

Directors' Report and  
Financial Statements for the Year Ended 31 May 2016  
for  
Kent Periscopes Limited

SATURDAY



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Kent Periscopes Limited

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for the Year Ended 31 May 2016

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Kent Periscopes Limited

Company Information  
for the Year Ended 31 May 2016

**DIRECTORS:**

S A Pender  
G Owen  
T Whiston  
J Oliver

**REGISTERED OFFICE:**

6 Ffordd Richard Davies  
St Asaph Business Park  
St Asaph  
Denbighshire  
LL17 0LJ

**REGISTERED NUMBER:**

05417618 (England and Wales)

**AUDITORS:**

J V Banks  
Chartered Accountants and Statutory Auditors  
Banks House  
Paradise Street  
Rhyl  
Denbighshire  
LL18 3LW

Kent Periscopes Limited

Directors' Report  
for the Year Ended 31 May 2016

The directors present their report with the financial statements of the company for the year ended 31 May 2016.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the design and manufacture of optical systems.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 June 2015 to the date of this report.

S A Pender  
G Owen  
T Whiston  
J Oliver

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

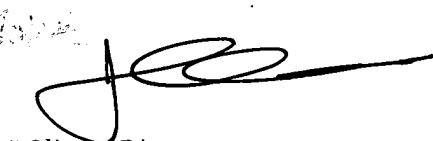
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



J Oliver - Director

8 July 2016

Independent Auditors' Report to the Members of  
Kent Periscopes Limited

We have audited the financial statements of Kent Periscopes Limited for the year ended 31 May 2016 on pages five to twelve. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 Auditors' 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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including "APB Ethical Standard - Provisions Available for Small Entities (Revised)", in the circumstances set out in note nineteen to the financial statements.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Members of  
Kent Periscopes Limited

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

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.



C E Davies (Senior Statutory Auditor)  
for and on behalf of J V Banks  
Chartered Accountants and Statutory Auditors  
Banks House  
Paradise Street  
Rhyl  
Denbighshire  
LL18 3LW

8 July 2016

Kent Periscopes Limited

Profit and Loss Account  
for the Year Ended 31 May 2016

	Notes	31.5.16 £	31.5.15 £
<b>TURNOVER</b>	2	7,703,736	6,362,745
Cost of sales		4,764,932	4,301,624
<b>GROSS PROFIT</b>		2,938,804	2,061,121
Administrative expenses		1,840,835	1,297,172
		1,097,969	763,949
Other operating income		11,172	21,978
<b>OPERATING PROFIT</b>	3	1,109,141	785,927
Interest receivable and similar income		6,735	2,496
		1,115,876	788,423
Interest payable and similar charges		11,792	9,640
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,104,084	778,783
Tax on profit on ordinary activities	5	225,895	139,218
<b>PROFIT FOR THE FINANCIAL YEAR</b>		878,189	639,565

The notes form part of these financial statements

Kent Periscopes Limited (Registered number: 05417618)

Balance Sheet

31 May 2016

	Notes	£	31.5.16	£	31.5.15	£
<b>FIXED ASSETS</b>						
Intangible assets	6			40,009		38,539
Tangible assets	7			155,002		129,130
				<u>195,011</u>		<u>167,669</u>
<b>CURRENT ASSETS</b>						
Stocks			1,330,228		1,374,579	
Debtors	8		2,043,070		2,092,197	
Cash at bank and in hand	9		3,504,745		1,025,578	
			<u>6,878,043</u>		<u>4,492,354</u>	
<b>CREDITORS</b>						
Amounts falling due within one year	10		4,052,699		2,085,533	
<b>NET CURRENT ASSETS</b>				<u>2,825,344</u>		<u>2,406,821</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				<u>3,020,355</u>		<u>2,574,490</u>
<b>CREDITORS</b>						
Amounts falling due after more than one year	11			(20,930)		(457,467)
<b>PROVISIONS FOR LIABILITIES</b>	14			(27,578)		(23,365)
<b>NET ASSETS</b>				<u>2,971,847</u>		<u>2,093,658</u>
<b>CAPITAL AND RESERVES</b>						
Called up share capital	15			100		100
Profit and loss account	16			2,971,747		2,093,558
<b>SHAREHOLDERS' FUNDS</b>				<u>2,971,847</u>		<u>2,093,658</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Directors on 8 July 2016 and were signed on its behalf by:



J Oliver - Director

The notes form part of these financial statements

1. **ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

**Exemption from preparing a cash flow statement**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

**Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

**Patents**

Patents are valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 3 years.

**Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

**Intellectual property**

Intellectual property is valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 10 years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land and buildings	- in accordance with the property
Plant and machinery etc	- 25% on reducing balance

**Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Foreign currencies**

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

Notes to the Financial Statements - continued  
for the Year Ended 31 May 2016

1. ACCOUNTING POLICIES - continued

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

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

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.5.16	31.5.15
United Kingdom	22.97%	16.06%
Europe	8.59%	10.39%
Rest of World	68.44%	73.55%
	<u>100.00%</u>	<u>100.00%</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.5.16	31.5.15
	£	£
Depreciation - owned assets	39,171	42,187
Depreciation - assets on hire purchase contracts	9,424	-
Loss on disposal of fixed assets	-	1,461
Patents amortisation	11,204	7,780
Development costs amortisation	15,658	14,059
Intellectual property amortisation	987	-
	<u>377,434</u>	<u>244,017</u>
Directors' remuneration and other benefits etc	<u>377,434</u>	<u>244,017</u>

4. AUDITORS' REMUNERATION

	31.5.16	31.5.15
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	<u>3,500</u>	<u>3,180</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 May 2016

## 5. TAXATION

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	31.5.16	31.5.15
	£	£
Current tax:		
UK corporation tax	221,682	128,551
Deferred tax	4,213	10,667
Tax on profit on ordinary activities	<u>225,895</u>	<u>139,218</u>

## 6. INTANGIBLE FIXED ASSETS

	Patents £	Development costs £	Intellectual property £	Totals £
<b>COST</b>				
At 1 June 2015	32,019	70,292	-	102,311
Additions	11,445	8,000	9,874	29,319
At 31 May 2016	<u>43,464</u>	<u>78,292</u>	9,874	<u>131,630</u>
<b>AMORTISATION</b>				
At 1 June 2015	21,917	41,855	-	63,772
Amortisation for year	11,204	15,658	987	27,849
At 31 May 2016	<u>33,121</u>	<u>57,513</u>	987	<u>91,621</u>
<b>NET BOOK VALUE</b>				
At 31 May 2016	<u>10,343</u>	<u>20,779</u>	<u>8,887</u>	<u>40,009</u>
At 31 May 2015	<u>10,102</u>	<u>28,437</u>	-	<u>38,539</u>

## 7. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery etc £	Totals £
<b>COST</b>			
At 1 June 2015	16,866	247,832	264,698
Additions	5,377	69,090	74,467
At 31 May 2016	<u>22,243</u>	<u>316,922</u>	<u>339,165</u>
<b>DEPRECIATION</b>			
At 1 June 2015	4,630	130,938	135,568
Charge for year	2,099	46,496	48,595
At 31 May 2016	<u>6,729</u>	<u>177,434</u>	<u>184,163</u>
<b>NET BOOK VALUE</b>			
At 31 May 2016	<u>15,514</u>	<u>139,488</u>	<u>155,002</u>
At 31 May 2015	<u>12,236</u>	<u>116,894</u>	<u>129,130</u>

7. **TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery etc £
<b>COST</b>	
Additions	37,695
At 31 May 2016	<u>37,695</u>
<b>DEPRECIATION</b>	
Charge for year	9,424
At 31 May 2016	<u>9,424</u>
<b>NET BOOK VALUE</b>	
At 31 May 2016	<u><u>28,271</u></u>

8. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.5.16 £	31.5.15 £
Trade debtors	1,866,258	1,959,305
Purchase ledger debit balances	-	3,665
Other debtors	-	238
VAT	13,362	51,840
Prepayments	163,450	77,149
	<u>2,043,070</u>	<u>2,092,197</u>

9. **CASH AT BANK AND IN HAND**

Cash at bank and in hand includes £429,925 (2015 - £427,910) held in a bank account restricted by the terms of an Escrow agreement, such that the monies cannot be accessed until the Company has completed all of its delivery obligations under the associated customer contract. The Escrow agreement anticipates that the delivery obligations will be completed on or before 31 March 2020.

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.5.16 £	31.5.15 £
Bank loans and overdrafts	-	142,533
Hire purchase contracts	6,440	-
Trade creditors	739,061	852,702
Tax	221,682	128,551
Social security and other taxes	35,093	23,784
Other creditors	109,830	253,548
Accruals and deferred income	2,923,056	660,617
Deferred government grants	17,537	23,798
	<u>4,052,699</u>	<u>2,085,533</u>

11. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.5.16	31.5.15
	£	£
Bank loans - 1-2 years	-	197,640
Bank loans - 2-5 years	-	259,827
Hire purchase contracts	20,930	-
	<u>20,930</u>	<u>457,467</u>

12. **OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

	31.5.16	31.5.15
	£	£
Expiring:		
Within one year	2,738	9,996
Between one and five years	16,750	7,070
In more than five years	24,984	13,000
	<u>44,472</u>	<u>30,066</u>

13. **SECURED DEBTS**

The Royal Bank of Scotland plc holds a debenture dated 5 March 2014 over all the assets of the company.

14. **PROVISIONS FOR LIABILITIES**

	31.5.16	31.5.15
	£	£
Deferred tax		
Accelerated capital allowances	<u>27,578</u>	<u>23,365</u>
		Deferred tax
		£
Balance at 1 June 2015		23,365
Provided during year		<u>4,213</u>
Balance at 31 May 2016		<u>27,578</u>

15. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.5.16	31.5.15
			£	£
1,000	Ordinary	0.1	<u>100</u>	<u>100</u>

Kent Periscopes Limited

Notes to the Financial Statements - continued  
for the Year Ended 31 May 2016

16. **RESERVES**

	Profit and loss account £
At 1 June 2015	2,093,558
Profit for the year	878,189
	<hr/>
At 31 May 2016	<u>2,971,747</u>

17. **CAPITAL COMMITMENTS**

	31.5.16 £	31.5.15 £
Contracted but not provided for in the financial statements	<u>154,770</u>	<u>18,848</u>

18. **RELATED PARTY DISCLOSURES**

During the year the company purchased net goods and services on normal commercial terms totalling £189,158 from GMT International, a partnership controlled by Mr G Owen (director) and Mr S A Pender (director). At the balance sheet date the company owed GMT International £871 (included in creditors).

During the year the following directors offered security in respect of the banking facilities and loan provided to the Company by the Royal Bank of Scotland: G Owen, a personal guarantee limited to £50,000 and a legal charge over a private residence; S A Pender, a personal guarantee limited to £50,000, and legal charge over a private residence and a cash deposit; and T Whiston, a personal guarantee limited to £50,000 and a legal charge over a cash deposit. The loan was repaid during the year and the personal guarantees and legal charges were released.

19. **APB ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES**

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

20. **ULTIMATE CONTROLLING PARTY**

The company is controlled by its directors and shareholders with no individual having overall control.

21. **SHARE-BASED PAYMENT TRANSACTIONS**

On 14 January 2015 the company granted 82 equity share options under an EMI scheme to 4 employees. The exercise price is £913 per share. They are exit only options exercisable at or immediately before a trade sale or floatation of the company and will lapse in 10 years.