

Optical Express Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2016

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COMPANIES HOUSE

Optical Express Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Mouldale
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 Limited

STRATEGIC REPORT

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 £M	2015 £M	Change £M
Turnover	86.9	91.5	(4.6)
EBITDA (before exceptional items)	1.2	(6.7)	7.9

Turnover in 2016 was £4.6M lower than 2015 due to a reduced number of trading locations year on year. Combined with an improved gross margin and lower costs the Company generated an EBITDA profit, before exceptional items of £1.2M in the year compared to a loss of £6.7M in 2015.

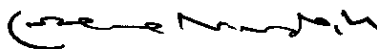
Principal risks and uncertainties

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.

By order of the board



G Murdoch
Company Secretary

21/6/17

Optical Express Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Optical Express 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.

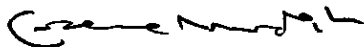
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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.

AUDITOR

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

By order of the board



G Murdoch
Company Secretary

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

Opinion on financial statements

We have audited the financial statements on pages 6 to 22. 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 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.

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 have 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



Date... 2/6/17

Optical Express Limited
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

		31 December 2016 £'000	26 December 2015 £'000
	<i>Notes</i>		
TURNOVER	1	86,878	91,511
Cost of sales		18,292	24,118
Gross profit		<u>68,586</u>	<u>67,393</u>
Administrative expenses		70,963	77,371
Other operating income	2	(209)	(178)
OPERATING LOSS	3	<u>(2,168)</u>	<u>(9,800)</u>
Analysed as :			
Before exceptional items		(442)	(8,596)
Exceptional items	3	<u>(1,726)</u>	<u>(1,204)</u>
Interest receivable		275	229
		<u>(1,893)</u>	<u>(9,571)</u>
Interest payable and similar charges	5	588	1,001
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(2,481)</u>	<u>(10,572)</u>
Taxation	6	(387)	(178)
LOSS FOR THE FINANCIAL YEAR		<u><u>(2,094)</u></u>	<u><u>(10,394)</u></u>

Optical Express Limited

STATEMENT OF FINANCIAL POSITION

31 December 2016

		31 December 2016	26 December 2015
	Notes	£'000	£'000
FIXED ASSETS			
Intangible assets	7	69	97
Negative goodwill	7	(1,092)	(1,278)
Tangible assets	8	11,164	12,696
		<u>10,141</u>	<u>11,515</u>
CURRENT ASSETS			
Stocks	9	2,759	2,711
Debtors	10	25,084	25,987
Cash at bank and in hand		1,287	198
		<u>29,130</u>	<u>28,896</u>
CREDITORS			
Amounts falling due within one year	11	68,908	67,736
NET CURRENT LIABILITIES		<u>(39,778)</u>	<u>(38,840)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(29,637)</u>	<u>(27,325)</u>
CREDITORS			
Amounts falling due after more than one year	12	926	1,144
		<u>(30,563)</u>	<u>(28,469)</u>
PROVISIONS FOR LIABILITIES			
Other provisions	14	-	-
NET LIABILITIES		<u>(30,563)</u>	<u>(28,469)</u>
CAPITAL AND RESERVES			
Called up equity share capital	17	-	-
Share premium account	18	745	745
Revaluation reserve	18	22	25
Profit and loss account	18	(31,330)	(29,239)
		<u>(30,563)</u>	<u>(28,469)</u>

The financial statements on pages 6 to 22 were approved by the board of directors and authorised for issue on 21/6/17 and are signed on their behalf by:



D Mouldsdales
Director

Optical Express Limited
STATEMENT OF CHANGES IN EQUITY
31 December 2016

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Balance at 27 December 2014	-	745	36	(18,856)	(18,075)
Transfer to the profit and loss account	-	-	(11)	11	-
Loss for the year	-	-	-	(10,394)	(10,394)
Balance at 26 December 2015	-	745	25	(29,239)	(28,469)
Transfer to the profit and loss account	-	-	(3)	3	-
Loss for the year	-	-	-	(2,094)	(2,094)
Balance at 31 December 2016	-	745	22	(31,330)	(30,563)

Optical Express Limited

ACCOUNTING POLICIES

GENERAL INFORMATION

Optical Express 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 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 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.

Optical Express Limited

ACCOUNTING POLICIES

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.

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 10 & 20 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 - 10 & 20 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 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.

Optical Express Limited

ACCOUNTING POLICIES

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.

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.

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.

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

Optical Express Limited

ACCOUNTING POLICIES

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.

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.

Optical Express Limited

ACCOUNTING POLICIES

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.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Optical Express 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	86,701	91,405
Sale of goods	177	106
	<u>86,878</u>	<u>91,511</u>

Turnover analysed by geographical market

	31 December 2016 £'000	26 December 2015 £'000
United Kingdom	83,362	88,754
Europe	3,516	2,757
	<u>86,878</u>	<u>91,511</u>

2 OTHER OPERATING INCOME

	31 December 2016 £'000	26 December 2015 £'000
Rents receivable	209	178
	<u>209</u>	<u>178</u>

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	31 December 2016 £'000	26 December 2015 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation	(158)	(155)
Depreciation of owned fixed assets	1,758	2,050
Depreciation of assets held under hire purchase and finance agreements	33	28
Loss on disposal of fixed assets	1	2
Auditor's remuneration		
- as auditor	49	41
Operating lease costs:		
Plant and equipment	1,629	1,649
Land and buildings	12,195	12,361
	<u>12,195</u>	<u>12,361</u>

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

Exceptional costs in the prior years related to restructuring of the retail store portfolio, write off of inter-company loans and professional costs.

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

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
Production staff	11	15
Other	590	658
	<u>601</u>	<u>673</u>

The aggregate payroll costs of the above were:

	31 December 2016 £'000	26 December 2015 £'000
Wages and salaries	16,791	18,305
Social security costs	1,378	1,646
Pension costs	134	211
	<u>18,303</u>	<u>20,162</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 2016 £'000	26 December 2015 £'000
Other interest and similar charges payable	586	988
Finance charges	2	13
	<u>588</u>	<u>1,001</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	(265)	(178)
Adjustments in respect of prior periods	(122)	-
Total current tax	<u>(387)</u>	<u>(178)</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Tax on loss on ordinary activities	<u>(387)</u>	<u>(178)</u>

Optical Express 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 credit on the loss 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
Loss on ordinary activities before taxation	<u>(2,481)</u>	<u>(10,572)</u>
Loss on ordinary activities by rate of tax	(496)	(2,141)
Expenses not deductible in determining taxable profits	19	272
Fixed asset differences	173	511
Amounts relating to change in tax rates	99	199
Deferred tax not recognised	(10)	912
Non taxable Income	(39)	(36)
Group relief	-	21
Adjustments in respect of prior years	(122)	-
Other	<u>(11)</u>	<u>84</u>
Tax expense	<u>(387)</u>	<u>(178)</u>

7 INTANGIBLE FIXED ASSETS

	Negative Goodwill £'000	Goodwill £'000	Total £'000
Cost			
At 26 December 2015	<u>(3,185)</u>	<u>511</u>	<u>(2,674)</u>
At 31 December 2016	<u>(3,185)</u>	<u>511</u>	<u>(2,674)</u>
Amortisation			
At 26 December 2015	(1,907)	414	(1,493)
Charge for the year	(186)	28	(158)
At 31 December 2016	<u>(2,093)</u>	<u>442</u>	<u>(1,651)</u>
Net book value			
At 31 December 2016	<u>(1,092)</u>	<u>69</u>	<u>(1,023)</u>
At 26 December 2015	<u>(1,278)</u>	<u>97</u>	<u>(1,181)</u>

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

8 TANGIBLE FIXED ASSETS

	Equipment £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Short Leasehold Property £'000	Lease Premiums £'000	Total £'000
Cost or valuation						
At 26 Dec 2015	17,484	22,463	206	1,393	13	41,559
Additions	237	172	-	-	-	409
Disposals	(7)	(502)	-	(7)	-	(516)
Transfers/Adjustments	(20)	4	-	-	-	(16)
At 31 Dec 2016	<u>17,694</u>	<u>22,137</u>	<u>206</u>	<u>1,386</u>	<u>13</u>	<u>41,436</u>
Depreciation						
At 26 Dec 2015	11,883	15,745	193	1,029	13	28,863
Charge for the year	647	1,029	3	112	-	1,791
On disposals	(4)	(359)	-	(4)	-	(367)
Transfers/Adjustments	(15)	-	-	-	-	(15)
At 31 Dec 2016	<u>12,511</u>	<u>16,415</u>	<u>196</u>	<u>1,137</u>	<u>13</u>	<u>30,272</u>
Net book value						
At 31 Dec 2016	<u>5,183</u>	<u>5,722</u>	<u>10</u>	<u>249</u>	<u>-</u>	<u>11,164</u>
At 26 Dec 2015	<u>5,601</u>	<u>6,718</u>	<u>13</u>	<u>364</u>	<u>-</u>	<u>12,696</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 £36K (2015 - £36K).

Hire purchase and finance agreements

Included within the net book value of £11,164K is £295K (2015 - £317K) 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 £33K (2015 - £28K).

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
Historical cost:		
At 26 December 2015	36	37
Disposals	-	(1)
At 31 December 2016	<u>36</u>	<u>36</u>
Depreciation:		
At 26 December 2015	36	36
At 31 December 2016	<u>36</u>	<u>36</u>
Net historical cost value:		
At 31 December 2016	<u>-</u>	<u>-</u>
At 26 December 2015	<u>-</u>	<u>1</u>

Optical Express Limited
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9	STOCKS	31 December 2016 £'000	26 December 2015 £'000
	Stock	2,759	2,711
10	DEBTORS	31 December 2016 £'000	26 December 2015 £'000
	Trade debtors	735	849
	Amounts owed by group undertakings	16,443	15,790
	Corporation tax	4	440
	Other debtors	1,051	1,045
	Prepayments and accrued income	6,851	7,863
		25,084	25,987
11	CREDITORS: Amounts falling due within one year	31 December 2016 £'000	26 December 2015 £'000
	Trade creditors	5,330	4,636
	Amounts owed to group undertakings	50,821	51,216
	Other taxation and social security	1,138	1,044
	Hire purchase and finance lease agreements	67	108
	Other creditors	6,967	6,317
	Accruals and deferred income	4,585	4,415
		68,908	67,736

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 has not been informed if permission to appeal to the Upper Tribunal has 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.

12	CREDITORS: Amounts falling due after more than one year	31 December 2016 £'000	26 December 2015 £'000
	Other creditors	926	1,144
		926	1,144

Optical Express Limited
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13 COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

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

	31 December 2016 £'000	26 December 2015 £'000
Amounts payable within 1 year	71	118
Amounts payable between 1 and 2 years	-	-
Amounts payable between 3 and 5 years	-	-
	<u>71</u>	<u>118</u>
Less interest and finance charges relating to future periods	(4)	(10)
	<u>67</u>	<u>108</u>

14 PROVISIONS FOR LIABILITIES AND CHARGES

	31 December 2016 £'000	26 December 2015 £'000
Onerous contract		
At 26 December 2015	-	1,592
Reversed in the year	-	(1,503)
Utilised in the year	-	(89)
	<u>-</u>	<u>-</u>
At 31 December 2016	<u>-</u>	<u>-</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.

15 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	9,733	796	9,644	858
Within 2 to 5 years	27,285	160	27,712	956
After more than 5 years	17,924	-	21,230	-
	<u>54,942</u>	<u>956</u>	<u>58,586</u>	<u>1,814</u>

Optical Express Limited
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16 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	-	(40)
Precision Optical B.V.	Common Control	Purchases Sale and leaseback repaid	68 40	(39) (67)
200 SVS Limited	Common Control	Services provided	969	154
Optical Express (Gyle) Limited	Common Control	Sales Purchases Receipts on behalf Payments on behalf	(6,190) 516 6,975 (71)	4,030
Bridgewater Clinic Limited	Common Control	Sales	(16)	61

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	(40)
Precision Optical B.V.	Common Control	Purchases Sale and leaseback repaid	298 -	(207) (115)
200 SVS Limited	Common Control	Services provided	259	(130)
Optical Express (Gyle) Limited	Common Control	Sales Purchases Receipts on behalf Payments on behalf	(3,219) 289 4,184 (303)	(2,792)
Bridgewater Clinic Limited	Common Control	Sales	(68)	50

Optical Express Limited

NOTES TO THE FINANCIAL STATEMENTS

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17 SHARE CAPITAL

	31 December 2016 £'000	26 December 2015 £'000
198 Ordinary share of £1 each	-	-
1 Deferred share of £1 each	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

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.

Deferred shares

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.

18 RESERVES

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

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.

19 ULTIMATE PARENT COMPANY

The immediate controlling party is DCM (Optical Holdings) 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.

Optical Express Limited

NOTES TO THE FINANCIAL STATEMENTS

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20 RECONCILIATIONS ON ADOPTION OF FRS 102

Reconciliation of equity

	27 December 2014 £'000	26 December 2015 £'000
Equity as reported under previous UK GAAP	(18,075)	(28,407)
Holiday pay accrual	A -	(47)
Lease incentives	B -	(4)
Landlord contributions	C -	(11)
Equity reported under FRS 102	<u>(18,075)</u>	<u>(28,469)</u>

Reconciliation of profit / (loss)

		26 December 2015 £'000
Loss as reported under previous UK GAAP		(10,332)
Holiday pay accrual	A	(47)
Lease incentives	B	(4)
Landlord contributions	C	(11)
Loss reported under FRS 102		<u>(10,394)</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 £47K 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.

B. Lease incentives

The company had lease incentives on four properties at the start of the lease term, which all started in the year ended 26 December 2015. This was originally accounted for as received under previous UK GAAP, but has now been restated to spread the incentive over the term of the lease, as required by FRS 102. This has resulted in other creditors in the prior year being restated and increased by £4K.

C. Landlord contributions

In the prior year the company received landlord contributions in respect of two stores to be used towards repairs to these properties. Under the previous UK GAAP these were being released based on the break clause or first rent review date. Under FRS 102 these are required to be released across the term of the lease. This change resulted in an amount of £11K being charged to the 2015 profit and loss account. These leases only began during the prior year so there were no adjustments for these at the date of transition.