

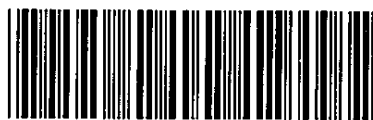
Optical Express Limited

FINANCIAL STATEMENTS

for the year ended

28 December 2013

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SCT 19/09/2014 #244

COMPANIES HOUSE

Company Registration No. SC161469

Optical Express Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Mouldsdale
S Mein
J Mouldsdale

SECRETARY

G Murdoch

REGISTERED OFFICE

The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Optical Express Limited

STRATEGIC REPORT

REVIEW OF THE BUSINESS

The last 2 years has seen significant restructuring of the Optical Express Group with the Company purchasing the business assets of 123 Leeds Limited in October 2012 and DCM Optical Clinic PLC in October 2013.

The Company has opened an additional 52 refractive consultation clinics across the UK during the year to support patient referrals.

The additional stores and clinics either trading for the full year or part of the year has resulted in turnover increase to £79.5M from £30M in 2012 with EBITDA before exceptional costs increasing to £1.3M from £0.2M.

OUTLOOK

The outlook for the Company remains very positive. The restructured business combined with the additional refractive consultation clinics finds it best placed to maximise its return going forward from its broad spectrum of clientele, including an ever ageing population.

RESULTS AND DIVIDENDS

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

By order of the board



G Murdoch

Company Secretary

1/5/14

Optical Express Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Optical Express Limited for the year ended 28 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of opticians.

DIRECTORS

The directors who served the Company during the year were as follows:

D Mouldsdale
S Mein
J Mouldsdale

DISABLED EMPLOYEES

The policies and training programmes operated by the Company have been developed to attract and retain the best people on the basis of their skills and abilities. This ensures that the Company offers people with disability the same opportunities for training and career progression as other employees.

EMPLOYEE INVOLVEMENT

The Company operates employment policies designed to ensure that the Company is able to attract and retain the highest calibre of employees from all sections of the community.

The Company values diversity in the workplace and is committed to providing the equality of opportunity to all employees and potential employees. It actively encourages training and skills development throughout the Company.

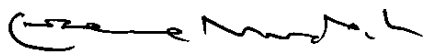
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

By order of the board



G Murdoch

Company Secretary

1/2/14

Optical Express Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPTICAL EXPRESS LIMITED

We have audited the financial statements on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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 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.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2013 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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



ALAN AITCHISON (Senior Statutory Auditor)
For and behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

Date 09/09/14

Optical Express Limited
PROFIT AND LOSS ACCOUNT
for the year ended 28 December 2013

	Notes	28 December 2013 £	29 December 2012 £
TURNOVER	1	79,479,693	29,952,617
Cost of sales		<u>24,100,005</u>	<u>7,600,233</u>
Gross profit		55,379,688	22,352,384
Administrative expenses		57,657,913	26,563,509
Other operating income	2	<u>(157,776)</u>	<u>(152,356)</u>
OPERATING LOSS	3a)	(2,120,449)	(4,058,769)
Analysed as :			
Before exceptional items		25,503	(151,678)
Exceptional items	3b)	<u>2,145,952</u>	<u>3,907,091</u>
Interest receivable		139,432	-
		<u>(1,981,017)</u>	<u>(4,058,769)</u>
Interest payable and similar charges	5	1,608,030	541,283
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(3,589,047)</u>	<u>(4,600,052)</u>
Taxation	6	89,585	(429,534)
LOSS FOR THE FINANCIAL YEAR		<u><u>(3,678,632)</u></u>	<u><u>(4,170,518)</u></u>

The operating loss for the year arises from the Company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Optical Express Limited

NOTE OF HISTORICAL COST PROFITS AND LOSSES

for the year ended 28 December 2013

	28 December 2013 £	29 December 2012 £
Loss on ordinary activities before taxation	(3,589,047)	(4,600,052)
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	<u>8,153</u>	<u>16,631</u>
Historical cost loss on ordinary activities before taxation	<u>(3,597,200)</u>	<u>(4,583,421)</u>
Historical cost loss for the year after taxation	<u>(3,686,785)</u>	<u>(4,153,887)</u>


Optical Express Limited

BALANCE SHEET

28 December 2013

	Notes	28 December 2013 £	29 December 2012 £
FIXED ASSETS			
Intangible assets	7	(1,576,284)	(1,840,130)
Tangible assets	8	17,987,931	13,100,950
Investments		9	189
		<u>16,411,656</u>	<u>11,261,009</u>
CURRENT ASSETS			
Stocks	9	3,974,419	2,971,733
Debtors	10	65,561,249	18,047,742
Cash at bank and in hand		322,096	118,595
		<u>69,857,764</u>	<u>21,138,070</u>
CREDITORS			
Amounts falling due within one year	11	84,403,602	27,867,449
NET CURRENT ASSETS		<u>(14,545,838)</u>	<u>(6,729,379)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,865,818</u>	<u>4,531,630</u>
CREDITORS			
Amounts falling due after more than one year	12	1,353,877	382,200
		<u>511,941</u>	<u>4,149,430</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	14	288,115	-
Other provisions	15	2,054,104	2,301,076
		<u>(1,830,278)</u>	<u>1,848,354</u>
CAPITAL AND RESERVES			
Called up equity share capital	18	199	199
Share premium account	19	744,668	744,668
Revaluation reserve	20	42,805	50,958
Profit and loss account	21	(2,617,950)	1,052,529
SHAREHOLDERS' FUNDS	22	<u>(1,830,278)</u>	<u>1,848,354</u>

The financial statements on pages 6 to 18 were approved by the board of directors and authorised for issue on 11/5/14 and are signed on their behalf by:


D Mouldale
Director

Optical Express Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets, and on a going concern basis, which is reliant on the continuing support of the other group companies and the group's lenders.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement.

TURNOVER

Turnover for the Company's laser vision correction business represents amounts recognised on the completion of customer consultations before surgery is undertaken and on completion of surgery. For other optical business, turnover represents amounts invoiced during the year, exclusive of Value Added Tax.

AMORTISATION

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 10 & 20 years

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Short leasehold properties/revaluations	- Over the term of the lease
Leasehold improvements	- 15% reducing balance
Fixtures and fittings	- 15% reducing balance
Equipment	- 10% & 15% reducing balance
Motor vehicles	- 20% reducing balance
Lease premiums	- Over the term of the lease

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is computed on an average cost basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Optical Express Limited

ACCOUNTING POLICIES

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PENSION COSTS

The Company made contributions into employees' private pension schemes during the year. The assets of these schemes are held separately from those of the Company. The contributions are charged to the profit and loss account.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Optical Express Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 December 2013

1 TURNOVER

An analysis of turnover is given below:

	28 December 2013	29 December 2012
	£	£
United Kingdom	75,653,090	29,079,102
Europe	3,826,603	873,515
	<u>79,479,693</u>	<u>29,952,617</u>

2 OTHER OPERATING INCOME

	28 December 2013	29 December 2012
	£	£
Rents receivable	<u>157,776</u>	<u>152,356</u>

3 OPERATING LOSS

	28 December 2013	29 December 2012
	£	£
a) Operating loss is stated after charging:		
Amortisation	(766,224)	(634,032)
Depreciation of owned fixed assets	1,956,862	783,241
Depreciation of assets held under hire purchase and finance agreements	77,877	222,186
Loss on disposal of fixed assets	1,586,503	7,163
Auditor's remuneration		
- as auditor	90,012	20,743
Operating lease costs:		
Plant and equipment	966,812	650,092
Land and buildings	<u>10,107,824</u>	<u>3,593,501</u>

b) Exceptional costs in the year related to the restructuring of the retail store portfolio, write off of intercompany debt, refinancing and VAT costs.

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the Company during the financial period amounted to:

	28 December 2013	29 December 2012
	No	No
Production staff	14	11
Other	<u>599</u>	<u>421</u>
	<u>613</u>	<u>432</u>

The aggregate payroll costs of the above were:

	28 December 2013	29 December 2012
	£	£
Wages and salaries	15,884,974	7,660,642
Social security costs	1,610,805	734,640
Pension costs	108,638	53,186
	<u>17,604,417</u>	<u>8,448,468</u>

Optical Express Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 December 2013

5 INTEREST PAYABLE AND SIMILAR CHARGES

	28 December 2013	29 December 2012
	£	£
Interest payable on bank borrowing	1,616,191	528,598
Other interest and similar charges payable	(25,644)	7,428
Finance charges	17,483	5,257
	<u>1,608,030</u>	<u>541,283</u>

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	28 December 2013	29 December 2012
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 23.25% (2012 – 24.5%)	-	-
Group relief	(198,530)	-
Adjustments in respect of previous years – corporation tax	-	(49,890)
Total current tax	<u>(198,530)</u>	<u>(49,890)</u>
Deferred tax:		
Origination and reversal of timing differences Current Year	288,115	156 (379,800)
Tax on profit on ordinary activities	<u>89,585</u>	<u>(429,534)</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%).

	28 December 2013	29 December 2012
	£	£
Loss on ordinary activities before taxation	<u>(3,589,047)</u>	<u>(4,600,052)</u>
Profit on ordinary activities by rate of tax	(834,331)	(1,126,886)
Expenses not deductible for tax purposes	470,678	91,481
Depreciation in excess of capital allowances	340,737	603,399
Adjustments in respect of previous years	-	(49,890)
Unutilised losses carried forward	3,105	386,027
Utilisation of tax losses carried back	-	45,979
Non taxable Income	(178,719)	-
Total current tax (note 6(a))	<u>(198,530)</u>	<u>(49,890)</u>

Optical Express Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 December 2013

7 INTANGIBLE FIXED ASSETS

	Negative Goodwill £	Goodwill £	Total £
Cost			
At 30 December 2012	(2,682,482)	511,000	(2,171,482)
Additions	(502,378)	-	(502,378)
At 28 December 2013	<u>(3,184,860)</u>	<u>511,000</u>	<u>(2,673,860)</u>
Amortisation			
At 30 December 2012	(661,789)	330,437	(331,352)
Charge for the year	(793,980)	27,756	(766,224)
At 28 December 2013	<u>(1,455,769)</u>	<u>358,193</u>	<u>(1,097,576)</u>
Net book value			
At 28 December 2013	<u>(1,729,091)</u>	<u>152,807</u>	<u>(1,576,284)</u>
At 29 December 2012	<u>(2,020,693)</u>	<u>180,563</u>	<u>(1,840,130)</u>

8 TANGIBLE FIXED ASSETS

	Equipment £	Fixtures & Fittings £	Motor Vehicles £	Short Leasehold Property £	Lease Premiums £	Total £
Cost or valuation						
At 30 Dec 2012	10,567,002	19,371,689	339,927	1,377,448	12,500	31,668,566
Additions	201,095	1,839,553	10,962	263,203	-	2,314,813
Disposals	(20,608)	(3,288,398)	(54,976)	(330,327)	-	(3,694,309)
Transfers/Adjustments	7,557,313	13,788,610	11,999	118,537	-	21,476,459
At 28 Dec 2013	<u>18,304,802</u>	<u>31,711,454</u>	<u>307,912</u>	<u>1,428,861</u>	<u>12,500</u>	<u>51,765,529</u>
Depreciation						
At 30 Dec 2012	6,313,791	11,069,187	317,338	855,491	11,809	18,567,616
Charge for the year	550,426	1,343,345	4,757	135,520	691	2,034,739
On disposals	(11,163)	(1,819,111)	(50,261)	(226,524)	-	(2,107,059)
Transfers/Adjustments	4,541,676	10,640,899	10,893	88,834	-	15,282,302
At 28 Dec 2013	<u>11,394,730</u>	<u>21,234,320</u>	<u>282,727</u>	<u>853,321</u>	<u>12,500</u>	<u>33,777,598</u>
Net book value						
At 28 Dec 2013	<u>6,910,072</u>	<u>10,477,134</u>	<u>25,185</u>	<u>575,540</u>	<u>-</u>	<u>17,987,931</u>
At 29 Dec 2012	<u>4,253,211</u>	<u>8,302,502</u>	<u>22,589</u>	<u>521,957</u>	<u>691</u>	<u>13,100,950</u>

The leasehold properties were revalued on 7th March 2000 on an open market valuation by Montagu Evans, Chartered Surveyors. The historical cost of the revalued short leasehold properties is £107,635 (2012 - £107,635).

Hire purchase and finance agreements

Included within the net book value of £17,987,931 is £599,893 (2012 - £481,310) relating to assets held under hire purchase and finance agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £77,877 (2012 - £222,186).

Optical Express Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 28 December 2013

9	STOCKS		
		28 December	29 December
		2013	2012
			£
	Stock	<u>3,974,419</u>	<u>2,971,733</u>
10	DEBTORS		
		28 December	29 December
		2013	2012
		£	£
	Trade debtors	463,517	275,308
	Amounts owed by group undertakings	57,330,400	13,342,618
	Corporation tax	658,544	319,693
	Other debtors	1,226,781	491,393
	Prepayments and accrued income	5,882,007	3,618,730
		<u>65,561,249</u>	<u>18,047,742</u>
11	CREDITORS: Amounts falling due within one year		
		28 December	29 December
		2013	2012
		£	£
	Trade creditors	2,035,581	1,803,681
	Amounts owed to group undertakings	56,391,511	6,229,916
	Corporation tax	-	-
	Other taxation and social security	19,443,450	16,487,037
	Hire purchase and finance lease agreements	109,161	88,332
	Other creditors	3,624,676	1,920,231
	Accruals and deferred income	2,799,223	1,338,252
		<u>84,403,602</u>	<u>27,867,449</u>

The Optical Express Group of companies continues to be in dispute with HM Revenue and Customs in relation to the recoverability of input tax and to the Group's tax treatment of sales discounts, however the Directors are of the view this will be settled positively.

Input Tax

In 2010 the Group received a written decision from the tribunal hearing agreeing a revised version of our proposed special method. HM Revenue and Customs have since appealed this decision. The Group have also appealed the tribunal decision not to agree the full special method proposed. The appeals are currently postponed to allow discussions to take place between both parties. These discussions have resulted in both parties informally agreeing to a new special method for the recovery of input tax. The Group expects to have formal agreement to the new special method in the short term. This new method has been reflected in the accounts at the year end and has resulted in HM Revenue and Customs repaying input tax to the Group in 2014.

Discounts

The Group was due to attend a tribunal hearing in relation to this dispute in September 2010. Both parties agreed to postpone the hearing to allow further time to discuss the Groups tax treatment of sales discounts. Those discussions are still ongoing and have led to an agreement in principle as to the Group's VAT liability for the periods in question, although the parties have yet to reach agreement on the disposal of the tribunal process. A further hearing has now been fixed for September 2014 which will lead to the disposal of the tribunal proceedings in the event that parties cannot agree disposal before then. In 2009 the Directors provided in full for any potential additional tax that would be payable should the discussions not result in a settlement and a later tribunal decision goes in the favour of HM Revenue and Customs.

Optical Express Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 December 2013

12 CREDITORS: Amounts falling due after more than one year

	28 December 2013	29 December 2012
	£	£
Other creditors	1,212,230	190,102
Hire purchase and finance lease agreements	141,647	192,098
	<u>1,353,877</u>	<u>382,200</u>

13 COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows:

	28 December 2013	29 December 2012
	£	£
Amounts payable within 1 year	126,796	104,355
Amounts payable between 1 and 2 years	95,283	104,355
Amounts payable between 3 and 5 years	59,160	109,570
	<u>281,239</u>	<u>318,280</u>
Less interest and finance charges relating to future periods	(30,431)	(37,850)
	<u>250,808</u>	<u>280,430</u>

14 DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	28 December 2013	29 December 2012
	£	£
Provision brought forward	-	379,644
Profit and loss account movement arising during the year	288,115	(379,644)
Provision carried forward	<u>288,115</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	28 December 2013	29 December 2012
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>288,115</u>	<u>-</u>

If the revalued assets were sold at the values stated in note 8 the estimated tax payable on that individual transaction would amount to £45,000. No provision has been made as it is unlikely that any amount will become payable in the foreseeable future given the Company's current intentions.

Optical Express Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 December 2013

15 PROVISIONS FOR LIABILITIES AND CHARGES

	28 December 2013	29 December 2012
	£	£
Onerous contract		
At 30 December 2012	2,301,076	2,547,736
Transfer from profit & loss	-	-
Utilised in the year	<u>(246,972)</u>	<u>(246,660)</u>
At 28 December 2013	<u>2,054,104</u>	<u>2,301,076</u>

The Onerous Contract provision represents the remaining obligations in respect of property leases which the Company is no longer deriving benefit from, net of any anticipated rental income to be received from sub-letting or assigning this lease to a third party.

16 COMMITMENTS UNDER OPERATING LEASES

At 28 December 2013 the Company had annual commitments under non-cancellable operating leases as set out below.

	28 December 2013		29 December 2012	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within 1 year	1,246,595	43,012	410,762	165,767
Within 2 to 5 years	3,875,266	182,458	2,159,347	266,447
After more than 5 years	6,507,883	-	5,163,069	-
	<u>11,629,744</u>	<u>225,470</u>	<u>7,733,178</u>	<u>432,214</u>

17 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption granted by paragraph 3c of the Financial Reporting Standard 8 not to disclose transactions with other wholly owned group companies. The Company's other related party transactions during the year were as follows:

Related Party	Relationship	Transaction	Amount £	Balance due (to)/from At 28/12/2013 £
Mouldsdale Properties	Common control	Rents paid on properties owned by	713,448	Nil

The Company's other related party transactions during the prior period were as follows:

Related Party	Relationship	Transaction	Amount £	Balance due (to)/from At 29/12/2012 £
Mouldsdale Properties	Common control	Rents paid on properties owned by	703,246	Nil

Optical Express Limited
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18 SHARE CAPITAL

	28 December 2013	29 December 2012
	£	£
Allotted and called up:		
198 Ordinary share of £1 each	198	198
1 Deferred share of £1 each	1	1
	<u>199</u>	<u>199</u>

The rights attaching to the deferred share are as follows:

On a return of assets on a liquidation or otherwise, the assets of the Company remaining after the payment of its liabilities will be applied firstly, in paying the holders of the £1 Ordinary Shares a sum equal to the balance of such assets up to a maximum of £100,000,000 and secondly, in distributing the balance of such assets among the holders of the Deferred Share.

The holder of the Deferred Share shall be entitled to receive notice of and attend at general meetings but shall not be entitled to vote.

19 SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

20 REVALUATION RESERVE

	28 December 2013	29 December 2012
	£	£
At 30 December 2012	50,958	67,589
Transfer to the profit and loss account on realisation	(8,153)	(16,631)
At 28 December 2013	<u>42,805</u>	<u>50,958</u>

21 PROFIT AND LOSS ACCOUNT

	28 December 2013	29 December 2012
	£	£
At 30 December 2012	1,052,529	5,206,416
Retained loss for the financial year	(3,678,632)	(4,170,518)
Transfer from revaluation reserve	8,153	16,631
At 28 December 2013	<u>(2,617,950)</u>	<u>1,052,529</u>

22 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	28 December 2013	29 December 2012
	£	£
Loss for the financial year	(3,678,632)	(4,170,518)
Opening shareholders' funds	1,848,354	6,018,872
Closing shareholders' funds	<u>(1,830,278)</u>	<u>1,848,354</u>

Optical Express Limited

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23 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Pacific Shelf 1741 Ltd holds an unlimited intercompany cross guarantee between the company and the other group companies.

At the 28 December 2013 the other group companies' loans and overdrafts totalled £29,417,672 (29 December 2012: £30,019,508) excluding those of the Company.

24 ULTIMATE PARENT COMPANY

The Company's ultimate parent undertaking is DCM (Optical Holdings) Limited, a Company incorporated in Scotland. A copy of that Company's accounts is available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. The Company is controlled by D Mouldsdales.