

Registered number: 05417618

## Kent Periscopes Limited

Unaudited

Annual report and financial statements

for the year ended 30 September 2018

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**Kent Periscopes Limited**

**Company Information**

<b>Directors</b>	M Webster A Warnock A Boteler
<b>Registered number</b>	05417618
<b>Registered office</b>	6 Ffordd Richard Davies St Asaph Business Park St Asaph Denbighshire LL17 0LJ

## Kent Periscopes Limited

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## Kent Periscopes Limited

### Strategic report for the year ended 30 September 2018

#### Introduction

The Directors present their strategic report for the year ended 30 September 2018

#### Business review

The Directors are satisfied with the performance for the year and expect this to be maintained for the foreseeable future. Further details are given in the Results and Dividends section on page 2.

#### Principal risks and uncertainties

A description of the key risks facing the business is given below:

#### Retention of key personnel

The Company recognises the importance of retaining and developing its highly skilled management team and workforce in order to achieve its strategic objectives. As a result, an established development and reward scheme is in place to encourage individuals to play a long term role in the future development of the company.

#### Financial key performance indicators

The company directors monitor a number of financial and non-financial indicators to assess the performance and position of the business. Trading performance is assessed by comparing actual sales and profitability against a budget and the order book is regularly reviewed to provide assurance in respect of future business.

#### Other key performance indicators

Non financial measures in respect of quality and delivery are also reviewed on a regular basis by the management team. Key balance sheet indicators that are monitored include cash generation and net assets.

This report was approved by the board on 28 May 2019 and signed on its behalf.



**Kent Periscopes Limited**

**Directors' report  
for the year ended 30 September 2018**

The directors present their report and the financial statements for the year ended 30 September 2018.

**Principal activity**

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

**Results and dividends**

The profit for the year, after taxation, amounted to £1,409,197 (2017 - £323,328).

**Directors**

The directors who served during the year were:

M Webster  
A Warnock  
A Boteler

**Future developments**

The Directors have specific growth targets for the business and actions are being taken to support those objectives.

**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

This report was approved by the board on 28 May 2019 and signed on its behalf.



Director

**Kent Periscopes Limited**

**Statement of comprehensive income  
for the year ended 30 September 2018**

	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
Turnover	3	<b>9,120,891</b>	8,119,317
Cost of sales		<b>(4,643,377)</b>	(4,638,483)
<b>Gross profit</b>		<b>4,477,514</b>	3,480,834
Administrative expenses		<b>(2,741,187)</b>	(3,110,578)
Other operating income	4	<b>42,524</b>	31,272
<b>Operating profit</b>		<b>1,778,851</b>	401,528
Interest receivable and similar income	6	-	5,354
Interest payable and expenses	7	<b>(1,494)</b>	(1,343)
<b>Profit before tax</b>		<b>1,777,357</b>	405,539
Tax on profit	8	<b>(368,160)</b>	(82,211)
<b>Profit for the financial year</b>		<b>1,409,197</b>	323,328
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>1,409,197</b>	323,328

The notes on pages 7 to 17 form part of these financial statements.

**Kent Periscopes Limited**  
Registered number: 05417618

**Balance sheet**  
as at 30 September 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	10	157,193	100,778
Tangible assets	11	261,174	206,864
		418,367	307,642
<b>Current assets</b>			
Stocks	12	2,136,301	2,245,788
Debtors: amounts falling due within one year	13	4,419,095	3,161,426
Cash at bank and in hand	14	673,888	4,022,648
		7,229,284	9,429,862
Creditors: amounts falling due within one year	15	(6,458,315)	(6,356,935)
		770,969	3,072,927
<b>Total assets less current liabilities</b>		1,189,336	3,380,569
Creditors: amounts falling due after more than one year	16	(6,011)	(12,451)
<b>Provisions for liabilities</b>			
Deferred tax	17	(40,994)	(22,726)
		(40,994)	(22,726)
<b>Net assets</b>		1,142,331	3,345,392
<b>Capital and reserves</b>			
Called up share capital	18	50,317	50,317
Profit and loss account	19	1,092,014	3,295,075
		1,142,331	3,345,392

The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 May 2019.

**Kent Periscopes Limited**  
**Registered number: 05417618**

**Balance sheet (continued)**  
**as at 30 September 2018**

  
**M Webster**  
Director

  
**A Boteler**  
Director

The notes on pages 7 to 17 form part of these financial statements.

**Kent Periscopes Limited**

**Statement of changes in equity  
for the year ended 30 September 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
<b>At 1 June 2016</b>	<b>100</b>	<b>2,971,747</b>	<b>2,971,847</b>
<b>Comprehensive income for the period</b>			
Profit for the period	-	323,328	323,328
<b>Other comprehensive income for the period</b>	-	-	-
<b>Total comprehensive income for the period</b>	-	323,328	323,328
Shares issued during the period	50,217	-	50,217
<b>Total transactions with owners</b>	<b>50,217</b>	<b>-</b>	<b>50,217</b>
<b>At 1 October 2017</b>	<b>50,317</b>	<b>3,295,075</b>	<b>3,345,392</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,409,197	1,409,197
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	1,409,197	1,409,197
Dividends: Equity capital	-	(3,612,258)	(3,612,258)
<b>Total transactions with owners</b>	<b>-</b>	<b>(3,612,258)</b>	<b>(3,612,258)</b>
<b>At 30 September 2018</b>	<b>50,317</b>	<b>1,092,014</b>	<b>1,142,331</b>

The notes on pages 7 to 17 form part of these financial statements.

## Kent Periscopes Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 1. General information

Kent Periscopes Limited is a company registered in England and Wales. Its principal activity is the design and manufacture of optical systems.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

##### 2.2 Revenue

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

###### Sale of goods

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

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

##### 2.3 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

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

## **Kent Periscopes Limited**

### **Notes to the financial statements for the year ended 30 September 2018**

#### **2. Accounting policies (continued)**

##### **2.4 Government grants**

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

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

##### **2.5 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### **2.6 Finance costs**

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

##### **2.7 Pensions**

###### **Defined contribution pension plan**

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

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

## Kent Periscopes Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 2. Accounting policies (continued)

##### 2.8 Current and deferred taxation

The tax expense for the year comprises *current and deferred tax*. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as *other comprehensive income* or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 Balance sheet 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 balance sheet date.

##### 2.9 Intangible assets

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

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

##### 2.10 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their *estimated useful lives*, on a *reducing balance* basis.

Depreciation is provided on the following basis:

Long-term leasehold property	- in accordance with the property
Plant and machinery	- 25% on reducing balance

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 in the Statement of comprehensive income.

## **Kent Periscopes Limited**

### **Notes to the financial statements for the year ended 30 September 2018**

#### **2. Accounting policies (continued)**

##### **2.11 Stocks**

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

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

##### **2.12 Debtors**

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

##### **2.13 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.

##### **2.14 Creditors**

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

##### **2.15 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 Balance sheet 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 Balance sheet.

##### **2.16 Financial instruments**

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

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

## Kent Periscopes Limited

### Notes to the financial statements for the year ended 30 September 2018

#### 2. Accounting policies (continued)

##### 2.16 Financial instruments (continued)

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### 2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 3. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Design and manufacture of optical systems	9,120,891	8,119,317
	<u>9,120,891</u>	<u>8,119,317</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	3,418,000	1,740,118
Rest of the world	5,702,891	6,379,199
	<u>9,120,891</u>	<u>8,119,317</u>

**Kent Periscopes Limited**

**Notes to the financial statements  
for the year ended 30 September 2018**

**4. Other operating income**

	2018 £	2017 £
Government grants receivable	42,524	31,272
	42,524	31,272
	42,524	31,272

**5. Employees**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,738,437	1,884,246
Social security costs	170,729	179,585
Cost of defined contribution scheme	60,069	37,958
	1,969,235	2,101,789
	1,969,235	2,101,789

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

	2018 No.	2017 No.
Management	5	5
Sales	1	1
Administrative	35	32
Direct staff	12	14
	53	52
	53	52

**6. Interest receivable**

	2018 £	2017 £
Other interest receivable	-	5,354
	-	5,354
	-	5,354

**Kent Periscopes Limited**

**Notes to the financial statements  
for the year ended 30 September 2018**

**7. Interest payable and similar expenses**

	2018 £	2017 £
Bank interest payable	1,494	1,343
	1,494	1,343
	1,494	1,343

**8. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	349,892	87,063
	349,892	87,063
	349,892	87,063
<b>Total current tax</b>	<b>349,892</b>	<b>87,063</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	18,268	(4,852)
	18,268	(4,852)
<b>Total deferred tax</b>	<b>18,268</b>	<b>(4,852)</b>
<b>Taxation on profit on ordinary activities</b>	<b>368,160</b>	<b>82,211</b>

**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.6%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	1,777,357	405,539
	1,777,357	405,539
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.6%)	337,698	79,486
<b>Effects of:</b>		
Other timing differences leading to an increase (decrease) in taxation	30,462	2,725
	30,462	2,725
<b>Total tax charge for the year/period</b>	<b>368,160</b>	<b>82,211</b>

**Factors that may affect future tax charges**

**Kent Periscopes Limited**

**Notes to the financial statements  
for the year ended 30 September 2018**

**8. Taxation (continued)**

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2016 in September 2016. These included the replacement of the 18% rate from 1 April 2020 with a lower rate of 17%. To date, no further changes have been announced.

**9. Dividends**

	2018 £	2017 £
Dividends analysis - user input	3,612,258	-
	3,612,258	-

**10. Intangible assets**

	Patents £	Develop- ment £	Total £
<b>Cost</b>			
At 1 October 2017	55,827	173,238	229,065
Additions	12,420	83,789	96,209
At 30 September 2018	68,247	257,027	325,274
<b>Amortisation</b>			
At 1 October 2017	33,121	95,166	128,287
Charge for the year	11,657	28,137	39,794
At 30 September 2018	44,778	123,303	168,081
<b>Net book value</b>			
At 30 September 2018	23,469	133,724	157,193
At 30 September 2017	22,706	78,072	100,778

**Kent Periscopes Limited**

**Notes to the financial statements  
for the year ended 30 September 2018**

**11. Tangible fixed assets**

	Long-term leasehold property £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 October 2017	40,576	432,102	472,678
Additions	-	120,126	120,126
At 30 September 2018	40,576	552,228	592,804
<b>Depreciation</b>			
At 1 October 2017	17,822	247,992	265,814
Charge for the year on owned assets	6,430	59,386	65,816
At 30 September 2018	24,252	307,378	331,630
<b>Net book value</b>			
At 30 September 2018	16,324	244,850	261,174
At 30 September 2017	22,754	184,110	206,864

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Long leasehold	16,324	22,754
	16,324	22,754

**12. Stocks**

	2018 £	2017 £
Raw materials and consumables	1,432,104	1,693,262
Work in progress	272,400	289,958
Finished goods and goods for resale	431,797	262,568
	2,136,301	2,245,788

**13. Debtors**

**Kent Periscopes Limited**

**Notes to the financial statements  
for the year ended 30 September 2018**

	2018 £	2017 £
Trade debtors	3,726,857	2,614,040
Amounts owed by group undertakings	140,950	-
Other debtors	431,029	431,354
Prepayments and accrued income	120,259	116,032
	<b>4,419,095</b>	<b>3,161,426</b>
	<b>4,419,095</b>	<b>3,161,426</b>
<b>14. Cash and cash equivalents</b>		
	2018 £	2017 £
Cash at bank and in hand	673,888	4,022,648
	<b>673,888</b>	<b>4,022,648</b>
	<b>673,888</b>	<b>4,022,648</b>
<b>15. Creditors: Amounts falling due within one year</b>		
	2018 £	2017 £
Trade creditors	1,065,491	902,168
Amounts owed to group undertakings	1,331	7,560
Corporation tax	436,956	87,064
Other taxation and social security	1,475	187,952
Obligations under finance lease and hire purchase contracts	6,333	6,333
Other creditors	-	1,026
Accruals and deferred income	4,946,729	5,164,832
	<b>6,458,315</b>	<b>6,356,935</b>
	<b>6,458,315</b>	<b>6,356,935</b>
<b>16. Creditors: Amounts falling due after more than one year</b>		
	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	6,011	12,451
	<b>6,011</b>	<b>12,451</b>
	<b>6,011</b>	<b>12,451</b>

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

**Kent Periscopes Limited**

**Notes to the financial statements  
for the year ended 30 September 2018**

**17. Deferred taxation**

	<b>2018 £</b>
At beginning of year	(22,726)
Charged to profit or loss	(18,268)
<b>At end of year</b>	<b>(40,994)</b>

The provision for deferred taxation is made up as follows:

	<b>2018 £</b>	<b>2017 £</b>
Accelerated capital allowances	(40,994)	(22,726)
	<b>(40,994)</b>	<b>(22,726)</b>

**18. Share capital**

	<b>2018 £</b>	<b>2017 £</b>
<b>Allotted, called up and fully paid</b>		
503,170 (2017 - 503,170) Ordinary shares of 10p each shares of £0.10 each	50,317	50,317

**19. Reserves**

**Profit and loss account**

The profit and loss reserve reflects cumulative profits and losses, net of dividends paid and adjustments.

**20. Pension commitments**

**21. Controlling party**

Gooch & Housego PLC is the controlling party of the company by virtue of it owning 100% of the issued share capital of Kent Periscopes Limited.