

Company Registration No. 05288859

Adlens Limited

Annual report and Financial Statements

For the year ended 31 December 2022

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Adlens Limited

Annual Report and financial statements for the year ended 2022

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Adlens Limited

Officers and Professional Advisors

Directors

J Y J Chen
R Corlin
JP Kennedy

Registered Office

Chilbrook House
1 Oasis Park
Stanton Harcourt Road
Eynsham
Oxfordshire
United Kingdom
OX29 4TP

Bankers

HSBC Bank Plc
Botley
Oxford
OX2 0PL

Adlens Limited

Directors' report

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

Results for the year

The financial performance for the year and the position at the year end are disclosed in the attached financial statements. The company made a loss of £10,115,480 in the year (2021: £7,683,099)

Dividends

The directors do not recommend the payment of a dividend (2021: £nil).

Going concern

The directors continue to adopt the going concern basis of preparing the financial statements as they believe that the strategy going forwards can be achieved and have received assurances from the majority shareholder as to both his willingness and ability to provide continued support and confirmation from Adlens Group Limited regarding the repayment of the existing intercompany loan and interest. Support can be withdrawn at any time, however the directors at this time see no reason why this would be the case. The financial statements do not include any adjustments that would result should the going concern basis of preparation be no longer appropriate.

Directors

The directors who served during the year and to the date of signing the financial statements were:

J Y J Chen
R Corlin
JP Kennedy

Research and development

During 2022 the company spent £ 1,518,699 on research and development expenditure (2021: £1,585,372).

Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company also intend to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by Adlens Group Limited, as the immediate parent of the entity.

Adlens Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclosure with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors
and signed on behalf of the Board



J P Kennedy
Director

Adlens Limited**Statement of Comprehensive Loss
For the year ended 31 December 2022**

		2022	2021
	Notes	£	£
Turnover	1,3	193,672	512,168
Other income- government grants		-	14,234
Cost of sales		(5,316)	(40,696)
Gross Profit		188,356	485,706
Administrative expenses		(3,834,760)	(3,462,064)
Impairment of investment	10	-	-
Movement on impairment of intercompany loan	4	-	-
Total administrative expenses		(3,834,760)	(3,462,064)
Operating (loss)/profit	4	(3,646,404)	(2,976,358)
Interest receivable and similar income		1,436	1,393
Interest payable and similar charges	7	(6,796,234)	(5,208,599)
Loss on ordinary activities before taxation		(10,441,202)	(8,183,564)
Tax on loss on ordinary activities	8	325,722	500,465
Loss for the financial year attributable to the equity shareholders of the Company		(10,115,480)	(7,683,099)

The accounting policies and notes on pages 7 to 14 form part of these financial statements.

Adlens Limited**Balance sheet
As at 31 December 2022**

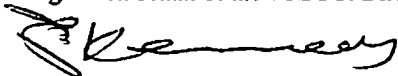
	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	9	226,775	187,830
Investments	10	-	-
		<u>226,775</u>	<u>187,830</u>
Current assets			
Stocks		-	-
Debtors	11	467,495	678,109
Cash at bank		470,570	1,591,065
		<u>938,065</u>	<u>2,269,174</u>
Creditors: amounts falling due within one year	12	<u>(152,276,880)</u>	<u>(143,453,564)</u>
Net current liabilities		<u>(151,338,815)</u>	<u>(141,184,390)</u>
Total assets less current liabilities		<u>(151,112,040)</u>	<u>(140,996,560)</u>
Net liabilities		<u>(151,112,040)</u>	<u>(140,996,560)</u>
Capital and reserves			
Called up share capital	13	192	192
Share premium account		4,999,808	4,999,808
Capital contribution		48,544	48,544
Profit and loss account		<u>(156,160,584)</u>	<u>(146,045,104)</u>
Shareholder's deficit		<u>(151,112,040)</u>	<u>(140,996,560)</u>

The accounting policies and notes on pages 7 to 14 form part of these financial statements.

For the year ending 31 December 2022, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements of Adlens Limited, registered number 05288859 were approved by the Board of Directors and authorised for issue on 22 February 2023

Signed on behalf of the Board of Directors



J P Kennedy
Director

Adlens Limited**Statement of changes in equity
For the year ended 31 December 2022**

	Called-up share capital £	Share premium account £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 January 2022	192	4,999,808	48,544	(146,045,104)	(140,996,560)
Loss for the financial year	-	-	-	(10,115,480)	(10,115,480)
Contribution in year	-	-	-	-	-
At 31 December 2022	<u>192</u>	<u>4,999,808</u>	<u>48,544</u>	<u>(156,160,584)</u>	<u>(151,112,040)</u>

Adlens Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies

The company is a private company limited by shares and is incorporated in England. The address of the registered office is stated on page 1. The nature of the company's operations and its principal activities are set out in the directors' report on page 2.

Basis of preparation of financial statements

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year. Adlens Limited is a company incorporated in the United Kingdom under the Companies Act.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council applicable in the United Kingdom and Republic of Ireland. The functional currency of Adlens Limited is considered to be pound sterling because that is the currency of the primary economic environment in which the company operates.

Adlens Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company's parent undertaking, Adlens Group Limited includes the company in its consolidated financial statements. The consolidated financial statements of Adlens Group Limited are prepared in accordance with FRS 102, are available to the public and may be obtained from the address in note 18. In preparing these financial statements, exemptions have been taken in these separate company financial statements in relation to reconciliation of the number of shares outstanding from the beginning to end of the period, basic financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going Concern

The directors continue to adopt the going concern basis of preparing the financial statements as they believe that the strategy going forwards can be achieved and have received assurances from the majority shareholder as to both his willingness and ability to provide continued support and confirmation from Adlens Group Limited regarding the repayment of the existing intercompany loan and interest. Support can be withdrawn at any time, however the directors at this time see no reason why this would be the case. The financial statements do not include any adjustments that would result should the going concern basis of preparation be no longer appropriate.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Revenue is recognised upon dispatch of goods or for service revenue and royalty revenue when the obligations of the company have been fulfilled.

Research and development

Research expenditure is written off to the Statement of Comprehensive Loss in the year in which it is incurred. Development expenditure is also written off, except where the directors are satisfied as the technical, commercial and financial viability of individual projects. In such cases the identifiable expenditure would be deferred and amortised over the period the company will gain benefit.

Government grant

The other income shown in the profit and loss account represents government grants relating to the Coronavirus Job Retention Scheme. Grant income is recognised in the profit and loss account as the entity becomes entitled to the income.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Leasehold & Equipment - 20%-33% straight line

Adlens Limited

Notes to the financial statements For the year ended 31 December 2022

Stocks

Stocks which comprise of finished goods are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating loss.

Research and development tax credits

Amounts receivable in respect of research and development tax credits are recognised in the financial statements in the year in which the related expenditure was incurred, provided there is sufficient evidence that these amounts are recoverable.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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 Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

Adlens Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies (continued)

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Cash at bank

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Adlens Limited

Notes to the financial statements For the year ended 31 December 2022

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Going concern

The critical judgement made with regard to going concern is disclosed fully on Page 7

Critical judgement

Research and Development Tax Credit

Determining the likely rebate from HMRC has been made in accordance with the accounting policy relating to Research and development tax credits outlined on Page 7 of these accounts. The key judgement concerns the eligibility of staff and their costs which have been and reviewed both internally by our competent professional and externally by an independent source.

3. Turnover

Any disclosure of turnover information would be seriously prejudicial to the interests of the company.

4. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	26,967	62,397
Auditor's remuneration- audit fees	-	42,000
Auditor's remuneration- non audit fees	28,635	26,610
Operating lease rentals	93,713	174,283
Research & development spend	<u>1,518,699</u>	<u>1,585,372</u>

Depreciation of tangible assets is recorded in administrative expenses.

5. Information regarding directors and employees

	2022	2021
	£	£
Aggregate emoluments	<u>228,250</u>	<u>256,628</u>

The highest paid director received £203,250 in the year (2021: £231,628)

2 directors received pension contributions in the year totalling £11,413 (2021: £12,831)

See note 6 for further information on staff costs and headcount.

Adlens Limited

Notes to the financial statements For the year ended 31 December 2022

6. Staff costs

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

	2022 £	2021 £
Wages and salaries	1,761,733	1,589,435
Social security costs	224,937	169,370
Other pension costs	70,815	81,047
	<u>2,057,485</u>	<u>1,839,852</u>

In 2022 £218,213 of severance payments were paid to staff not included above (2021 £72,352).

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

	2022 No	2021 No
	<u>22</u>	<u>23</u>

7. Interest payable

	2022 £	2021 £
On amounts owing to group undertakings	<u>6,796,234</u>	<u>5,208,599</u>

8. Taxation

	2022 £	2021 £
Total current year credit	(297,000)	(500,000)
Adjustment in respect of prior year	(28,722)	(465)
Total Tax credit in profit and loss account	<u>(325,722)</u>	<u>(500,465)</u>

The company has significant tax losses available for offset against future operating profits, subject to Her Majesty's Revenue and Customs approval. The company has not recognised any deferred tax asset in respect of these losses due to there being insufficient certainty regarding its recovery.

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. The tax rate for current year is the same as the prior year at 19%.

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows :

Adlens Limited

Notes to the financial statements For the year ended 31 December 2022

8. Taxation (continued)

	2022 £	2021 £
Loss on ordinary activities before tax	(10,441,202)	(8,183,564)
Loss on ordinary activities at standard UK corporation tax rate of 19% (2021: 19%)	(1,983,828)	(1,554,877)
Effects of:		
Expenses not deductible	2,220	46,154
Additional deductions for R&D expenditure	(375,119)	(374,910)
Movement in deferred tax not recognised	1,903,458	3,862,915
Group relief surrendered	-	989,552
Adjustment in respect of prior year	(28,257)	12,648
Adjustments due to changes in tax rates	-	(3,638,218)
Surrender of tax losses for R&D tax credit SME 2021	663,672	663,303
Income not taxable for tax purposes	(247)	(1,816)
R&D expenditure credits		
Fixed assets differences	(1,135)	989
Tax credit for the year	(325,722)	(500,465)

9. Tangible fixed assets

	Leasehold and equipment £
Cost	
At 1 January 2022	302,334
Additions	65,912
Disposals	(129,625)
31 December 2022	238,621
Depreciation	
At 1 January 2022	114,504
Charge for the year	26,967
Disposals	(129,625)
31 December 2022	11,846
Net book value	
At 31 December 2022	226,775
At 31 December 2021	187,830

The significant disposals as a result of the discontinued operations have an overall net book value of £Nil.

Adlens Limited

Notes to the financial statements For the year ended 31 December 2022

10. Investments

At 31 December 2022, the company held ordinary share capital of the following companies which all distribute eyewear:

- Adlens Beacon Inc., 24.3% of shares owned, which is registered in the state of Delaware in the United States of America.

In addition, the Group has control over Adaptive Eyewear Limited, an entity Limited by Guarantee

The opening balance and closing balance of investments in the current year was Nil (Prior year: Nil).

11. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	40,136	10,916
Other debtors	105,014	129,236
Tax recoverable	322,345	537,957
	<u>467,495</u>	<u>678,109</u>

12. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	68,837	95,685
Amounts owed to group undertakings	152,039,900	142,893,666
Social security and other taxes	29,765	112,460
Accruals and deferred income	138,378	351,753
	<u>152,276,880</u>	<u>143,453,564</u>

Interest is charged on the Amount owed to Group undertakings at a rate of 3 Month LIBOR +5%, which is reviewed quarterly. Amount owed is repayable on demand.

13. Called-up share capital and reserves

	2022 £	2021 £
Allotted, called up and fully paid		
19,200 Ordinary shares of £0.01 each	<u>192</u>	<u>192</u>

The Company has one class of ordinary shares which carry no right to fixed income.

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The capital contribution reserve constitutes contributions made to other group undertakings.

The profit and loss reserve represents cumulative losses, including other adjustments.

Adlens Limited

Notes to the financial statements For the year ended 31 December 2022

14. Contingent liabilities

The company had no contingent liabilities at 31 December 2022 or 31 December 2021.

15. Future commitments

The company had a capital commitment of £Nil at 31 December 2022 (2021: £Nil).

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022		2021	
	Land and buildings £	Other £	Land and buildings £	Other £
- within one year	46,857	-	46,857	-
- between one and five years	-	-	-	-
- after five years	-	-	-	-
	<u>46,857</u>	<u>-</u>	<u>46,857</u>	<u>-</u>

16. Employee benefits

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £70,815 (2021: £81,047). Contributions totalling £11,898 (2021: £32,058) were payable to the fund at the balance sheet date and are included in creditors.

17. Related party transactions

As a wholly-owned subsidiary, the company is exempt from disclosure of transactions with other members of the Group.

18. Ultimate parent undertaking and controlling related party

The directors consider that the controlling party of this company is Adlens Group Limited, a company incorporated in England and Wales, by virtue of the fact that it holds 100% of the issued share capital in Adlens Limited. The consolidated financial statement of this group are available to the public and may be obtained from Adlens Group Limited, Chilbrook House, 1 Oasis Park, Stanton Harcourt Road, Eynsham, Oxfordshire, United Kingdom, OX29 4TP. The ultimate controlling party is Onprime Developments Limited, a company registered in the British Virgin Islands, by virtue of its majority shareholding in Adlens Group Limited.