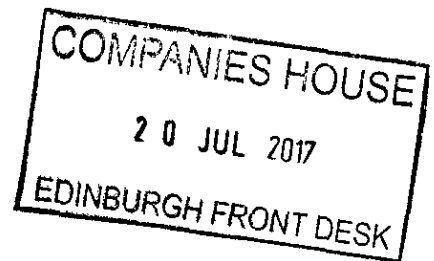


Optical Express (Gyle) Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2016



Optical Express (Gyle) Limited  
OFFICERS AND PROFESSIONAL ADVISERS

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DIRECTORS

D Mouldsdale  
S Mein  
J Finlayson

SECRETARY

G Murdoch

REGISTERED OFFICE

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

AUDITORS

RSM UK Audit LLP  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

# Optical Express (Gyle) Limited

## STRATEGIC REPORT

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### Review of the business

The Optical Express Group is a global leader of ophthalmic services and vision correction, including sight tests and eye health assessments, refractive surgery, spectacles and contact lenses.

The strategy of the director's is to grow turnover, market share and profitability whilst committed to delivering the highest level of patient satisfaction and safety.

The directors employ a number of KPI's to monitor the performance of the Company on a daily, weekly and monthly basis. The principle KPI's employed by the Company is turnover and EBITDA before exceptional items.

	2016	2015	Change
	£M	£M	£M
Turnover	12.8	7.2	5.6
EBITDA (before exceptional items)	1.6	1.0	0.6

Turnover in 2016 was £5.6M higher than 2015 due to additional trading locations year on year. Combined with an improved gross margin and higher costs the Company generated an EBITDA profit, before exceptional items of £1.6M in the year compared to £1.0M in 2015.

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Risks are reviewed by management and the board and appropriate processes are put in place to monitor and mitigate them.

### Outlook

As the UK market leader, Optical Express continues to perform the majority of refractive surgery procedures through its extensive clinic network. The business is therefore well placed to capitalise as consumer confidence in refractive surgery returns.

Signed by



G Murdoch  
Company Secretary

# Optical Express (Gyle) Limited

## DIRECTORS' REPORT

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The directors submit their report and financial statements of Optical Express (Gyle) Limited for the year ended 31 December 2016.

### 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 Finlayson

### 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.

### AUDITORS

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

By order of the board



G Murdoch  
Company Secretary

21/6/17

# Optical Express (Gyle) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 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 (GYLE) LIMITED

## Opinion on financial statements

We have audited the financial statements on pages 6 to 20. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its 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.

## Scope of the audit of the financial statements

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 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 and, based on the work undertaken in the course of our audit, the Strategic report and the Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or 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, 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.

## Respective responsibilities of directors and auditor

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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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.

ALAN AITCHISON (Senior Statutory Auditor)  
For and behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

*RSM UK Audit LLP*

Date... *26/6/17* .....

**Optical Express (Gyle) Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 December 2016

		31 December 2016	26 December 2015
	Notes	£'000	£'000
<b>TURNOVER</b>	1	12,775	7,198
Cost of sales		2,098	1,563
Gross profit		10,677	5,635
Administrative expenses		9,981	4,914
Other operating income	2	(867)	(314)
<b>OPERATING PROFIT</b>	3	1,563	1,035
Analysed as :			
Before exceptional items		1,702	1,037
Exceptional items	3	(139)	(2)
Interest receivable		37	18
		1,600	1,053
Interest payable and similar charges		87	56
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,513	997
Taxation	6	186	137
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,327	860

# Optical Express (Gyle) Limited

## STATEMENT OF FINANCIAL POSITION

### 31 December 2016

		31 December 2016	26 December 2015
	Notes	£'000	£'000
<b>FIXED ASSETS</b>			
Negative goodwill	7	(803)	(1,055)
Tangible assets	8	1,028	1,165
		<u>225</u>	<u>110</u>
<b>CURRENT ASSETS</b>			
Stocks	9	344	339
Debtors	10	5,209	3,811
Cash at bank and in hand		171	106
		<u>5,724</u>	<u>4,256</u>
<b>CREDITORS</b>			
Amounts falling due within one year	11	(1,276)	1,004
<b>NET CURRENT ASSETS</b>		<u>4,448</u>	<u>3,252</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,673</u>	<u>3,362</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	13	11	27
<b>NET ASSETS</b>		<u><u>4,662</u></u>	<u><u>3,335</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	16	-	-
Revaluation reserve	17	2	3
Profit and loss account	17	4,660	3,332
		<u>4,662</u>	<u>3,335</u>

The financial statements on pages 6 to 20 were approved by the board of directors and authorised for issue on 21/6/17 and are signed on their behalf by:



D Mouldsdate  
Director



# Optical Express (Gyle) Limited

## STATEMENT OF CHANGES IN EQUITY

31 December 2016

	Share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
<b>Balance at 27 December 2014</b>	-	4	2,471	2,475
Transfer to the profit and loss account	-	(1)	1	-
Profit for the year	-	-	860	860
<b>Balance at 26 December 2015</b>	-	3	3,332	3,335
Transfer to the profit and loss account	-	(1)	1	-
Profit for the year	-	-	1,327	1,327
<b>Balance at 31 December 2016</b>	-	2	4,660	4,662

# Optical Express (Gyle) Limited

## ACCOUNTING POLICIES

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### GENERAL INFORMATION

Optical Express (Gyle) Limited is a limited company incorporated in Scotland. The address of the Company's registered office is The Ca'd'oro, 45 Gordon Street, Glasgow, G1 3PE.

The Company's principal activity is as disclosed in the Directors' Report.

### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

### FIRST TIME ADOPTION OF FRS 102

These financial statements are the first financial statements of Optical Express (Gyle) Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Optical Express (Gyle) Limited for the year ended 26 December 2015 were prepared in accordance with UK GAAP. The date of transition was 28 December 2014.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in equity at the transition date.

### REDUCED DISCLOSURES

The Company has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the Company are consolidated in the financial statements of Lorena Investments Limited. The consolidated financial statements of Lorena Investments Limited are available from its registered office, The Ca'd'oro, 45 Gordon Street, Glasgow, G1 3PE.

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# Optical Express (Gyle) Limited

## ACCOUNTING POLICIES

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### 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 the other optical business, turnover represents amounts invoiced during the year, exclusive of Value Added Tax.

### GOODWILL

Goodwill representing the excess of the consideration for an acquired undertaking, or acquired trade and assets, compared with the fair value of net assets acquired is capitalised and written off evenly over 5 years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Negative goodwill arises when the fair value of the consideration for an acquired undertaking, or acquired trade and assets, is less than the fair value of the separable net assets. The amount up to the value of the non-monetary assets acquired is credited to the profit and loss account in the period in which those non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

### 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 arising on acquisitions is being amortised over a period of 5 years. Negative goodwill is being amortised over the period in which the non-monetary assets are released.

### 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 Property/Revaluations	- Over the term of the lease & 25% reducing balance
Fixtures and Fittings	- 15% reducing balance
Equipment	- 10% & 15% reducing balance

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.

# Optical Express (Gyle) Limited

## ACCOUNTING POLICIES

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### FINANCE LEASE AGREEMENTS

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the Company profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

### 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.

### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# Optical Express (Gyle) Limited

## ACCOUNTING POLICIES

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### 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.

### FINANCIAL INSTRUMENTS

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **Financial assets**

##### *Trade, group and other debtors*

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

#### **Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### *Trade, group and other creditors*

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

# Optical Express (Gyle) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

### 1 TURNOVER

An analysis of the Company's turnover is given below:

#### Turnover analysed by class of business

	31 December 2016 £'000	26 December 2015 £'000
Ophthalmic services	12,775	7,198
	<u>12,775</u>	<u>7,198</u>

#### Turnover analysed by geographical market

	31 December 2016 £'000	26 December 2015 £'000
United Kingdom	12,775	7,198
	<u>12,775</u>	<u>7,198</u>

### 2 OTHER OPERATING INCOME

	31 December 2016 £'000	26 December 2015 £'000
Rents receivable	867	314
	<u>867</u>	<u>314</u>

### 3 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	31 December 2016 £'000	26 December 2015 £'000
Staff pension contributions	15	23
Amortisation	(252)	(145)
Depreciation of owned fixed assets	171	107
Depreciation of assets held under hire purchase and finance agreements	5	3
Auditor's fees	7	4
	<u>7</u>	<u>4</u>

Exceptional costs in the current and prior year relate to legal fees regarding litigation against a national newspaper over false and misleading allegations and VAT Tribunal hearing costs.

### 4 PARTICULARS OF EMPLOYEES

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

	31 December 2016 No	26 December 2015 No
Other	57	29
	<u>57</u>	<u>29</u>

Optical Express (Gyle) Limited  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 December 2016

4 PARTICULARS OF EMPLOYEES (cont)

The aggregate payroll costs of the above were:

	31 December 2016 £'000	26 December 2015 £'000
Wages and salaries	2,172	1,168
Social security costs	184	105
Pension costs	15	23
	<u>2,371</u>	<u>1,296</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 2016 £'000	26 December 2015 £'000
Other interest and similar charges payable	87	56
	<u>87</u>	<u>56</u>

6 TAXATION ON ORDINARY ACTIVITIES

	31 December 2016 £'000	26 December 2015 £'000
Analysis of charge in the year		
Current tax:		
UK Corporation tax based on the results for the year at 20% (2015 – 20.25%)	-	-
Group Relief	274	115
Adjustment in respect of prior periods	(72)	-
Total current tax	<u>202</u>	<u>115</u>
Deferred tax:		
Origination and reversal of timing differences	(2)	22
Adjustment in respect of prior periods	(14)	-
Total deferred tax	<u>(16)</u>	<u>22</u>
Total tax on profit on ordinary activities	<u>186</u>	<u>137</u>

**Optical Express (Gyle) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2016

6 TAXATION ON ORDINARY ACTIVITIES (cont.)

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	31 December 2016 £'000	26 December 2015 £'000
Profit on ordinary activities before taxation	1,513	997
Profit on ordinary activities by rate of tax	303	202
Expenses not deductible in determining taxable profits	2	3
Fixed asset differences	24	16
Adjustments in respect of prior periods	(86)	-
Other	(1)	25
Non taxable Income	(51)	(29)
Group relief	(5)	(80)
Tax expense	186	137

7 INTANGIBLE FIXED ASSETS

	Negative Goodwill £'000
Cost	
At 26 December 2015	(1,200)
Additions	-
At 31 December 2016	(1,200)
Amortisation	
At 26 December 2015	145
Charge for the year	252
At 31 December 2016	397
Net book value	
At 31 December 2016	(803)
At 26 December 2015	(1,055)



**Optical Express (Gyle) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2016

**8 TANGIBLE FIXED ASSETS**

	Equipment £'000	Fixtures & Fittings £'000	Short Leasehold Property £'000	Total £'000
<b>Cost or valuation</b>				
At 26 December 2015	314	1,126	96	1,536
Additions	38	3	-	41
Disposals	-	(2)	-	(2)
<b>At 31 December 2016</b>	<u>352</u>	<u>1,127</u>	<u>96</u>	<u>1,575</u>
<b>Depreciation</b>				
At 26 December 2015	120	200	51	371
Charge for the year	23	141	12	176
On disposals	-	-	-	-
<b>At 31 December 2016</b>	<u>143</u>	<u>341</u>	<u>63</u>	<u>547</u>
<b>Net book value</b>				
At 31 December 2016	<u>209</u>	<u>786</u>	<u>33</u>	<u>1,028</u>
At 26 December 2015	<u>194</u>	<u>926</u>	<u>45</u>	<u>1,165</u>

The leasehold property was revalued on 7th March 2000 on an open market valuation by Montagu Evans, Chartered Surveyors. The historical cost of the short leasehold property is £27K (2015 - £27K).

**Hire purchase and finance agreements**

Included within the net book value of £1,028K is £40K (2015 - £44K) 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 £5K (2015 - £3K).

If leasehold properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	31 December 2016 £'000	26 December 2015 £'000
<b>Historical cost:</b>		
At 26 December 2015	27	27
At 31 December 2016	<u>27</u>	<u>27</u>
<b>Depreciation:</b>		
At 26 December 2015	27	27
At 31 December 2016	<u>27</u>	<u>27</u>
<b>Net historical cost value:</b>		
At 31 December 2016	<u>-</u>	<u>-</u>
At 26 December 2015	<u>-</u>	<u>-</u>

# Optical Express (Gyle) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

### 9 STOCKS

	31 December 2016	26 December 2015
	£'000	£'000
Stock	<u>344</u>	<u>339</u>

### 10 DEBTORS

	31 December 2016	26 December 2015
	£'000	£'000
Trade debtors	95	139
Amounts owed by group undertakings	4,185	2,834
Other debtors	27	17
Prepayments and accrued income	902	821
	<u>5,209</u>	<u>3,811</u>

### 11 CREDITORS: Amounts falling due within one year

	31 December 2016	26 December 2015
	£'000	£'000
Trade creditors	400	300
Amounts owed to group undertakings	131	56
Other taxation and social security	18	19
Hire purchase and finance lease agreements	8	-
Corporation tax	1	33
Other creditors	503	357
Accruals and deferred income	215	239
	<u>1,276</u>	<u>1,004</u>

The Optical Express Group of companies continues to be in dispute with HM Revenue and Customs in relation to a number of historical VAT issues.

During the 4th quarter of 2016 the Group attended the First-tier Tribunal where six appeals, all arising from output tax related issues, were heard. Post year end the Tribunal published their decision to dismiss the six appeals.

Since the publication of the decision the Group has made an application to the First-tier Tribunal for permission to appeal the decision to the Upper Tribunal. At the date of signing the accounts the Group had not been informed if permission to appeal to the Upper Tribunal had been granted.

The VAT in dispute has been paid in full and if the appeal is unsuccessful there will be no further VAT due by the Optical Express Group of companies to HMRC.

# Optical Express (Gyle) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

### 12 COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	31 December 2016 £'000	26 December 2015 £'000
Amounts payable within 1 year	8	-
Amounts payable between 1 and 2 years	-	-
Amounts payable between 3 and 5 years	-	-
	<u>8</u>	<u>-</u>
Less interest and finance charges relating to future periods	-	-
	<u>8</u>	<u>-</u>
Hire purchase agreements are analysed as follows:		
Current obligations	8	-
Non-current obligations	-	-
	<u>8</u>	<u>-</u>

### 13 DEFERRED TAXATION

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

	31 December 2016 £'000	26 December 2015 £'000
Provision brought forward	27	5
Profit and loss account movement arising during the year	(16)	22
Provision carried forward	<u>11</u>	<u>27</u>

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

	31 December 2016 £'000	26 December 2015 £'000
Excess of taxation allowances over depreciation on fixed assets	<u>11</u>	<u>27</u>

### 14 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as set out below.

	31 December 2016		26 December 2015	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within 1 year	1,372	15	1,372	15
Within 2 to 5 years	4,459	7	5,063	21
After more than 5 years	3,008	-	3,800	-
	<u>8,839</u>	<u>22</u>	<u>10,235</u>	<u>36</u>

# Optical Express (Gyle) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

### 15 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption granted by paragraph 33.1A of the Financial Reporting Standard 102 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 £'000	Balance due (to)/from At 31/12/2016 £'000
Moulsdale Properties	Key Management Personnel	Rents paid on properties owned by	211	(53)
Precision Optics B.V.	Common Control	Purchases Sale and leaseback repaid	- -	- (8)
DCM (Optical Holdings) Limited and subsidiaries	Common Control	Purchases Sales Payments on behalf of Receipts on behalf of	11,482 (842) (6,970) 85	4,055

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

Related Party	Relationship	Transaction	Amount £'000	Balance due (to)/from At 26/12/2015 £'000
Moulsdale Properties	Key Management Personnel	Rents paid on properties owned by	105	-
Precision Optics B.V.	Common Control	Purchases	5	(5)
DCM (Optical Holdings) Limited and subsidiaries	Common Control	Purchases Sales Payments on behalf of Receipts on behalf of	6,636 (471) (4,186) 381	2,778

### 16 SHARE CAPITAL

	31 December 2016 £'000	26 December 2015 £'000
Allotted and called up: 100 Ordinary shares of £1 each	-	-

#### *Ordinary shares*

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

# Optical Express (Gyle) Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2016

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#### 17 RESERVES

##### *Revaluation reserve*

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

##### *Profit and loss account*

Cumulative profit and loss net of distributions to owners.

#### 18 ULTIMATE PARENT COMPANY

The immediate controlling party is Lorena Investments Limited, a company incorporated in Scotland.

The ultimate parent company is Insight Global Holding, a company registered out with the UK. Group financial statements are not prepared.

#### 19 RECONCILIATIONS ON ADOPTION OF FRS 102

##### **Reconciliation of equity**

	27 December 2014 £'000	26 December 2015 £'000
Equity as reported under previous UK GAAP	2,475	3,339
Holiday pay accrual	A -	(4)
Equity reported under FRS 102	<u>2,475</u>	<u>3,335</u>

##### **Reconciliation of profit / (loss)**

	26 December 2015 £'000
Loss as reported under previous UK GAAP	864
Holiday pay accrual	A (4)
Loss reported under FRS 102	<u>860</u>

##### **Notes to reconciliation on adoption of FRS 102**

##### **A. Holiday pay accrual**

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the company recognising a liability for holiday pay of £4K in the year ended 26 December 2015. No accrual was recognised on transition to FRS 102 due to this being immaterial. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid.