses

	2018 £	2017 £
Interest payable to group undertakings	489,227	434,032

### 10 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on (loss)/profits for the current period	-	387,772
Adjustments in respect of prior periods	(449,783)	33,679
Total current tax	(449,783)	421,451
<b>Deferred tax</b>		
Origination and reversal of timing differences	(92,923)	(39,951)
Total tax (credit)/charge	(542,706)	418,451

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 10 Taxation (Continued)

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
(Loss)/profit before taxation	(6,500,004)	781,868
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(1,235,001)	150,510
Tax effect of expenses that are not deductible in determining taxable profit	112,912	(4,191)
Adjustments in respect of prior years	(449,783)	33,679
Effect of change in corporation tax rate	-	(3,000)
Goodwill	278,707	241,453
Fixed asset ineligible depreciation	6,401	-
Qualifying donations unutilised	111	-
Losses carried back	499,296	-
Adjust opening and closing deferred tax to average rate of 19%	35,534	-
Deferred tax not recognised	209,117	-
Taxation (credit)/charge	(542,706)	418,451

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

11 Intangible fixed assets									
Group	Goodwill	Development costs	Brand	Software Customer Relationships	Installation and Maintenance Customer Relationships	Intellectual Order Backlog Property	Total		
Cost	£	£	£	£	£	£	£	£	£
At 1 January 2018 and 31 December 2018	19,438,202	2,363,701	68,000	582,000	193,000	340,000	77,000	23,061,903	
<b>Amortisation and impairment</b>									
At 1 January 2018	14,817,303	2,363,701	21,722	61,972	18,496	65,167	24,597	17,372,958	
Amortisation charged for the year	1,418,613	-	22,667	64,667	19,300	68,000	25,666	1,618,913	
At 31 December 2018	16,235,916	2,363,701	44,389	126,639	37,796	133,167	50,263	18,991,871	
<b>Carrying amount</b>									
At 31 December 2018	3,202,286	-	23,611	455,361	155,204	206,833	26,737	4,070,032	
At 31 December 2017	4,620,899	-	46,278	520,028	174,504	274,833	52,403	5,688,945	

Amortisation charges are included within administrative expenses in the statement of total comprehensive income.

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 12 Tangible fixed assets

Group	Leasehold improvements	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2018	-	7,132,043	294,226	68,197	7,494,466
Additions	1,946,299	529,504	-	17,390	2,493,193
Disposals	-	(33,015)	-	-	(33,015)
At 31 December 2018	1,946,299	7,628,532	294,226	85,587	9,954,644
<b>Depreciation and impairment</b>					
At 1 January 2018	-	5,303,334	277,950	(14,375)	5,566,909
Depreciation charged in the year	33,688	605,414	5,057	12,858	657,017
Eliminated in respect of disposals	-	(19,384)	-	-	(19,384)
At 31 December 2018	33,688	5,889,364	283,007	(1,517)	6,204,542
<b>Carrying amount</b>					
At 31 December 2018	1,912,611	1,739,168	11,219	87,104	3,750,102
At 31 December 2017	-	1,828,709	16,276	82,572	1,927,557

### 13 Fixed asset investments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Unlisted investments	-	-	11,147,787	11,147,787

#### Movements in fixed asset investments

Company	Investments other than loans £
<b>Cost or valuation</b>	
At 1 January 2018 and 31 December 2018	11,147,787
<b>Carrying amount</b>	
At 31 December 2018	11,147,787
At 31 December 2017	11,147,787

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Vysionics ITS Holdings Limited	England and Wales	Holding Company	Ordinary	100
Jenoptik Traffic Solutions UK Limited	England and Wales	Design, manufacture, supply and installation of equipment for automatic number plate recognition systems (ANPR) and associated activities	Ordinary	100*
Computer Recognition Systems Limited	England and Wales	Dormant Company	Ordinary	100*
Domestic and Commercial Security Limited	England and Wales	Software development	Ordinary	100*

\* - These are investments held indirectly

### 15 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	7,013,567	2,856,321	10	10
Equity instruments measured at cost less impairment	-	-	11,147,787	11,147,787
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	32,626,827	23,994,914	34,233,996	33,766,302

### 16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	11,721	283,374	-	-
Work in progress	34,769	49,038	-	-
Finished goods and goods for resale	1,343,993	944,873	-	-
	1,390,483	1,277,285	-	-

Cost of stocks recognised as an expense in the financial statements amount to £1,278,477 (2017: £2,617,929).

Included within the financial statements is a provision for stock impairment amounting to £168,032 (2017: £216,954).



# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 17 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	2,319,594	2,793,552	-	-
Corporation tax recoverable	520,518	-	-	-
Amounts owed by group undertakings*	3,572,998	1,652,720	-	-
Other debtors	81,891	62,770	10	10
Prepayments and accrued income	1,384,974	919,349	30,140	30,140
	<u>7,879,975</u>	<u>5,428,391</u>	<u>30,150</u>	<u>30,150</u>

Included within the financial statements is a provision for bad debts amounting to £143,718 (2017: £172,538)

\*This includes the £2,863,332 group cash pooling facility which the company is able to draw down on demand

### 18 Creditors: amounts falling due within one year

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Trade creditors	1,021,935	1,532,099	-	-
Amounts due to parent undertaking	-	316,727	-	-
Amounts due to related undertaking	398,273	-	4,839,996	11,416,302
Corporation tax payable	-	107,551	-	-
Other taxation and social security	426,541	620,074	-	-
Other creditors	75,282	71,124	-	-
Accruals and deferred income	3,092,122	1,572,930	-	-
	<u>5,014,153</u>	<u>4,220,505</u>	<u>4,839,996</u>	<u>11,416,302</u>

### 19 Creditors: amounts falling due after more than one year

	Group 2018	2017	Company 2018	2017
Notes	£	£	£	£
Amounts owed to group undertakings	29,394,000	22,350,000	29,394,000	22,350,000
Deferred income	22 284,903	204,528	-	-
	<u>29,678,903</u>	<u>22,554,528</u>	<u>29,394,000</u>	<u>22,350,000</u>

The £29,394,000 loan is due to be repaid in October 2020 however there is an intention to extend the repayment date. The interest rate on £10,000,000 is 2.75%. The interest rate on the remaining £19,394,000 is 1.66%

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 20 Provisions for liabilities

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Dilapidations provision		490,984	166,194	-	-
Warranty provision		59,083	-	-	-
		<u>550,067</u>	<u>166,194</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	21	151,992	244,915	-	-
		<u>702,059</u>	<u>411,109</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

	Dilapidations provision £	Provisions £	Total £
<b>Group</b>			
At 1 January 2018	166,194	-	166,194
Additional provisions in the year	324,790	59,083	383,873
At 31 December 2018	<u>490,984</u>	<u>59,083</u>	<u>550,067</u>

The dilapidation provision is for the Wokingham and Frimley office buildings. There is no fixed date for any resulting payments but the directors are of the opinion this payment is expected within 1 to 2 years.

The additional dilapidations provision in the year relates to the new 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 10-15 years.

### 21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
<b>Group</b>		
Accelerated capital allowances	<u>151,992</u>	<u>244,915</u>

The company has no deferred tax assets or liabilities.

# JENOPTIK HOLDINGS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

### 21 Deferred taxation (Continued)

	Group 2018 £	Group 2017 £
<b>Movements in the year:</b>		
Liability at 1 January 2018	244,915	48,000
Credit to statement of comprehensive income	(92,923)	(3,000)
Transfer on acquisition	-	199,915
Liability at 31 December 2018	<u>151,992</u>	<u>244,915</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 22 Deferred income

	Group 2018 £	2017 £	Company 2018 £	2017 £
Deferred income - maintenance contracts	<u>284,903</u>	<u>204,528</u>	<u>-</u>	<u>-</u>

### 23 Retirement benefit schemes

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

The charge to the profit and loss in respect of defined contribution schemes was £252,826 (2017: £195,347).

### 24 Share capital

	Group and company 2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
107,000 'A' Ordinary shares of 50p each	53,500	53,500
93,000 'B' Ordinary shares of 50p each	46,500	46,500
107,694 'C' Ordinary shares of £1 each	107,694	107,694
1,000 'E' Ordinary shares of 1p each	10	10
125,582 Deferred shares of £1 each	125,582	125,582
	<u>333,286</u>	<u>333,286</u>

## JENOPTIK HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### 24 Share capital (Continued)

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.

#### 25 Operating lease commitments

##### Lessee

Operating lease payments represent rentals payable by the Company for properties and equipment. Leases on properties are negotiated for terms between 1 and 5 years. Leases on equipment are negotiated for terms between 3 and 5 years.

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows.

	<b>Group</b>		<b>Company</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	66,111	177,842	-	-
Between two and five years	2,229,452	45,667	-	-
In over five years	3,544,118	-	-	-
	<u>5,839,681</u>	<u>223,509</u>	<u>-</u>	<u>-</u>

In 2018 a new 10 year lease agreement was entered into for a new office building

## JENOPTIK HOLDINGS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 26 Related party transactions

At 31st December 2018, Jenoptik Holdings UK Limited owed £29,408,467 (2017: £22,648,392) to Jenoptik Aktiengesellschaft, the ultimate parent company.

£29,394,000 is included within Creditors: Amounts falling due in more than one year. £14,467 is included within Creditors: Amounts falling due within one year.

Interest paid against the loan facility was £488,760 (2017: £433,915)

Sales in the year to Jenoptik Robot GmbH, a parent company amounted to £134,891 (2017: £928,076)

Sales in the year to Jenoptik Australia Pty Ltd, a subsidiary of a parent company amounted to £67,487 (2017: £132,904)

Sales in the year to Jenoptik North America, a fellow group company amounted to £60,974 (2017: £9,745)

The amounts owed from related companies as at 31 December 2018 was as follows

Jenoptik Robot GmbH	£596,319	(2017: £502,644)
Jenoptik Australia Pty Ltd	£9,546	(2017: £33,778)
Jenoptik SSC GmbH	£103,694	(2017: £Nil)
Jenoptik Aktiengesellschaft	£2,863,332	(2017: £1,150,076)

Purchases in the year from Jenoptik Robot GmbH, a parent company amounted to £164,450 (2017: £9,668)

Purchases in the year from Jenoptik SSC GmbH amounted to £49,930 (2017: £17,018)

Purchases in the year from Jenoptik Aktiengesellschaft, ultimate controlling party amounted to £245,646 (2017: £177,016)

The amounts owed to related companies as at 31 December 2018 was as follows.

Jenoptik Robot GmbH	£54,011	(2017: £4,319)
Jenoptik Aktiengesellschaft	£344,262	(2017: £14,016)
Vysionics ITS Holdings Ltd	£99,887	(2017: £28,810)

#### 27 Controlling party

The immediate parent company is Jenoptik Robot GmbH. Jenoptik Robot GmbH are 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 these groups 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.

#### 28 Audit exemption for subsidiary companies

Subsidiary companies Vysionics ITS Holdings Limited (company number 04483797) and Jenoptik Traffic Solutions UK Limited (company number 03540380) are exempt from the requirement of the Companies Act 2006 relating to the audit of the accounts for the year ended 31 December 2018 under section 479A. Jenoptik Holdings UK Limited guarantee all outstanding liabilities to which the subsidiary companies are subject to as at 31 December 2018, until they are satisfied in full and the guarantee is enforceable against the companies by any person to whom the subsidiary companies are liable in respect of those liabilities.