

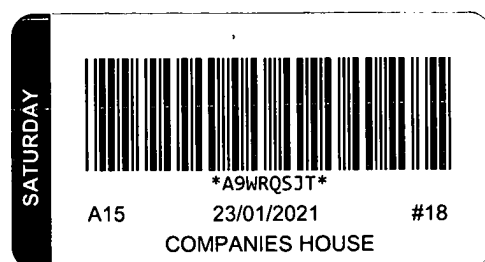
Registration number: 00599506

Vision Engineering Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 March 2020

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

Directors	M E Curtis G P F Mercer J Arnold J M Freeman J P Curtis S Mead P Newbatt
Registered office	The Freeman Building Galileo Drive Send Woking Surrey GU23 7ER
Auditors	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 2020

The directors present their strategic report for the year ended 31 March 2020.

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

Investment in other complementary companies

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

Expansion of the existing representative office network in India, SE Asia to include South Korea

Expansion of the successful Vision Engineering China sales office

Expansion of the Hispanic team covering Central and South America (managed from the North American office).

Re-pivoting from markets under pressure (automotive and aerospace) to markets showing positive activity (Medical devices, Life Sciences, Research, Defence) continues to be pursued. This strategy has resulted in a smaller, if still considerable, reduction in turnover, as a result of the COVID crisis.

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

The 33,000ft² factory vacated by Vision Engineering in May 2017 has been refurbished and turned into 7 light industrial units for rent of which 6 are currently occupied.

The 84,000 ft²/ 7500m² new factory and global HQ in Send, Woking, known as the Freeman Building was occupied in May 2017 and is now fully functional, with capacity to increase production.

Investment in staff development & retention (including a flourishing apprentice scheme and a full time staff development and retention manager has helped to counter the skills gap and will continue. A management development team of junior and middle managers, with the potential for future director responsibilities has been identified and is part of a managed training programme, to equip the team with broader management skills outside their own niches.

Vision Engineering Limited

Strategic Report for the Year Ended 31 March 2020

As a reaction to COVID stresses, the Group has ensured that it has access to Job Support Schemes in all countries where Vision Engineering has staff. Some limited staff downsizing has happened, to reduce costs.

As business interruption loans and grants have become available in different countries, Vision Engineering has ensured that they are approved, as a contingency underpinning of liquidity.

As a manufacturer of optical and 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. 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. At the end of the financial year being reported on, the COVID 19 pandemic had an effect on global economies. In FY 20/21, the COVID effect has been severe. The recovery in North America was sustained, helped by some capable management and a successful commercial/marketing strategic programme and by successful product collaboration. At the end of the year and into 20/21, the COVID effect has been dramatically negative. The Chinese economy has returned to sustained, modest growth and is now being affected by the COVID global downturn.

A significant increase in R&D activity and output has been enabled by substantial organic investment. The strategic decision has been taken to continue with substantial R&D investment to help with COVID repivoting and competitiveness post Covid.

Overall operating profit is £818,451 compared to £2,178,067 for 2019. Profit before tax is £857,717 compared to £2,161,373 for 2019. The Group results for 2019/20 include the results of our US operation with effect from 3rd June 2019 when they became part of the Consolidated Group by way of a Share for Share exchange.

After taxation and minority interests, £696,249 has been retained and added to reserves.

Principal risks and uncertainties

Risk factors identified for the coming year are as follows;

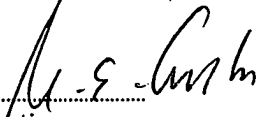
- The dramatic effect of the COVID 19 crisis on world demand for manufactured products
- Continued Brexit uncertainty
- The lack of clear UK Government leadership on both the COVID and Brexit challenges

Vision Engineering Limited

Strategic Report for the Year Ended 31 March 2020

Return on capital employed is 2.7% (2019: 9.4 %). 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 ~~11.12.20~~ and signed on its behalf by:


.....
M E Curtis
Director

Vision Engineering Limited

Directors' Report for the Year Ended 31 March 2020

The directors present their report for the year ended 31 March 2020.

Directors of the group

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

M E Curtis

G P F Mercer

J Arnold

J M Freeman

J P Curtis

S Mead

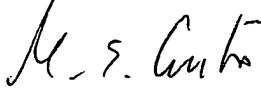
The following director was appointed after the year end:

P Newbatt (appointed 1 May 2020)

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 ^{11.12.20}..... 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 2020, 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 2020 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. 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 Auditor

Ashcombe Court
Woolsack Way
Godalming
Surrey
GU7 1LQ

Date: 14 December 2020

Vision Engineering Limited

Consolidated Profit and Loss Account for the Year Ended 31 March 2020

		(As restated)	
	Note	2020 £	2019 £
Turnover	3	30,790,762	24,164,748
Cost of sales		<u>(15,289,216)</u>	<u>(12,330,318)</u>
Gross profit		15,501,546	11,834,430
Administrative expenses		(15,615,799)	(11,196,558)
Other operating income		<u>932,704</u>	<u>1,540,195</u>
Operating profit	4	<u>818,451</u>	<u>2,178,067</u>
Other interest receivable and similar income		41,241	49,395
Interest payable and similar expenses	5	<u>(1,975)</u>	<u>(66,089)</u>
		<u>39,266</u>	<u>(16,694)</u>
Profit before tax		857,717	2,161,373
Taxation	9	<u>(161,468)</u>	<u>(317,014)</u>
Profit for the financial year		<u>696,249</u>	<u>1,844,359</u>
Profit/(loss) attributable to:			
Owners of the company		699,227	1,835,264
Minority interests		<u>(2,978)</u>	<u>9,095</u>
		<u>696,249</u>	<u>1,844,359</u>

The notes on pages 17 to 33 form an integral part of these financial statements.

Vision Engineering Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2020

		(As restated)	
	Note	2020 £	2019 £
Profit for the year		<u>696,249</u>	<u>1,844,359</u>
Surplus/(deficit) on revaluation of other assets		8,495	(1,620)
Foreign currency translation gains/(losses)		1,046,812	(36,327)
Share of associates and joint ventures other comprehensive income		<u>7,364</u>	<u>(5,761)</u>
		<u>1,062,671</u>	<u>(43,708)</u>
Total comprehensive income for the year		<u>1,758,920</u>	<u>1,800,651</u>
Total comprehensive income attributable to:			
Owners of the company		1,754,534	1,797,317
Minority interests		<u>4,386</u>	<u>3,334</u>
		<u>1,758,920</u>	<u>1,800,651</u>

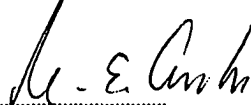
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Vision Engineering Limited

(Registration number: 00599506)
Consolidated Balance Sheet as at 31 March 2020

		(As restated)	
	Note	2020 £	2019 £
Fixed assets			
Negative goodwill	10	(322,672)	-
Tangible assets	11	20,793,266	18,512,765
Current assets			
Stocks	14	9,504,807	5,941,554
Debtors	15	6,071,563	4,295,274
Cash at bank and in hand		<u>7,354,928</u>	<u>6,151,349</u>
		22,931,298	16,388,177
Creditors: Amounts falling due within one year	17	<u>(5,597,434)</u>	<u>(5,686,199)</u>
Net current assets		<u>17,333,864</u>	<u>10,701,978</u>
Total assets less current liabilities		37,804,458	29,214,743
Creditors: Amounts falling due after more than one year	17	(5,187)	(7,569)
Provisions for liabilities		<u>(52,708)</u>	-
Net assets		<u>37,746,563</u>	<u>29,207,174</u>
Capital and reserves			
Called up share capital	19	24,416	20,000
Share premium reserve		6,776,053	-
Revaluation reserve		1,395,057	1,386,562
Profit and loss account		<u>29,498,052</u>	<u>27,752,013</u>
Equity attributable to owners of the company		37,693,578	29,158,575
Minority interests		<u>52,985</u>	<u>48,599</u>
Total equity		<u>37,746,563</u>	<u>29,207,174</u>

Approved and authorised by the Board on 11.12.20 and signed on its behalf by:



M E Curtis

Director

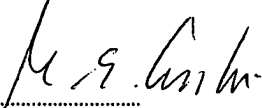
Vision Engineering Limited

(Registration number: 00599506)
Balance Sheet as at 31 March 2020

		(As restated)	
	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	19,627,628	18,507,364
Investments	12	<u>6,829,758</u>	<u>49,289</u>
		<u>26,457,386</u>	<u>18,556,653</u>
Current assets			
Stocks	14	6,625,396	5,815,581
Debtors	15	4,771,521	4,200,013
Cash at bank and in hand		<u>5,647,297</u>	<u>5,897,469</u>
		17,044,214	15,913,063
Creditors: Amounts falling due within one year	17	<u>(7,112,086)</u>	<u>(5,584,733)</u>
Net current assets		<u>9,932,128</u>	<u>10,328,330</u>
Total assets less current liabilities		36,389,514	28,884,983
Creditors: Amounts falling due after more than one year	17	<u>(5,187)</u>	<u>(7,569)</u>
Net assets		<u>36,384,327</u>	<u>28,877,414</u>
Capital and reserves			
Called up share capital	19	24,416	20,000
Share premium reserve		6,776,053	-
Revaluation reserve		1,395,057	1,386,562
Profit and loss account		<u>28,188,801</u>	<u>27,470,852</u>
Total equity		<u>36,384,327</u>	<u>28,877,414</u>

The company made a profit after tax for the financial year of £435,850 (2019 - profit of £1,741,967).

Approved and authorised by the Board on 11.12.20 and signed on its behalf by:



M E Curtis
Director

The notes on pages 17 to 33 form an integral part of these financial statements.

Vision Engineering Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2020 Equity attributable to the parent company

	Share capital £	Revaluation reserve £	Profit and loss account £	Non- controlling interests £	Total equity £
At 1 April 2018	20,000	1,388,182	26,773,089	74,896	28,256,167
Prior period adjustment	-	-	(820,013)	(29,631)	(849,644)
At 1 April 2018 (As restated)	<u>20,000</u>	<u>1,388,182</u>	<u>25,953,076</u>	<u>45,265</u>	<u>27,406,523</u>
Profit for the year	-	-	1,835,264	9,095	1,844,359
Other comprehensive income	-	(1,620)	(36,327)	(5,761)	(43,708)
Total comprehensive income	-	(1,620)	1,798,937	3,334	1,800,651
At 31 March 2019	<u>20,000</u>	<u>1,386,562</u>	<u>27,752,013</u>	<u>48,599</u>	<u>29,207,174</u>

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Non- controlling interests £	Total equity £
At 1 April 2019	20,000	-	1,386,562	28,610,282	85,997	30,102,841
Prior period adjustment	-	-	-	(858,269)	(37,398)	(895,667)
At 1 April 2019	<u>20,000</u>	<u>-</u>	<u>1,386,562</u>	<u>27,752,013</u>	<u>48,599</u>	<u>29,207,174</u>
Profit/(loss) for the year	-	-	-	699,227	(2,978)	696,249
Other comprehensive income	-	-	8,495	1,046,812	7,364	1,062,671
Total comprehensive income	-	-	8,495	1,746,039	4,386	1,758,920
New share capital subscribed	4,416	6,776,053	-	-	-	6,780,469
At 31 March 2020	<u>24,416</u>	<u>6,776,053</u>	<u>1,395,057</u>	<u>29,498,052</u>	<u>52,985</u>	<u>37,746,563</u>

The notes on pages 17 to 33 form an integral part of these financial statements.

Vision Engineering Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2018	20,000	1,388,182	26,336,324	27,744,506
Prior period adjustment	-	-	(553,331)	(553,331)
At 1 April 2018 (As restated)	<u>20,000</u>	<u>1,388,182</u>	<u>25,782,993</u>	<u>27,191,175</u>
Profit for the year	-	-	1,741,967	1,741,967
Other comprehensive income	-	(1,620)	(54,108)	(55,728)
Total comprehensive income	-	(1,620)	1,687,859	1,686,239
At 31 March 2019	<u>20,000</u>	<u>1,386,562</u>	<u>27,470,852</u>	<u>28,877,414</u>

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2019	20,000	-	1,386,562	28,077,070	29,483,632
Prior period adjustment	-	-	-	(606,218)	(606,218)
At 1 April 2019 (As restated)	<u>20,000</u>	<u>-</u>	<u>1,386,562</u>	<u>27,470,852</u>	<u>28,877,414</u>
Profit for the year	-	-	-	435,850	435,850
Other comprehensive income	-	-	8,495	282,099	290,594
Total comprehensive income	-	-	8,495	717,949	726,444
New share capital subscribed	<u>4,416</u>	<u>6,776,053</u>	<u>-</u>	<u>-</u>	<u>6,780,469</u>
At 31 March 2020	<u>24,416</u>	<u>6,776,053</u>	<u>1,395,057</u>	<u>28,188,801</u>	<u>36,384,327</u>

The notes on pages 17 to 33 form an integral part of these financial statements.

Vision Engineering Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2020

		(As restated)	
	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		696,249	1,844,359
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	500,649	751,793
(Profit)/loss on disposal of tangible assets		(9,482)	765
Finance income		(41,241)	(49,395)
Finance costs	5	1,975	66,089
Income tax expense	9	161,468	317,014
Foreign exchange (gains) / losses		<u>910,062</u>	<u>(31,515)</u>
		2,219,680	2,899,110
Working capital adjustments			
Increase in stocks	14	(915,848)	(611,522)
(Increase)/decrease in debtors	15	(721,156)	590,402
Increase/(decrease) in creditors	17	<u>1,298,019</u>	<u>(108,794)</u>
Cash generated from operations		1,880,695	2,769,196
Income taxes paid	9	<u>(363,932)</u>	<u>(279,831)</u>
Net cash flow from operating activities		<u>1,516,763</u>	<u>2,489,365</u>
Cash flows from investing activities			
Interest received		41,241	49,395
Acquisitions of tangible assets		(1,896,224)	(677,493)
Proceeds from sale of tangible assets		25,350	69
Acquisition of subsidiary		<u>1,518,424</u>	<u>-</u>
Net cash flows from investing activities		<u>(311,209)</u>	<u>(628,029)</u>
Cash flows from financing activities			
Interest paid	5	(1,975)	(66,089)
Repayment of bank borrowing		-	(4,700,000)
Repayment of other borrowing		-	(74,109)
Net cash flows from financing activities		<u>(1,975)</u>	<u>(4,840,198)</u>
Net increase/(decrease) in cash and cash equivalents		1,203,579	(2,978,862)
Cash and cash equivalents at 1 April		<u>6,151,349</u>	<u>9,130,211</u>
Cash and cash equivalents at 31 March		<u>7,354,928</u>	<u>6,151,349</u>

The notes on pages 17 to 33 form an integral part of these financial statements.

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

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 2020. Turnover and profits arising on trading between group companies are excluded.

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 April 2019 and have had an effect on the financial statements:

Demonstration stock and provision for unrealised profits

As part of the acquisition of the subsidiary in the year, the decision has been taken by management to bring the values of the demonstration stocks into line across the group. It was also decided that the provision made to the year end stock values for the unrealised profits on stock items sold between the group should be adjusted to better reflect the margins earned.

	Relating to the current period disclosed in these financial statements	Relating to the prior period disclosed in these financial statements	Relating to periods before the prior period disclosed in these financial statements
	£	£	£
Stock	(1,129,171)	(895,667)	(849,644)
Profit and loss for the period	(233,504)	46,023	-
Retained earnings	<u>233,504</u>	<u>895,667</u>	<u>849,644</u>

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.

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.

Research and development

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

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

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	2-3% 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

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

Negative goodwill

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 21 months

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.

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.

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.

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

2 Accounting policies (continued)

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 UK 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.

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:

	2020	2019
	£	£
Sale of goods	29,732,039	23,286,358
Rendering of services	1,058,723	878,390
	<u>30,790,762</u>	<u>24,164,748</u>

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

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

3 Revenue (continued)

	2020	2019
	£	£
United Kingdom	2,996,617	2,992,358
France, Germany and Italy	11,247,555	11,916,725
USA	10,174,097	2,510,115
Japan	1,600,831	1,803,075
Other exports - EC	1,311,295	1,375,380
Other exports - Rest of World	3,460,367	3,567,095
	30,790,762	24,164,748

4 Operating profit

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	793,989	751,793
Amortisation expense	(293,340)	-
Research and development cost	1,140,794	1,417,838
Government grant	(171,150)	(259,545)
Foreign exchange losses/(gains)	897,137	(51,945)
(Profit)/loss on disposal of property, plant and equipment	(9,482)	765
	(9,482)	765

5 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and borrowings	1,630	20,021
Interest expense on other finance liabilities	345	46,068
	1,975	66,089

6 Staff costs

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

	2020	2019
	£	£
Wages and salaries	10,654,633	7,568,986
Social security costs	1,452,045	1,210,652
Pension costs, defined contribution scheme	130,227	85,085
	12,236,905	8,864,723

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

6 Staff costs (continued)

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

	2020 No.	2019 No.
Office and management	56	56
Production	90	67
Sales	61	44
Research	10	9
	<u>217</u>	<u>176</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	570,607	561,883
Contributions paid to money purchase schemes	<u>17,523</u>	<u>16,956</u>
	<u>588,130</u>	<u>578,839</u>

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

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>5</u>	<u>5</u>

In respect of the highest paid director:

	2020 £	2019 £
Remuneration	154,677	148,857
Company contributions to money purchase pension schemes	<u>5,100</u>	<u>5,100</u>

8 Auditors' remuneration

	2020 £	2019 £
Audit of these financial statements	<u>31,600</u>	<u>31,600</u>

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

9 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	-	16,745
UK corporation tax adjustment to prior periods	<u>3,205</u>	<u>-</u>
	3,205	16,745
Overseas taxation	<u>158,263</u>	<u>300,269</u>
Tax expense in the income statement	<u>161,468</u>	<u>317,014</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

		(As restated)
	2020 £	2019 £
Profit before tax	<u>857,717</u>	<u>2,161,373</u>
Corporation tax at standard rate	162,966	410,661
Effect of:		
Expenses not deductible in determining taxable profit	6,096	4,261
Decrease from patent box adjustment	(53,729)	(59,452)
Increase in UK and foreign current tax from adjustment for prior periods	3,205	8,745
Tax decrease from capital allowances and depreciation	(129,820)	(23,447)
Tax increase arising from overseas tax suffered	158,263	300,269
Tax decrease from research and development relief	(216,751)	(269,389)
Other tax adjustments	<u>231,238</u>	<u>(54,634)</u>
Total tax charge	<u>161,468</u>	<u>317,014</u>

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

9 Taxation (continued)

Deferred tax

Group

Deferred tax assets and liabilities

2020

Deferred tax

Liability

£

52,708

10 Intangible assets

Group

Negative goodwill

Changes arising from new business combinations

Recognised in profit or loss

At 31 March 2020

2020

£

(616,012)

293,340

(322,672)

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

11 Tangible assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 April 2019	19,168,147	793,599	41,440	5,634,336	25,637,522
Acquired through business combinations	2,156,113	614,161	14,048	1,925,695	4,710,017
Additions	1,137,079	170,341	9,000	579,804	1,896,224
Disposals	-	(319,095)	-	(61,493)	(380,588)
Foreign exchange movements	<u>336,009</u>	<u>86,494</u>	<u>1,701</u>	<u>235,994</u>	<u>660,198</u>
At 31 March 2020	<u>22,797,348</u>	<u>1,345,500</u>	<u>66,189</u>	<u>8,314,336</u>	<u>32,523,373</u>
Depreciation					
At 1 April 2019	1,474,630	592,647	17,440	5,040,040	7,124,757
Acquired through business combinations	1,255,843	530,795	14,048	1,899,592	3,700,278
Charge for the year	395,020	133,052	8,000	264,559	800,631
Eliminated on disposal	-	(309,869)	-	(61,493)	(371,362)
Foreign exchange movements	<u>166,015</u>	<u>75,256</u>	<u>1,701</u>	<u>232,831</u>	<u>475,803</u>
At 31 March 2020	<u>3,291,508</u>	<u>1,021,881</u>	<u>41,189</u>	<u>7,375,529</u>	<u>11,730,107</u>
Carrying amount					
At 31 March 2020	<u>19,505,840</u>	<u>323,619</u>	<u>25,000</u>	<u>938,807</u>	<u>20,793,266</u>
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>

Included in the cost of land and buildings is freehold land of £1,972,898 (2019 - £1,523,493) 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.

Restriction on title and pledged as security

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

11 Tangible assets (continued)

Land and buildings used in Germany and the United states with a carrying amount of £1,885,064 (2019 - £858,244) have been pledged as security for a general credit line provided by a bank, and a revolving credit facility provided by a bank.

Company

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 April 2019	19,168,147	766,714	41,440	5,634,336	25,610,637
Additions	1,137,079	146,339	9,000	515,025	1,807,443
Disposals	-	(20,592)	-	(46,250)	(66,842)
Foreign exchange movements	74,812	8,018	-	2,711	85,541
At 31 March 2020	<u>20,380,038</u>	<u>900,479</u>	<u>50,440</u>	<u>6,105,822</u>	<u>27,436,779</u>
Depreciation					
At 1 April 2019	1,474,630	571,163	17,440	5,040,040	7,103,273
Charge for the year	374,818	102,617	8,000	253,773	739,208
Eliminated on disposal	-	(11,366)	-	(46,250)	(57,616)
Foreign exchange movements	13,879	7,698	-	2,709	24,286
At 31 March 2020	<u>1,863,327</u>	<u>670,112</u>	<u>25,440</u>	<u>5,250,272</u>	<u>7,809,151</u>
Carrying amount					
At 31 March 2020	<u>18,516,711</u>	<u>230,367</u>	<u>25,000</u>	<u>855,550</u>	<u>19,627,628</u>
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>

Included in the cost of land and buildings is freehold land of £1,545,055 (2019 - £1,523,493) which is not depreciated.

12 Investments

Company

	2020 £	2019 £
Investments in subsidiaries	<u>6,829,758</u>	<u>49,289</u>

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

12 Investments (continued)

Subsidiaries	£
Cost or valuation	
At 1 April 2019	59,486
Additions	<u>6,780,469</u>
At 31 March 2020	6,839,955
Provision	
At 1 April 2019	<u>10,197</u>
Carrying amount	
At 31 March 2020	<u>6,829,758</u>
At 31 March 2019	<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	
			2020	2019
Subsidiary undertakings				
Rose Technology Limited		Ordinary	99.97%	99.97%
Nippon Vision Engineering		Ordinary	90%	90%
Vision Engineering Inc		Ordinary	100%	100%

Subsidiary undertakings

Rose Technology Limited

The principal activity of Rose Technology Limited is dormant.

Nippon Vision Engineering

The principal activity of Nippon Vision Engineering is that of the retail of optical instruments.

Vision Engineering Inc

The principal activity of Vision Engineering Inc is that of the retail and manufacture of optical instruments.

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

13 Business combinations

On 3 June 2019, Vision Engineering Limited (Parent) acquired 100% of the issued share capital of Vision Engineering Inc (Subsidiary), obtaining control.

Vision Engineering Inc contributed £7,672,477 revenue and £454,260 to the group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2020 £	Revaluation adjustments 2020 £	Fair value 2020 £
Assets and liabilities acquired			
Financial assets	4,551,728	-	4,551,728
Stocks	3,829,810	(1,182,405)	2,647,405
Tangible assets	1,041,525	-	1,041,525
Financial liabilities	<u>(844,177)</u>	<u>-</u>	<u>(844,177)</u>
Total identifiable assets	<u>8,578,886</u>	<u>(1,182,405)</u>	<u>7,396,481</u>
Goodwill	<u>(616,012)</u>	<u>-</u>	<u>(616,012)</u>
Total consideration	<u>7,962,874</u>	<u>(1,182,405)</u>	<u>6,780,469</u>
Satisfied by:			
Equity instruments	<u>6,780,469</u>	<u>-</u>	<u>6,780,469</u>
Cash flow analysis:			
Cash consideration	-	-	-
Less: cash and cash equivalent balances acquired	<u>1,518,424</u>	<u>-</u>	<u>1,518,424</u>
Net cash inflow arising on acquisition	<u>1,518,424</u>	<u>-</u>	<u>1,518,424</u>

The fair value adjustment on acquisition to stocks has been made to remove the value of the demonstration stocks, in line with group policies.

The useful life of goodwill is 21 months. The negative goodwill arising has been amortised from the date of acquisition.

Group reconstruction

The names of the combining entities in the group reconstruction are Vision Engineering Limited and Vision Engineering Inc. The combination was accounted for as an acquisition. The date of the combination was 3 June 2019.

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

14 Stocks

	Group (As restated)		Company (As restated)	
	2020 £	2019 £	2020 £	2019 £
Raw materials and consumables	5,479,736	3,928,040	4,523,548	3,928,040
Work in progress	279,934	301,757	279,934	301,757
Finished goods and goods for resale	<u>3,745,137</u>	<u>1,711,757</u>	<u>1,821,914</u>	<u>1,585,784</u>
	<u>9,504,807</u>	<u>5,941,554</u>	<u>6,625,396</u>	<u>5,815,581</u>

15 Debtors

	Note	Group		Company	
		2020 £	2019 £	2020 £	2019 £
Trade debtors		4,842,193	3,190,255	2,979,833	2,838,447
Amounts owed by related parties	21	-	318,866	661,278	623,200
Other debtors		279,218	283,714	264,551	253,383
Prepayments		456,110	359,821	371,817	342,365
Suppliers payment on account		376,377	142,618	376,377	142,618
Income tax asset	9	<u>117,665</u>	-	<u>117,665</u>	-
		<u>6,071,563</u>	<u>4,295,274</u>	<u>4,771,521</u>	<u>4,200,013</u>

16 Cash and cash equivalents

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Cash at bank	<u>7,354,928</u>	<u>6,151,349</u>	<u>5,647,297</u>	<u>5,897,469</u>

The bank holds security in the form of a cash deposit of £235,370 (2019: £235,370) to be held against a guarantee provided by the bank for HM Revenue and Customs duty liabilities to a limit of £122,870 (2019: £122,870).

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

17 Creditors

	Note	Group		Company	
		2020 £	2019 £	2020 £	2019 £
Due within one year					
Trade creditors		1,074,322	951,942	846,654	943,179
Amounts due to related parties	21	-	1,735,374	2,098,780	1,735,374
Social security and other taxes		788,473	840,239	703,836	840,239
Other payables		270,356	365,206	246,792	268,609
Accruals and deferred income		3,428,120	1,785,945	3,179,861	1,789,839
Customers payment on account		36,163	7,493	36,163	7,493
		<u>5,597,434</u>	<u>5,686,199</u>	<u>7,112,086</u>	<u>5,584,733</u>
Due after one year					
Other non-current creditors		<u>5,187</u>	<u>7,569</u>	<u>5,187</u>	<u>7,569</u>

18 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 £130,227 (2019 - £85,085).

Contributions totalling £32,085 (2019 - £19,495) payable to the scheme at the end of the year and are included in creditors.

19 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>24,416</u>	<u>24,416</u>	<u>20,000</u>	<u>20,000</u>

New shares allotted

During the year 4,416 Ordinary having an aggregate nominal value of £4,416 were allotted for an aggregate consideration of £6,780,469. The shares were allotted as part of the acquisition of a subsidiary.

Vision Engineering Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

20 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	394,311	270,958
Later than one year and not later than five years	<u>519,112</u>	<u>275,815</u>
	<u>913,423</u>	<u>546,773</u>

Company

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	217,147	240,511
Later than one year and not later than five years	<u>174,241</u>	<u>202,646</u>
	<u>391,388</u>	<u>443,157</u>

21 Related party transactions

Group

Key management personnel

Transactions with companies under joint control

	2020 £	2019 £
Sales	(623,634)	(3,469,205)
Purchases	<u>232,475</u>	<u>1,547,952</u>
Amount due (to)/from related party	<u>-</u>	<u>(1,911,806)</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 2020

21 Related party transactions (continued)

Shareholders

	2020	2019
	£	£
Amounts loaned to company	501,536	-
Amounts repaid by company	(501,409)	(74,442)
Amounts due to/ (from) shareholders	<u>(206)</u>	<u>(333)</u>

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

22 Parent and ultimate parent undertaking

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