

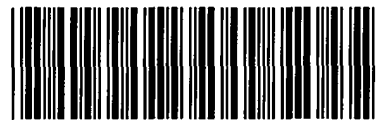


Financial Statements

Cognex UK, Ltd

For the financial year ended 31 December 2020

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COMPANIES HOUSE

Registered number: 02088256

Cognex UK, Ltd

Company Information

Directors	James Wesley Peck (resigned 11 March 2020) Sheila Swensen (appointed 15 September 2020) Thierry Lelaure (appointed 15 September 2020) Paul Todgham (appointed 15 September 2020)
Company secretary	James Wesley Peck (resigned 11 March 2020) Sheila Swensen (appointed 15 September 2020)
Registered number	02088256
Registered office	Regus Building, Central Boulevard, Blythe Valley Business Park, Solihull, Birmingham, West Midlands, United Kingdom, B90 8AG
Independent auditor	Grant Thornton Chartered Accountants & Statutory Auditors 13-18 City Quay Dublin 2 D02 ED70 Ireland
Bankers	JP Morgan Chase Bank N.A. 125 London Wall London EC2Y 5AJ

Cognex UK, Ltd

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Cognex UK, Ltd

Directors' report

For the year ended 31 December 2020

The directors present their report and the financial statements for the financial year ended 31 December 2020.

Directors

The directors who served during the year were:

James Wesley Peck (resigned 11 March 2020)
Sheila Swensen (appointed 15 September 2020)
Thierry Lelaure (appointed 15 September 2020)
Paul Todgham (appointed 15 September 2020)

Due to late filing of documents with Companies House as a result of the Covid-19 pandemic, there is a gap between the resignation and appointment of directors. This is a filing issue only and the directors appointed during the year were in control of the company from 11 March 2020.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton, continues in office in accordance with Section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21/07/21 and signed on its behalf.

Thierry Lelaure
Director



Sheila Swensen
Director



21 July 2021

Cognex UK, Ltd

Directors' responsibilities statement

For the financial year ended 31 December 2020

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards; 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 disclose with reasonable accuracy at any time the financial position of the company and 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.

On behalf of the board

Thierry Lelaure
Director

Date:



Sheila Swensen
Director

Date:



21 July 2021

Independent auditor's report to the members of Cognex UK, Ltd

Opinion

We have audited the financial statements of Cognex UK, Ltd ("the company"), which comprise the Statement of comprehensive income, the Statement of financial position and the Statement of changes in equity for the year ended 31 December 2020, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Cognex UK, Ltd's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the company as at 31 December 2020 and of its financial performance or the year then ended; and
- have been properly 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 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. 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

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Independent auditor's report to the members of Cognex UK, Ltd (continued)

Other Information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report.

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 our 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 in the financial statements, 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 this 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report. We have nothing to report in respect of the following matters where 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 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; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report or in preparing the directors' report.

Independent auditor's report to the members of Cognex UK, Ltd (continued)

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 their 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 an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Data Protection (GDPR), Health & Safety Laws and Employment Law and we considered the extent to which noncompliance might have a

Independent auditor's report to the members of Cognex UK, Ltd (continued)

Responsibilities of the auditor for the audit of the financial statements (continued)

material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and applicable tax law. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- inquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's legal correspondence and review of minutes of the board of directors meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- challenging assumptions and judgements made by management in their significant accounting estimates, including useful lives of depreciable assets, potential impairment of intercompany debtors and recognition of deferred tax assets.
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.



Independent auditor's report to the members of Cognex UK, Ltd (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

A handwritten signature in cursive script that reads "Stephen Murray".

Stephen Murray (Senior Statutory Auditor)

For and on behalf of

Grant Thornton

Chartered Accountants & Statutory Auditors

Dublin

Date: 21 July 2021

Cognex UK, Ltd

Statement of comprehensive income

For the financial year ended 31 December 2020

	Note	2020 £	2019 £
Turnover		4,139,330	4,001,454
Gross profit		4,139,330	4,001,454
Distribution costs		(3,070,176)	(3,059,528)
Administrative expenses		(880,446)	(764,461)
Operating profit	4	188,708	177,465
Tax on profit	6	(85,804)	(94,413)
Profit for the financial year		<u>102,904</u>	<u>83,052</u>

All amounts relate to continuing operations.

There was no other comprehensive income for 2020 (2019: £Nil).

The notes on pages 10 to 21 form part of these financial statements.

Statement of financial position

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	7	54,442	109,327
		<u>54,442</u>	<u>109,327</u>
Current assets			
Debtors: amounts falling due within one year	8	1,830,403	2,793,199
Cash at bank and in hand	9	1,518,750	97,668
		<u>3,349,153</u>	<u>2,890,867</u>
Current liabilities			
Creditors: amounts falling due within one year	10	(470,739)	(348,038)
		<u>2,878,414</u>	<u>2,542,829</u>
Net current assets			
		<u>2,932,856</u>	<u>2,652,156</u>
Total assets less current liabilities			
Provision for liabilities			
Deferred tax	11	(7,320)	(17,118)
		<u>2,925,536</u>	<u>2,635,038</u>
Net assets			
		<u>2,925,536</u>	<u>2,635,038</u>
Capital and reserves			
Called up share capital	12	10,500	10,500
Other reserves	13	1,441,053	1,253,459
Profit and loss account	13	1,473,983	1,371,079
		<u>2,925,536</u>	<u>2,635,038</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with the provisions of FRS102 Section 1A – Small Entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21/07/21.

Thierry Lelaure
Director



Sheila Swensen
Director



The notes on pages 10 to 21 form part of these financial statements.

Cognex UK, Ltd

Statement of changes in equity

For the financial year ended 31 December 2020

	Share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	10,500	1,063,261	1,288,027	2,361,788
Profit for the financial year	-	-	83,052	83,052
Equity settled share based payment	-	190,198	-	190,198
At 31 December 2019	10,500	1,253,459	1,371,079	2,635,038
At 1 January 2020	10,500	1,253,459	1,371,079	2,635,038
Profit for the financial year	-	-	102,904	102,904
Equity settled share based payment	-	187,594	-	187,594
At 31 December 2020	10,500	1,441,053	1,473,983	2,925,536

The notes on pages 10 to 21 form part of these financial statements.

Cognex UK, Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

1. General information

Cognex UK, Ltd is a private company limited by shares which is incorporated in England. The company's registered office is Regus Building, Central Boulevard, Blythe Valley Business Park, Solihull, Birmingham, West Midlands, United Kingdom, B90 8AG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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 judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Turnover, which does not include value added tax, is attributable to commissions receivable from Cognex Ireland Limited, a company incorporated in Ireland, for the design, marketing and selling of industrial vision products and custom image processing. Commission income is not earned in direct relationship with the geographical sales territory and therefore no comparative geographical analysis can be prepared.

Commissions receivable are calculated and recognised based on the expenses incurred during the year. The expenses are recharged on an accruals basis at cost plus 10% with the exception of the share based payment charge.

2.3 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.4 Operating leases

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

Cognex UK, Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.5 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer hardware and software equipment	- 2-5 years
Fixtures and fittings	- 5 years
Leasehold improvements	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, inclusive of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, inclusive of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Cognex UK, Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.9 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

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 payables or receivables, are measured, initially 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

2.10 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

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.

Notes to the financial statements

For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.10 Foreign currency translation (continued)

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 the Statement of comprehensive income 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 comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

2.11 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

2.12 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 payments obligations.

The contributions are recognised as an expense in the Statement of comprehensive income 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.

Cognex UK, Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

2. Accounting policies (continued)

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.14 Current and deferred taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Cognex UK, Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, the directors have had to make the following judgments:

Useful lives of depreciable assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The directors annually review these asset lives and adjust them as necessary to reflect current thinking on remaining lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have significant impact on depreciation charges for the period. It is not practical to quantify the impact of changes in asset lives on an overall basis, as asset lives are individually determined, and there are a significant number of asset lives in use. The impact of any change would vary significantly depending on the individual changes in assets and the classes of assets impacted.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Recoverability of amounts owed by group undertakings

The Company reviews all receivable balances and assesses the likelihood of recoverability on a regular basis. Where the Company identifies objective evidence comprising default in payment terms or significant financial difficulty that certain group companies are unable to meet their financial obligations, an impairment of the relevant group receivable will be recognised.

4. Operating profit

The operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	60,312	106,539
Operating lease costs	108,301	137,240
Loss on disposal of fixed assets	21,688	
Defined contribution pension cost	<u>96,541</u>	<u>85,321</u>

During the year, no director received any emoluments (2019: £Nil).

5. Employees

The average monthly number of employees (excluding directors) during the year was as follows:

	2020	2019
	No.	No.
Selling and distribution	25	26
	<u>25</u>	<u>26</u>

Cognex UK, Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

6. Taxation

	2020 £	2019 £
Current tax		
Current tax on profits for the financial year	95,602	86,053
Adjustments in respect of previous periods	-	19,507
Total current tax	95,602	105,560
Deferred tax		
Origination and reversal of timing differences	(9,798)	(11,147)
Total deferred tax	(9,798)	(11,149)
Taxation on profit on ordinary activities	85,804	94,413

Factors affecting tax charge for the financial year

The tax assessed for the financial year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	188,708	177,465
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	35,855	33,718
Effects of:		
Expenses not deductible for tax purposes	55,089	41,186
Adjustments to tax charge in respect of prior periods	-	19,507
Depreciation in excess of capital allowances	4,658	11,149
Other differences leading to an increase in the tax charge	(9,798)	(11,147)
Total tax charge for the financial year	85,804	94,413

Factors that may affect future tax charges

At 31 December 2020, the company had a deferred tax liability of £7,320 (2019: £17,118) as described in note 11 to the financial statements which can affect future tax charges.

Cognex UK, Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

7. Tangible fixed assets

	Computer hardware and software equipment	Leasehold improvements	Fixtures and fittings	Total
	£	£	£	£
Cost or valuation				
At 1 January 2020	289,600	218,402	4,729	512,731
Additions	27,114	-	-	27,114
Disposals	(218,854)	(214,039)	(4,729)	(437,622)
Transfer between asset classes	4,363	(4,363)	-	-
At 31 December 2020	<u>102,223</u>	<u>-</u>	<u>-</u>	<u>102,223</u>
Depreciation				
At 1 January 2020	236,721	164,539	2,144	403,404
Charge for the year	24,815	35,025	473	60,313
Disposals	(214,402)	(198,917)	(2,617)	(415,936)
Transfer	647	(647)	-	-
At 31 December 2020	<u>47,781</u>	<u>-</u>	<u>-</u>	<u>47,781</u>
Net book value				
At 31 December 2020	<u>54,442</u>	<u>-</u>	<u>-</u>	<u>54,442</u>
At 31 December 2019	<u>52,879</u>	<u>53,863</u>	<u>2,585</u>	<u>109,327</u>

8. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	1,776,778	2,733,567
VAT recoverable	31,857	11,444
Prepayments	16,164	48,188
Deposits	<u>5,604</u>	<u>-</u>
	<u>1,830,403</u>	<u>2,793,199</u>

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

Cognex UK, Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

9. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	<u>1,518,750</u>	<u>97,668</u>

10. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	-	17,097
Amounts owed to group undertakings	72,793	63,033
PAYE and social security	7,948	6,000
Accruals	359,151	233,222
Corporation tax	30,847	28,626
	<u>470,739</u>	<u>348,038</u>

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

Trade creditors including accruals are repayable at various dates over the coming months in accordance with the suppliers' usual customary credit terms.

Taxes including social security are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

11. Deferred taxation

	Deferred tax Liability
	£
At 1 January 2020	17,118
Credited to the profit or loss	<u>(9,798)</u>
At 31 December 2020	<u>7,320</u>

The deferred tax liability is made up as follows:

	2020	2019
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>7,320</u>	<u>17,118</u>

Cognex UK, Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

12. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
10,500 Ordinary shares of £1 each	<u>10,500</u>	<u>10,500</u>

13. Reserves

Other reserves

Other reserves are made up of a capital contribution of £1,441,053 (2019: £1,253,459) in respect of share based payments.

Profit and loss account

Profit and loss account includes all current and prior year retained profits and losses.

14. Pension commitments

The company operates a money purchase pension scheme for staff. The contributions paid to this scheme are charged to the Statement of Comprehensive Income as incurred. The charge for the year ended 31 December 2020 amounted to £96,541 (2019: £85,321). At 31 December 2020 there were £Nil (2019: £Nil) of outstanding contributions payable to the scheme.

15. Operating lease commitments

At the end of the year, the company had the following commitments under operating leases:

	Land and buildings 2020 £	Other operating leases 2020 £	Land and buildings 2019 £	Other operating leases 2019 £
Expiring:				
Within one year	17,160	6,682	76,000	25,666
Between one and five years			119,320	6,126
	<u>17,160</u>	<u>6,682</u>	<u>195,320</u>	<u>31,792</u>

In the period post year end the Company renewed the lease agreement in relation to land and buildings for one year.

Cognex UK, Ltd

Notes to the financial statements

For the financial year ended 31 December 2020

16. Related party transactions

The company has availed of the exemption in FRS 102 Section 33 (Related Party Transactions) from the requirement to disclose details of transactions with other group undertakings that are wholly owned by a member of the Cognex Corporation group.

17. Controlling party

The company is a subsidiary undertaking of Cognex Europe B.V., a company incorporated in the Netherlands. The ultimate parent undertaking and controlling party, and the parent undertaking of the smallest and largest group in which the company is consolidated is Cognex Corporation, a company incorporated in the United States of America. Copies of Cognex Corporation's consolidated financial statements are available from its corporate headquarters at One Vision Drive, Natick, MA 01760, USA and at www.cognex.com.

18. Post balance sheet events

On 31 January 2020, the UK formally left the European Union. The transition period then ran until 31 December 2020. In the opinion of the directors, the impact of Brexit on the company will be limited in the future.