

ARTEMIS OPTICAL LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

		2022 £	2021 £
Fixed assets			
Intangible assets	4	91,670	89,784
Tangible assets	5	1,376,610	699,857
		<u>1,468,280</u>	<u>789,641</u>
Current assets			
Stocks	6	541,692	558,163
Debtors: amounts falling due within one year	7	1,379,589	1,157,808
Cash at bank and in hand		6,110	84,004
		<u>1,927,391</u>	<u>1,799,975</u>
Creditors: amounts falling due within one year	8	(1,978,513)	(1,394,761)
Net current (liabilities)/assets		<u>(51,122)</u>	<u>405,214</u>
Total assets less current liabilities		<u>1,417,158</u>	<u>1,194,855</u>
Creditors: amounts falling due after more than one year	9	(754,150)	(373,722)
Net assets		<u><u>663,008</u></u>	<u><u>821,133</u></u>
Capital and reserves			
Called up share capital	11	1,010,000	1,010,000
Profit and loss account		(346,992)	(188,867)
		<u><u>663,008</u></u>	<u><u>821,133</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

ARTEMIS OPTICAL LIMITED
REGISTERED NUMBER:00514290

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2022

Mr R M Priddle
Director

Date: 29 June 2023

The notes on pages 3 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. GENERAL INFORMATION

Artemis Optical Limited is a private company limited by shares, incorporated in England & Wales (registered number: 00514290) in the United Kingdom. Its registered office is 1 Western Wood Way, Langage Science Park, Plymouth, Devon, PL7 5BG.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (continued)

2.2 GOING CONCERN

The Company has incurred a loss during the year of £158,125 (2021: profit of £56,933), and it has net current liabilities of £51,122 (2021: net current assets of £405,214).

After achieving net profits for the previous two years, the Company was affected by two significant issues during the year which had a marked impact on financial performance:

- During August 2021, there was a serious equipment failure within the facility. For a period of seven weeks thereafter, the Company's coating capacity was reduced by 20%. In regard to this failure, insurance negotiations have proved to be prolonged and extracted due to the complexity of the claim and the details behind the malfunction
- A global supply chain issue regarding the availability of silicon chips. This manifested in the deferral of a significant sales order from a major UK customer.

The Company expects to meet its working capital requirements through a mixture of adequate operating profit and cash generation, in addition to its banking facilities. In order to manage these requirements, the Company's revenue forecast and projections are regularly reviewed and updated to reflect any changes in trading performance. The key revenue assumptions are based on current order book values plus known and qualified market opportunities from existing customers.

As the Company recovered from the setbacks outlined, its revenue for the 12 month period ending 31st March 2023 grew by 31% on 2022 levels, being £4.3 million. Projected growth in revenue in the 12 months ending 31st March 2024 will be up to an estimated further 20%. This growth is underpinned by a strong order book of £1.97m. From the period from 1st April 2023 to date, revenue of £1.2m has already been shipped.

New orders booked in the twelve-month period since 1st June 2022 exceed £5.5m, this significant increase in order intake has been driven by growth in our industrial customer base as well as continuing levels of business with our Defence customers. We expect these levels of industrial business to continue and to be enhanced by an increase in Defence driven orders. The latter being driven by programs commencing in the UK and Europe as well as an increase in Defence spending globally amongst the backdrop of increasing geopolitical uncertainty. Given the status and importance to our customer base, the Company expects no significant delay in future order placements.

Based on the above, the projections show that the future profits and cash generation are sufficient to enable the Company to operate within its working capital requirements and its available banking facilities. After making these enquiries, the directors are confident that the Company has adequate resources to continue for the foreseeable future. In the event of any short-term cash generation delay or deferral, the directors have expressed a willingness to provide a level of temporary cash flow support sufficient to cover any short-term cash deficit that may arise.

On the basis of the above, the Company continues to adopt a going concern basis in preparing its financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. ACCOUNTING POLICIES (continued)

2.6 LEASED ASSETS: THE COMPANY AS LESSEE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 RESEARCH AND DEVELOPMENT

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2.9 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. ACCOUNTING POLICIES (continued)

2.12 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.13 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.14 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Long-term leasehold property	- over the term of the lease
Plant and machinery	- 5% straight line
Fixtures and fittings	- 20% straight line

2.15 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. ACCOUNTING POLICIES (continued)

2.16 FINANCIAL INSTRUMENTS (CONTINUED)

and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 34 (2021: 27).

4. INTANGIBLE ASSETS

	Development £
COST	
At 1 April 2021	501,685
Additions	31,152
	<hr/>
At 31 March 2022	532,837
	<hr/>
AMORTISATION	
At 1 April 2021	411,901
Charge for the year on owned assets	29,266
	<hr/>
At 31 March 2022	441,167
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NET BOOK VALUE	
At 31 March 2022	<u>91,670</u>
At 31 March 2021	<u>89,784</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

5. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
COST				
At 1 April 2021	1,071,450	7,285,743	1,051,599	9,408,792
Additions	22,650	631,131	171,152	824,933
At 31 March 2022	<u>1,094,100</u>	<u>7,916,874</u>	<u>1,222,751</u>	<u>10,233,725</u>
DEPRECIATION				
At 1 April 2021	1,018,216	6,685,393	1,005,326	8,708,935
Charge for the year on owned assets	25,233	58,358	27,680	111,271
Charge for the year on financed assets	-	24,317	12,592	36,909
At 31 March 2022	<u>1,043,449</u>	<u>6,768,068</u>	<u>1,045,598</u>	<u>8,857,115</u>
NET BOOK VALUE				
At 31 March 2022	<u>50,651</u>	<u>1,148,806</u>	<u>177,153</u>	<u>1,376,610</u>
At 31 March 2021	<u>53,234</u>	<u>600,350</u>	<u>46,273</u>	<u>699,857</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £	2021 £
Plant and machinery	799,052	212,571
Furniture, fittings and equipment	-	1,526
	<u>799,052</u>	<u>214,097</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6. STOCKS

	2022	2021
	£	£
Raw materials and consumables	242,863	182,253
Work in progress (goods to be sold)	129,720	114,166
Finished goods and goods for resale	169,109	261,744
	<u>541,692</u>	<u>558,163</u>

7. DEBTORS

	2022	2021
	£	£
Trade debtors	683,879	780,902
Amounts owed by group undertakings	283,742	234,993
Other debtors	306,641	52,707
Prepayments and accrued income	105,327	89,206
	<u>1,379,589</u>	<u>1,157,808</u>

Amounts due from group companies are unsecured, interest free and repayable on demand.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Bank loans	587,308	715,870
Other loans	62,500	20,833
Trade creditors	597,624	240,843
Other taxation and social security	178,643	88,962
Obligations under finance lease and hire purchase contracts	209,863	78,236
Other creditors	82,641	77,948
Accruals and deferred income	259,934	172,069
	<u>1,978,513</u>	<u>1,394,761</u>

Bank loans include £587,308 (2021: £682,770) in respect of debt finance facilities which are secured over the trade debt books of the Company and £nil (2021: £33,100) secured over the plant and machinery of the Company.

Obligations under finance lease and hire purchase are secured against the relevant assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £	2021 £
Bank loans	5,256	10,642
Other loans	163,198	229,167
Net obligations under finance leases and hire purchase contracts	585,696	133,913
	<u>754,150</u>	<u>373,722</u>

Bank loans are secured over the plant and machinery of the Company.

Obligations under finance lease and hire purchase are secured against the relevant assets.

10. LOANS

Analysis of the maturity of loans is given below:

	2022 £	2021 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	587,308	715,870
Other loans	62,500	20,833
	<u>649,808</u>	<u>736,703</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	5,256	10,642
Other loans	163,198	229,167
	<u>168,454</u>	<u>239,809</u>
	<u>818,262</u>	<u>976,512</u>

11. SHARE CAPITAL

	2022 £	2021 £
ALLOTTED, CALLED UP AND FULLY PAID		
1,000,000 (2021: 1,000,000) Ordinary shares of £1.00 each	1,000,000	1,000,000
10,000 (2021: 10,000) Deferred ordinary shares of £1.00 each	10,000	10,000
	<u>1,010,000</u>	<u>1,010,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. CONTINGENT LIABILITIES

An Unlimited Composite Company Guarantee has been given by both Artemis Optical Limited and Artemis Optical (Holdings) Limited to secure all liabilities of the other company.

13. PENSION COMMITMENTS

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 £46,151 (2021: £38,081). Contributions totalling £12,391 (2021: £10,224) were payable to the fund at the reporting date and are included in creditors.

14. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	127,215	111,455
Later than 1 year and not later than 5 years	105,402	230,585
	<u>232,617</u>	<u>342,040</u>

Included within the above is a commitment of £191,625 (2021: £301,125) relating to Land and Buildings. The per annum charge is £109,500.

15. DIRECTORS' PERSONAL GUARANTEES

The Company has obtained banking facilities from Lloyds Banking Group, including a loan of £20,000. As part of these facilities, a personal guarantee amounting to £20,000, has been given by a Director of the Company. The Company's Directors have also given personal guarantees of up to £125,000 to Lloyds Banking Group in respect of a loan amounting to £33,100 as at the year end.

16. RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary undertaking of Artemis Optical (Holdings) Limited, the Company has taken advantage of the exemption in Financial Reporting Standard 102 Section 33 "Related party disclosures" in not disclosing intra-group transactions between two or more members of the group.

At 31 March 2022, the Company owed £74,641 (2021: £69,948) to their Directors.

During the year, the Directors, who are considered the only key management personnel, received remuneration of £155,228 (2021: £119,484).

17. CONTROLLING PARTY

The Company is controlled by its immediate parent undertaking, Artemis Optical (Holdings) Limited is under the control of its Directors.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.