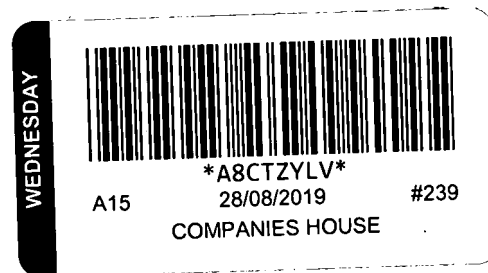


Registration number: 00599506

# Vision Engineering Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2019



Roffe Swayne  
Statutory Auditors and Chartered Accountants  
Ashcombe Court  
Woolsack Way  
Godalming  
Surrey  
GU7 1LQ

# Vision Engineering Limited

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# Vision Engineering Limited

## Company Information

<b>Directors</b>	M E Curtis G P F Mercer S Mead J Arnold J M Freeman J P Curtis
<b>Registered office</b>	The Freeman Building Galileo Drive Send Woking Surrey GU23 7ER
<b>Auditors</b>	Roffe Swayne Statutory Auditors and Chartered Accountants Ashcombe Court Woolsack Way Godalming Surrey GU7 1LQ

# Vision Engineering Limited

## Strategic Report for the Year Ended 31 March 2019

The directors present their strategic report for the year ended 31 March 2019.

### Principal activity

The principal activity of the company is that of the manufacture of optical instruments.

### Fair review of the business

The results for the year and financial position of the company and the group are as shown in the annexed accounts.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit margin and return on capital employed.

Diversification continues as a key part of the strategic plan, with:

A broader product base, including external strategic collaborations, providing better penetration of existing markets and new penetration of new markets

The exploitation of new global IP,

Expansion of the Company VEMOS division (Vision Engineering Manufacturing & Optical Services) providing 3rd party manufacturing and optical components

Expansion and better management of the Company asset base, while minimising financial exposure

Reinforcement of the existing Representative Office network in India, SE Asia and China

Expansion of the Hispanic team covering Central & South America (Managed from the North American Office)

The VEMOS division continues to expand satisfactorily, with a broader customer base than hitherto.

The 33,000ft<sup>2</sup> factory vacated by Vision Engineering in May 2017 has been refurbished and turned into 6 light industrial units for rent of which 5 are currently occupied.

The 84,000 ft<sup>2</sup>/ 7500m<sup>2</sup> new factory and global HQ in Send, Woking, known as the Freeman Building was occupied in May 2017 and is now fully functional.

Investment in staff development & retention (including a flourishing apprentice scheme and a full time Staff Development & Retention Manager has helped to counter the skills gap and will continue at a higher investment level in the coming year. The Government's belated reassurance of EU skilled workers, post Brexit, has helped head off any skills drain.

# Vision Engineering Limited

## Strategic Report for the Year Ended 31 March 2019

As a manufacturer of optical & digital instrumentation, the company continues to operate across the following principal geographical markets:

United Kingdom and Ireland  
Iberia (Based in France), Central Europe (Based in Germany) and Italy  
North America (USA, Mexico, Canada, Costa Rica, South America)  
Japan  
China  
Rest of the World

Non UK business accounts for approx. 90 % of turnover, helped by generally strong global economies.

UK/EU markets have experienced a slower level of growth than almost all other economies, as a result of the Brexit referendum and continued uncertainty as to post exit structures.

The recovery in North America is sustained, helped by some capable management and a successful commercial/marketing strategic programme and by successful product collaboration.

The Chinese economy has returned to sustained, modest growth,

A significant increase in R&D activity and output has been enabled by substantial organic investment, but also substantial Innovate UK project grants

Overall operating profit is £2,224,088 compared to £3,726,030 for 2018, although this should be compared to £1,852,462 after adjusting for the profit on the sale of a property disposed of during 2018. Profit before tax is £2,207,394 compared to £1,740,865 for 2018, again after adjusting for the £1,873,568 profit on the property disposal. Underlying profit is sustainable and expected to rise

After taxation and minority interests, £1,880,599 has been retained and added to reserves.

### Principal risks and uncertainties

Risk factors identified for the coming year are as follows;

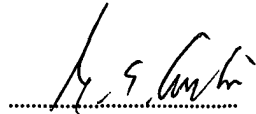
- Brexit uncertainty and lack of clear political leadership, both for UK/EU market confidence and anticipated administrative workload as a result
- As last year, continuing substantial increases in administrative and reporting requirements from the UK government and its agencies, adding significantly to administrative overheads. Despite Government rhetoric onerous statistical reporting in both personnel and trade continue to be imposed, with draconian fines for non or late compliance.
- Reduction in capital investment confidence in global markets, due to American trade disputes with China, Mexico, the EU and others.

## Vision Engineering Limited

### Strategic Report for the Year Ended 31 March 2019

Return on capital employed is 9.3% (2018: 15.6 %). Return on capital employed is calculated as profit before interest and tax divided by capital employed, which constitutes total assets less current liabilities, less investments, less cash, plus overdrafts and other short term borrowings.

Approved by the Board on 26<sup>th</sup> Aug 19 and signed on its behalf by:



M E Curtis  
Director

## Vision Engineering Limited

### Directors' Report for the Year Ended 31 March 2019

The directors present their report for the year ended 31 March 2019.

#### Directors of the group

The directors who held office during the year were as follows:

M E Curtis

G P F Mercer

S Mead

J Arnold

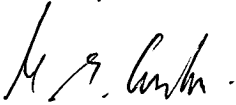
J M Freeman

J P Curtis

#### Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 30/03/19 and signed on its behalf by:



.....  
M E Curtis  
Director

## Vision Engineering Limited

### Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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). 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 and apply them consistently;
- make judgements and accounting 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; 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.

## Vision Engineering Limited

### Independent Auditor's Report to the Members of Vision Engineering Limited

#### Opinion

We have audited the financial statements of Vision Engineering Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, 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 Financial Reporting Standard 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 state of the group's and the parent company's affairs as at 31 March 2019 and of the group's profit 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. We are independent of the group 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.

#### Other information

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

## Vision Engineering Limited

### Independent Auditor's Report to the Members of Vision Engineering Limited

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matter 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 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 our 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 and 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 by the parent company, 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 Statement of Directors' Responsibilities (set out on page 6), 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.

## Vision Engineering Limited

### Independent Auditor's Report to the Members of Vision Engineering Limited

#### 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 [www.frc.org.uk/auditorsresponsibilities](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.

Roffe Swayne

.....  
Sharon Ward BSc FCA CF (Senior Statutory Auditor)  
For and on behalf of Roffe Swayne,  
Statutory Auditors & Chartered Accountants  
Ashcombe Court  
Woolsack Way  
Godalming  
Surrey  
GU7 1LQ

Date: 22 August 2019

## Vision Engineering Limited

### Consolidated Profit and Loss Account for the Year Ended 31 March 2019

	Note	2019 £	2018 £
Turnover	3	24,164,748	23,051,388
Cost of sales		<u>(12,284,294)</u>	<u>(11,780,628)</u>
Gross profit		11,880,454	11,270,760
Administrative expenses		(11,196,561)	(8,827,579)
Other operating income		<u>1,540,195</u>	<u>1,282,849</u>
Operating profit	4	<u>2,224,088</u>	<u>3,726,030</u>
Other interest receivable and similar income		49,395	25,260
Interest payable and similar expenses	5	<u>(66,089)</u>	<u>(136,857)</u>
		<u>(16,694)</u>	<u>(111,597)</u>
Profit before tax		2,207,394	3,614,433
Taxation	9	<u>(317,014)</u>	<u>(286,122)</u>
Profit for the financial year		<u>1,890,380</u>	<u>3,328,311</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		1,880,599	3,320,910
Minority interests		<u>9,781</u>	<u>7,401</u>
		<u>1,890,380</u>	<u>3,328,311</u>

The notes on pages 17 to 29 form an integral part of these financial statements.

## Vision Engineering Limited

### Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2019

	Note	2019 £	2018 £
Profit for the year		<u>1,890,380</u>	<u>3,328,311</u>
Surplus/(deficit) on revaluation of other assets		(1,620)	895
Foreign currency translation gains/(losses)		(43,408)	(17,615)
Share of associates and joint ventures other comprehensive income		<u>1,320</u>	<u>(5,337)</u>
		<u>(43,708)</u>	<u>(22,057)</u>
<b>Total comprehensive income for the year</b>		<b><u>1,846,672</u></b>	<b><u>3,306,254</u></b>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		1,835,571	3,304,190
Minority interests		<u>11,101</u>	<u>2,064</u>
		<b><u>1,846,672</u></b>	<b><u>3,306,254</u></b>

The notes on pages 17 to 29 form an integral part of these financial statements.

## Vision Engineering Limited

### (Registration number: 00599506) Consolidated Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	10	18,512,765	18,600,092
<b>Current assets</b>			
Stocks	12	6,837,221	6,150,047
Debtors	13	4,295,274	4,885,676
Cash at bank and in hand		<u>6,151,349</u>	<u>9,130,211</u>
		17,283,844	20,165,934
<b>Creditors: Amounts falling due within one year</b>	15	<u>(5,686,199)</u>	<u>(5,799,907)</u>
<b>Net current assets</b>		<u>11,597,645</u>	<u>14,366,027</u>
<b>Total assets less current liabilities</b>		30,110,410	32,966,119
<b>Creditors: Amounts falling due after more than one year</b>	15	<u>(7,569)</u>	<u>(4,709,950)</u>
<b>Net assets</b>		<u>30,102,841</u>	<u>28,256,169</u>
<b>Capital and reserves</b>			
Called up share capital	17	20,000	20,000
Revaluation reserve		1,386,562	1,388,182
Profit and loss account		<u>28,610,282</u>	<u>26,773,091</u>
Equity attributable to owners of the company		30,016,844	28,181,273
Minority interests		<u>85,997</u>	<u>74,896</u>
<b>Total equity</b>		<u>30,102,841</u>	<u>28,256,169</u>

Approved and authorised by the Board on 25 Aug 19 and signed on its behalf by:

M. E. Curtis

M E Curtis  
Director

The notes on pages 17 to 29 form an integral part of these financial statements.

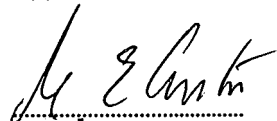
## Vision Engineering Limited

(Registration number: 00599506)  
Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	10	18,507,364	18,596,753
Investments	11	<u>49,289</u>	<u>49,289</u>
		<u>18,556,653</u>	<u>18,646,042</u>
<b>Current assets</b>			
Stocks	12	6,421,796	5,685,097
Debtors	13	4,200,013	4,934,418
Cash at bank and in hand		<u>5,897,469</u>	<u>8,941,161</u>
		16,519,278	19,560,676
<b>Creditors: Amounts falling due within one year</b>	15	<u>(5,584,733)</u>	<u>(5,752,262)</u>
<b>Net current assets</b>		<u>10,934,545</u>	<u>13,808,414</u>
<b>Total assets less current liabilities</b>		29,491,198	32,454,456
<b>Creditors: Amounts falling due after more than one year</b>	15	<u>(7,569)</u>	<u>(4,709,950)</u>
<b>Net assets</b>		<u>29,483,629</u>	<u>27,744,506</u>
<b>Capital and reserves</b>			
Called up share capital	17	20,000	20,000
Revaluation reserve		1,386,562	1,388,182
Profit and loss account		<u>28,077,067</u>	<u>26,336,324</u>
<b>Total equity</b>		<u>29,483,629</u>	<u>27,744,506</u>

The company made a profit after tax for the financial year of £1,794,851 (2018 - profit of £3,250,512).

Approved and authorised by the Board on 28 Aug 19 and signed on its behalf by:



M E Curtis  
Director

The notes on pages 17 to 29 form an integral part of these financial statements.

## Vision Engineering Limited

### Consolidated Statement of Changes in Equity for the Year Ended 31 March 2019 Equity attributable to the parent company

	Share capital £	Revaluation reserve £	Profit and loss account £	Non- controlling interests £	Total equity £
At 1 April 2017	20,000	1,387,287	23,469,796	72,832	24,949,915
Profit for the year	-	-	3,320,910	7,401	3,328,311
Other comprehensive income	-	895	(17,615)	(5,337)	(22,057)
Total comprehensive income	-	895	3,303,295	2,064	3,306,254
At 31 March 2018	<u>20,000</u>	<u>1,388,182</u>	<u>26,773,091</u>	<u>74,896</u>	<u>28,256,169</u>
	Share capital £	Revaluation reserve £	Profit and loss account £	Non- controlling interests £	Total equity £
At 1 April 2018	20,000	1,388,182	26,773,091	74,896	28,256,169
Profit for the year	-	-	1,880,599	9,781	1,890,380
Other comprehensive income	-	(1,620)	(43,408)	1,320	(43,708)
Total comprehensive income	-	(1,620)	1,837,191	11,101	1,846,672
At 31 March 2019	<u>20,000</u>	<u>1,386,562</u>	<u>28,610,282</u>	<u>85,997</u>	<u>30,102,841</u>

The notes on pages 17 to 29 form an integral part of these financial statements.

## Vision Engineering Limited

### Statement of Changes in Equity for the Year Ended 31 March 2019

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2017	20,000	1,387,287	23,060,671	24,467,958
Profit for the year	-	-	3,250,512	3,250,512
Other comprehensive income	-	895	25,141	26,036
<b>Total comprehensive income</b>	<b>-</b>	<b>895</b>	<b>3,275,653</b>	<b>3,276,548</b>
<b>At 31 March 2018</b>	<b>20,000</b>	<b>1,388,182</b>	<b>26,336,324</b>	<b>27,744,506</b>
	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2018	20,000	1,388,182	26,336,324	27,744,506
Profit for the year	-	-	1,794,851	1,794,851
Other comprehensive income	-	(1,620)	(54,108)	(55,728)
<b>Total comprehensive income</b>	<b>-</b>	<b>(1,620)</b>	<b>1,740,743</b>	<b>1,739,123</b>
<b>At 31 March 2019</b>	<b>20,000</b>	<b>1,386,562</b>	<b>28,077,067</b>	<b>29,483,629</b>

The notes on pages 17 to 29 form an integral part of these financial statements.

## Vision Engineering Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 March 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Profit for the year		1,890,380	3,328,311
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	751,793	646,154
Loss/(profit) on disposal of tangible assets		765	(1,883,331)
Finance income		(49,395)	(25,260)
Finance costs	5	66,089	136,857
Income tax expense	9	317,014	286,122
Foreign exchange (gains) / losses		(31,515)	(28,753)
		<u>2,945,131</u>	<u>2,460,100</u>
Working capital adjustments			
Increase in stocks	12	(687,174)	(10,752)
Decrease/(increase) in debtors	13	590,402	(675,812)
Decrease in creditors	15	(79,163)	(185,464)
Cash generated from operations		2,769,196	1,588,072
Income taxes paid	9	(279,831)	(269,810)
Net cash flow from operating activities		<u>2,489,365</u>	<u>1,318,262</u>
<b>Cash flows from investing activities</b>			
Interest received		49,395	25,260
Acquisitions of tangible assets		(677,493)	(1,977,561)
Proceeds from sale of tangible assets		69	2,520,974
Net cash flows from investing activities		<u>(628,029)</u>	<u>568,673</u>
<b>Cash flows from financing activities</b>			
Interest paid	5	(66,089)	(136,857)
Repayment of bank borrowing		(4,700,000)	(300,000)
Proceeds from other borrowing draw downs		-	18,525
Repayment of other borrowing		(74,109)	(25,202)
Net cash flows from financing activities		<u>(4,840,198)</u>	<u>(443,534)</u>
Net (decrease)/increase in cash and cash equivalents		(2,978,862)	1,443,401
Cash and cash equivalents at 1 April		<u>9,130,211</u>	<u>7,686,810</u>
Cash and cash equivalents at 31 March		<u>6,151,349</u>	<u>9,130,211</u>

The notes on pages 17 to 29 form an integral part of these financial statements.

# Vision Engineering Limited

## Notes to the Financial Statements for the Year Ended 31 March 2019

### 1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

The Freeman Building  
Galileo Drive  
Send  
Woking  
Surrey  
GU23 7ER

### 2 Accounting policies

#### Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

#### Basis of consolidation

The group financial statements consolidate the accounts of Vision Engineering Limited and its subsidiary undertakings for the year ended 31 March 2019. Turnover and profits arising on trading between group companies are excluded.

#### Revenue recognition

Turnover is measured at fair value of the consideration received or receivable and represents the amount receivable for goods and services supplied to customers in the normal course of business, excluding value added tax and net of distribution commission.

Goods are invoiced and revenue is recognised when the goods are despatched to the customer or in accordance with the contract terms where customer approval is required prior to the despatch of goods.

#### Government grants

Government grants are recognised on an accruals basis.

#### Foreign currency transactions and balances

Trading results of overseas operations and assets and liabilities denominated in foreign currencies are expressed in sterling at the rate of exchange ruling at the balance sheet date.

Unrealised exchange differences arising on the translation into sterling of net assets of overseas branches are recorded as a movement on reserves.

Exchange differences arising in the normal course of trade are included within the profit and loss account.

# Vision Engineering Limited

## Notes to the Financial Statements for the Year Ended 31 March 2019

### Research and development

Expenditure on research and development is written off in the year which it is incurred.

### Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 group operates and generates taxable income.

Deferred tax is recognised in respect of all material timing differences at the balance sheet date.

Deferred tax assets are only 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.

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

### Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% on cost
Improvements to property	5% to 10% on cost
Plant and machinery	10% to 50% on cost
Fixtures and fittings	20% on cost
Motor vehicles	20% on cost

### Investments

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the Group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Investments in subsidiary undertakings are stated at cost less a provision for any permanent diminution in value.

### Debtors

Short term debtors are measured at transaction value less any impairment. At each balance sheet date, debtors are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is measured as the difference between the carrying amount and the amount expected to be received.

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### **Stocks**

Stock comprises raw materials, work in progress, finished goods and goods for resale and is stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads. The estimated selling price is based on the price at which stock can be realised in the normal course of business.

#### **Creditors**

Short term trade creditors are measured at transaction value.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

Lease incentives are credited to the profit and loss account on a straight line basis over the lease term.

#### **Operating lease commitments**

The Group has entered into plant and equipment leases as a lessor. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

#### **Defined contribution pension obligation**

Short-term employee benefits, including holiday pay and non-monetary benefits, are recognised as an expense in the profit and loss account when the service is received.

The company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Group in a separately administered fund. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Any difference between the contributions payable in the year and contributions paid is shown as either accruals or prepayments in the balance sheet.

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### Summary of significant accounting policies and key accounting estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements.

#### Stock provision

Stock values can decrease due to deterioration, damage or obsolescence. A provision is therefore determined based on each product's movement history. The directors exercise judgement over specific stock lines and make provisions where these are deemed to be appropriate.

#### Overhead absorption rates

In accordance with the accounting policy, a proportion of fixed and variable overhead costs have been absorbed into the cost of stocks. The Directors have made judgements in relation to these costs based on their knowledge of the manufacturing process involved.

### 3 Revenue

The analysis of the group's turnover for the year from continuing operations is as follows:

	2019 £	2018 £
Sale of goods	23,286,358	22,228,188
Rendering of services	878,390	823,200
	<u>24,164,748</u>	<u>23,051,388</u>

The analysis of the group's turnover for the year by market is as follows:

	2019 £	2018 £
United Kingdom	2,992,358	3,090,360
France, Germany and Italy	11,916,725	11,526,090
USA	2,510,115	2,177,606
Japan	1,803,075	1,726,150
Other exports - EC	1,375,380	1,361,526
Other exports - Rest of World	3,567,095	3,169,656
	<u>24,164,748</u>	<u>23,051,388</u>

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 4 Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	751,793	646,154
Research and development cost	1,417,838	1,288,605
Government grant	(259,545)	(395,862)
Foreign exchange gains	(51,945)	(306,643)
Loss/(profit) on disposal of property, plant and equipment	<u>765</u>	<u>(1,883,331)</u>

#### 5 Interest payable and similar expenses

	2019	2018
	£	£
Interest on bank overdrafts and borrowings	20,021	20,992
Interest expense on other finance liabilities	<u>46,068</u>	<u>115,865</u>
	<u>66,089</u>	<u>136,857</u>

#### 6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	7,568,986	7,186,169
Social security costs	1,210,652	1,138,511
Pension costs, defined contribution scheme	<u>85,085</u>	<u>104,765</u>
	<u>8,864,723</u>	<u>8,429,445</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Office and management	56	43
Production	67	63
Sales	44	48
Research	<u>9</u>	<u>9</u>
	<u>176</u>	<u>163</u>

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	561,883	541,334
Contributions paid to money purchase schemes	<u>16,956</u>	<u>11,536</u>
	<u>578,839</u>	<u>552,870</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>5</u>	<u>5</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	148,857	152,239
Company contributions to money purchase pension schemes	<u>5,100</u>	<u>3,643</u>

#### 8 Auditors' remuneration

	2019 £	2018 £
Audit of these financial statements	<u>31,600</u>	<u>30,100</u>

#### 9 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
<b>Current taxation</b>		
UK corporation tax	16,745	-
Overseas taxation	<u>300,269</u>	<u>286,122</u>
Tax expense in the income statement	<u>317,014</u>	<u>286,122</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

	2019 £	2018 £
Profit before tax	<u>2,207,394</u>	<u>3,614,433</u>
Corporation tax at standard rate	419,405	686,742
Effect of:		
Expenses not deductible in determining taxable profit	4,261	2,301
Decrease from patent box adjustment	(59,452)	(52,572)
Tax decrease from capital allowances and depreciation	(23,447)	(366,066)
Tax increase arising from overseas tax suffered	300,269	286,122
Tax decrease from research and development relief	(269,389)	(241,943)
Other tax adjustments	<u>(54,633)</u>	<u>(28,462)</u>
Total tax charge	<u>317,014</u>	<u>286,122</u>

#### 10 Tangible assets

##### Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2018	19,050,862	741,573	14,440	5,180,335	24,987,210
Additions	133,987	44,399	27,000	472,106	677,492
Disposals	-	9,436	-	(17,356)	(7,920)
Foreign exchange movements	<u>(16,702)</u>	<u>(1,809)</u>	<u>-</u>	<u>(749)</u>	<u>(19,260)</u>
At 31 March 2019	<u>19,168,147</u>	<u>793,599</u>	<u>41,440</u>	<u>5,634,336</u>	<u>25,637,522</u>
<b>Depreciation</b>					
At 1 April 2018	1,108,892	491,749	11,240	4,775,237	6,387,118
Charge for the year	370,389	92,305	6,200	282,899	751,793
Eliminated on disposal	-	10,268	-	(17,355)	(7,087)
Foreign exchange movements	<u>(4,651)</u>	<u>(1,675)</u>	<u>-</u>	<u>(741)</u>	<u>(7,067)</u>
At 31 March 2019	<u>1,474,630</u>	<u>592,647</u>	<u>17,440</u>	<u>5,040,040</u>	<u>7,124,757</u>
<b>Carrying amount</b>					
At 31 March 2019	<u>17,693,517</u>	<u>200,952</u>	<u>24,000</u>	<u>594,296</u>	<u>18,512,765</u>
At 31 March 2018	<u>17,941,970</u>	<u>249,824</u>	<u>3,200</u>	<u>405,098</u>	<u>18,600,092</u>

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

Included in the cost of land and buildings is freehold land of £1,523,493 (2018 - £1,527,604) which is not depreciated.

Freehold property included within land and buildings in the United Kingdom was valued on an open market basis by the Directors on 30 April 2000 in accordance with the transitional arrangements of FRS 102. Freehold property included in land and buildings in Germany was valued on an open market basis by BV Immobilien-Gesellschaft GmbH on 20 February 1995. The valuations will not be updated. If the freehold property had not been revalued it would have been included at an historical cost of £1,570,453.

#### Company

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
<b>Cost or valuation</b>					
At 1 April 2018	19,050,862	714,651	14,440	5,180,335	24,960,288
Additions	133,987	40,470	27,000	472,106	673,563
Disposals	-	13,876	-	(17,356)	(3,480)
Foreign exchange movements	<u>(16,702)</u>	<u>(2,283)</u>	<u>-</u>	<u>(749)</u>	<u>(19,734)</u>
At 31 March 2019	<u>19,168,147</u>	<u>766,714</u>	<u>41,440</u>	<u>5,634,336</u>	<u>25,610,637</u>
<b>Depreciation</b>					
At 1 April 2018	1,108,892	468,166	11,240	4,775,237	6,363,535
Charge for the year	370,389	90,985	6,200	282,899	750,473
Eliminated on disposal	-	14,103	-	(17,355)	(3,252)
Foreign exchange movements	<u>(4,651)</u>	<u>(2,091)</u>	<u>-</u>	<u>(741)</u>	<u>(7,483)</u>
At 31 March 2019	<u>1,474,630</u>	<u>571,163</u>	<u>17,440</u>	<u>5,040,040</u>	<u>7,103,273</u>
<b>Carrying amount</b>					
At 31 March 2019	<u>17,693,517</u>	<u>195,551</u>	<u>24,000</u>	<u>594,296</u>	<u>18,507,364</u>
At 31 March 2018	<u>17,941,970</u>	<u>246,485</u>	<u>3,200</u>	<u>405,098</u>	<u>18,596,753</u>

Included in the cost of land and buildings is freehold land of £1,523,493 (2018 - £1,527,604) which is not depreciated.

#### 11 Investments

##### Company

	2019 £	2018 £
Investments in subsidiaries	<u>49,289</u>	<u>49,289</u>

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

Subsidiaries	£
<b>Cost or valuation</b>	
At 1 April 2018	59,486
<b>Provision</b>	
At 1 April 2018	<u>10,197</u>
<b>Carrying amount</b>	
At 31 March 2019	<u>49,289</u>
At 31 March 2018	<u>49,289</u>

#### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
<b>Subsidiary undertakings</b>				
Rose Technology Limited	England and Wales	Ordinary	99.97%	99.97%
Nippon Vision Engineering	Japan	Ordinary	90%	90%

The principal activity of Rose Technology Limited is dormant

The principal activity of Nippon Vision Engineering is retail of optical instruments

#### 12 Stocks

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Raw materials and consumables	3,928,040	3,271,773	3,928,040	3,271,773
Work in progress	301,757	218,845	301,757	218,845
Finished goods and goods for resale	<u>2,607,424</u>	<u>2,659,429</u>	<u>2,191,999</u>	<u>2,194,479</u>
	<u>6,837,221</u>	<u>6,150,047</u>	<u>6,421,796</u>	<u>5,685,097</u>

#### Group

The cost of stocks recognised as an expense in the year amounted to £7,404,432 (2018 - £7,778,749).

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 13 Debtors

	Note	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Trade debtors		3,190,255	3,896,795	2,838,447	3,575,794
Amounts owed by related parties	20	318,866	166,216	623,200	608,872
Other debtors		283,714	243,220	253,383	188,203
Prepayments		359,821	435,762	342,365	417,866
Suppliers payment on account		<u>142,618</u>	<u>143,683</u>	<u>142,618</u>	<u>143,683</u>
		<u>4,295,274</u>	<u>4,885,676</u>	<u>4,200,013</u>	<u>4,934,418</u>

#### 14 Cash and cash equivalents

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Cash at bank	<u>6,151,349</u>	<u>9,130,211</u>	<u>5,897,469</u>	<u>8,941,161</u>

#### 15 Creditors

	Note	Group		Company	
		2019 £	2018 £	2019 £	2018 £
<b>Due within one year</b>					
Trade creditors		951,942	734,406	943,179	734,302
Amounts due to related parties	20	1,735,374	1,816,847	1,735,374	1,816,847
Social security and other taxes		840,239	717,431	840,239	717,431
Other payables		365,206	391,261	268,609	343,720
Accruals and deferred income		1,785,945	1,895,175	1,789,839	1,895,175
Customers payment on account		<u>7,493</u>	<u>244,787</u>	<u>7,493</u>	<u>244,787</u>
		<u>5,686,199</u>	<u>5,799,907</u>	<u>5,584,733</u>	<u>5,752,262</u>
<b>Due after one year</b>					
Loans and borrowings	18	-	4,700,000	-	4,700,000
Other non-current creditors		<u>7,569</u>	<u>9,950</u>	<u>7,569</u>	<u>9,950</u>
		<u>7,569</u>	<u>4,709,950</u>	<u>7,569</u>	<u>4,709,950</u>

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 16 Pension and other schemes

##### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £85,085 (2018 - £104,765).

Contributions totalling £19,495 (2018 - £10,651) payable to the scheme at the end of the year and are included in creditors.

#### 17 Share capital

##### Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary of £1 each	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>

#### 18 Loans and borrowings

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
<b>Non-current loans and borrowings</b>				
Bank borrowings	<u>-</u>	<u>4,700,000</u>	<u>-</u>	<u>4,700,000</u>

Included within non-current loans and borrowings is a bank loan totalling £Nil (2018 - £4,700,000) secured by way of legal charge over certain assets.

The bank holds security in the form of a cash deposit of £235,370 (2018: £45,000) to be held against a guarantee provided by the bank for HM Revenue and Customs duty liabilities to a limit of £122,870 (2018: £22,500).

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 19 Obligations under leases and hire purchase contracts

##### Group

##### Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	270,958	242,575
Later than one year and not later than five years	<u>275,815</u>	<u>331,387</u>
	<u>546,773</u>	<u>573,962</u>

##### Company

##### Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	240,511	216,586
Later than one year and not later than five years	<u>202,646</u>	<u>256,912</u>
	<u>443,157</u>	<u>473,498</u>

#### 20 Related party transactions

##### Group

##### Key management personnel

##### Summary of transactions with key management

The directors are considered to be the only key management personnel due to their authority and responsibility for planning, directing and controlling the activities of the company. Directors remuneration and other benefits are detailed in note 7 of the financial statements.

##### Transactions with companies under joint control

	2019 £	2018 £
Sales	(3,469,205)	(2,960,328)
Purchases	<u>1,547,952</u>	<u>1,664,391</u>
Amount due (to)/from related party	<u>(1,911,806)</u>	<u>(1,576,522)</u>

Amounts due from companies under joint control are interest free and repayable on demand.

## Vision Engineering Limited

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### Shareholders

	2019 £	2018 £
Amounts loaned to company	-	18,525
Amounts repaid by company	(74,442)	(25,202)
Amounts due to/ (from) shareholders	<u>(333)</u>	<u>74,109</u>

There are no formal terms for the loans repayable to Shareholders, which are interest free and repayable on demand.

#### 21 Parent and ultimate parent undertaking

The ultimate controlling parties are M Curtis, J P Curtis and J M Freeman.