

# Optical Express Limited

## FINANCIAL STATEMENTS

for the year ended

28 December 2019

COMPANIES HOUSE

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# Optical Express Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

D Mouldsdale  
S Mein  
S Hannan

### 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

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### Review of the business

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

The directors' strategy is to grow turnover, market share and profitability whilst being committed to delivering the highest level of clinical outcomes, patient satisfaction and safety.

To do this, 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.

	2019 £'000	2018 £'000	Change £'000
Turnover	95,323	88,120	7,203
EBITDA (before exceptional items)	4,018	2,944	1,074

The directors are pleased to report that the investment in the latest state of the art technology, development of its staff and additional advertising expenditure during the year, while controlling other costs has resulted in increased turnover and a return to profitability in the period.

### 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

2020 trading started very positively with both turnover and EBITDA up on the previous year until the pandemic forced the business to cease trading in March 2020. Trading resumed in early summer with the business seeing its sales volumes returning to pre Covid levels with profitability ahead of both forecast and the previous year for the nine months to September 2020. The business has significantly reduced its cost base during 2020 and has not required to use any third party borrowing. Given the strength of trading and profitability in 2020, the forward order book and the bank balances at the date of signing the accounts, the directors believe that the business has more than sufficient reserves going forward should there be any further lockdowns which may have an impact on trading.

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 and new refractive surgery procedures are introduced to the market.

By order of the board



G Murdoch  
Company Secretary

19/11/20

# Optical Express Limited

## DIRECTORS' REPORT

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The directors submit their report and financial statements of Optical Express Limited for the year ended 28 December 2019.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was ophthalmic refractive surgery and opticians.

### DIRECTORS

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

D Mouldsdale  
S Mein  
J Finlayson (Resigned 6 February 2020)  
S Hannan (Appointed 6 February 2020)

### DIRECTORS' INDEMNITY

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Report of Directors.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 8.

No ordinary dividends were paid and the directors do not recommend payment of a final dividend.

### FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks including price, credit, liquidity and cash flow.

In order to utilise the size and experience of the Optical Express Group of companies, the responsibility for the management of these risks is delegated to the Optical Express treasury function. The policies set by the group treasury function are implemented by the finance department.

#### Price risk

The company faces competition from other market players and works hard to differentiate the superior equipment and products employed which when combined with its world leading clinical expertise lead to outstanding outcomes.

#### Credit risk

The company has no significant exposure to credit risk as patients are required to pay in full ahead of receiving treatment or set up finance with one of our third party finance partners or pay a deposit sufficient to cover the cost of the product being purchased.

#### Liquidity risk

Working capital requirements are accessed through the preparation of projections and monitored through the preparation of monthly management accounts. The ophthalmic industry is very competitive; however the company believes that the resources available to it will enable it to continue to compete successfully.

#### Cash flow risk

The company manages its cash flow risk by monitoring credit and liquidity risks as discussed above.

### FUTURE DEVELOPMENTS

The company does not envisage any significant changes to the nature or scope of its future operations.

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# Optical Express Limited

## DIRECTORS' REPORT

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### 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.

### GOING CONCERN

The company and the group have traded profitably throughout the 2019 financial year. 2020 trading started very positively with both turnover and EBITDA up on the previous year until the pandemic forced the business to cease trading in March 2020. Trading resumed in early summer with the business and the group seeing its sales volumes returning to pre Covid levels with profitability ahead of both forecast and the previous year for the nine months to September 2020. The business and group have significantly reduced its cost base during 2020 and has not required to use any third party borrowing. Given the strength of trading and profitability in 2020, the forward order book and the bank balances at the date of signing the accounts, the directors believe that the business has more than sufficient reserves going forward should there be any further lockdowns which may have an impact on trading.

The directors expect and have budgeted that the business and group will continue to remain profitable and cash positive for at least a period of twelve months from the date of signing these financial statements. As a result of this, and confirmation from one of the directors that his loan will not be repaid within the next twelve months, the directors consider that there will be appropriate cash within the group to pay all liabilities as they fall due.

### AUDITOR

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



G Murdoch  
Company Secretary

19/11/20

# Optical Express 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 LIMITED

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## **Opinion**

We have audited the financial statements of Optical Express Limited (the 'company') for the year ended 28 December 2019 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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## **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 material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

*RSM UK Audit LLP*

LINDA GRAY (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Third Floor, Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG  
Date: 20 November 2020



**Optical Express Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 28 December 2019

		Year ended 28 December 2019 £'000	Year ended 29 December 2018 £'000
TURNOVER	2	95,323	88,120
Cost of sales		(19,560)	(18,602)
Gross profit		<u>75,763</u>	<u>69,518</u>
Administrative expenses		(75,276)	(69,184)
Other operating income	3	<u>1,047</u>	<u>892</u>
OPERATING PROFIT	4	1,534	1,226
Analysed as :			
Before exceptional items		2,946	1,675
Exceptional items	4	<u>(1,412)</u>	<u>(449)</u>
Interest receivable		25	-
		<u>1,559</u>	<u>1,226</u>
Interest payable and similar charges	7	(1)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,558</u>	<u>1,226</u>
Taxation	8	-	(1)
PROFIT FOR THE FINANCIAL YEAR		<u><u>1,558</u></u>	<u><u>1,225</u></u>

**Optical Express Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**28 December 2019**

		Year ended 28 December 2019 £'000	Year ended 29 December 2018 £'000
	Notes		
<b>FIXED ASSETS</b>			
Intangible assets	9	12	15
Negative goodwill	9	(437)	(586)
Tangible assets	10	8,088	8,814
		<u>7,663</u>	<u>8,243</u>
<b>CURRENT ASSETS</b>			
Stocks	11	3,148	3,285
Debtors	12	17,232	27,375
Cash at bank and in hand		1,703	1,097
		<u>22,083</u>	<u>31,757</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	(56,150)	(68,797)
<b>NET CURRENT LIABILITIES</b>		<u>(34,067)</u>	<u>(37,040)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(26,404)</u>	<u>(28,797)</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(665)	(911)
<b>PROVISIONS FOR LIABILITIES</b>			
Other provisions	17	(1,081)	-
<b>NET LIABILITIES</b>		<u>(28,150)</u>	<u>(29,708)</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	20	-	-
Share premium account	21	745	745
Revaluation reserve	21	4	14
Profit and loss account	21	(28,899)	(30,467)
		<u>(28,150)</u>	<u>(29,708)</u>

The financial statements on pages 8 to 25 were approved by the board of directors and authorised for issue on 19/1/20 and are signed on their behalf by:



D Moulds  
 Director

**Optical Express Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**28 December 2019**

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
<b>Balance at 30 December 2017</b>	-	745	18	(31,696)	(30,933)
Transfer to the profit and loss account	-	-	(4)	4	-
Profit for the year	-	-	-	1,225	1,225
<b>Balance at 29 December 2018</b>	-	745	14	(30,467)	(29,708)
Transfer to the profit and loss account	-	-	(10)	10	-
Profit for the year	-	-	-	1,558	1,558
<b>Balance at 28 December 2019</b>	-	745	4	(28,899)	(28,150)

# Optical Express Limited

## ACCOUNTING POLICIES

for the year ended 28 December 2019

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### GENERAL INFORMATION

Optical Express Limited ('the company') is a private company limited by shares and is registered, domiciled and incorporated in Scotland.

The registered office address of the company 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, and under the historical cost convention.

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.

### 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 the income statement 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.

### GOING CONCERN

The company and the group have traded profitably throughout the 2019 financial year. 2020 trading started very positively with both turnover and EBITDA up on the previous year until the pandemic forced the business to cease trading in March 2020. Trading resumed in early summer with the business and the group seeing its sales volumes returning to pre Covid levels with profitability ahead of forecast and the previous year for the nine months to September 2020. The business and group have significantly reduced its cost base during 2020 and has not required to use any third party borrowing. Given the strength of trading and profitability in 2020 and the forward order book, the directors believe that the business and the group have more than sufficient reserves going forward should there be any further lockdowns which may have an impact on trading.

The directors expect and have budgeted that the business and group will continue to remain profitable and cash positive for at least a period of twelve months from the date of signing these financial statements. As a result of this, and confirmation from one of the directors that his loan will not be repaid within the next twelve months, the directors consider that there will be appropriate cash within the group to pay all liabilities as they fall due.

# Optical Express Limited

## ACCOUNTING POLICIES

for the year ended 28 December 2019

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

### RENTAL INCOME

Rental income for the company is recognised on a straight line basis over the term of the lease.

### 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 and 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 income statement 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 income statement 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 and 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.

Chartered Surveyors, Montagu Evans, have revalued certain freehold property to the open market valuation.

### 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

for the year ended 28 December 2019

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### 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 & 25% reducing balance
Fixtures and fittings	- 15% reducing balance
Equipment	- 10% & 15% reducing balance and over 20 years
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.

### IMPAIRMENT OF FIXED ASSETS

Financial assets, other than those held at fair value through the statement of comprehensive income, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised.

The impairment reversal is recognised in the statement of comprehensive income.

### 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 income statement 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 statement of financial position 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 income statement 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 operates a defined contribution pension scheme for employees. The assets of these schemes are held separately from those of the company. The contributions are charged to the income statement.

# Optical Express Limited

## ACCOUNTING POLICIES

for the year ended 28 December 2019

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### 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.

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 the income statement, 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.

### PROVISIONS

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present the unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

### EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# Optical Express Limited

## ACCOUNTING POLICIES

for the year ended 28 December 2019

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### 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 the statement of comprehensive income 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 the statement of comprehensive income.

#### **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 Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 28 December 2019

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#### 1 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The items in the financial statements where the judgements and estimations have been made include:

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

In determining depreciation rates, management must consider and make judgements on the residual value of the asset and their useful life to set depreciation rates.

Management make judgements on the whether there is significant changes in valuation of leasehold property.

In calculating the provision for onerous contracts, management make judgements on the best estimate of the consideration to settle the present obligation.

#### 2 TURNOVER

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

##### Turnover analysed by class of business

	28 December 2019 £'000	29 December 2018 £'000
Ophthalmic services	95,323	88,120
	<u>95,323</u>	<u>88,120</u>

##### Turnover analysed by geographical market

	28 December 2019 £'000	29 December 2018 £'000
United Kingdom	91,837	84,048
Europe	3,486	4,072
	<u>95,323</u>	<u>88,120</u>

#### 3 OTHER OPERATING INCOME

	28 December 2019 £'000	29 December 2018 £'000
Rent and rates receivable	575	473
Other operating income	472	419
	<u>1,047</u>	<u>892</u>

**Optical Express Limited**  
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**4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging / (crediting):

	28 December 2019	29 December 2018
	£'000	£'000
Amortisation	(146)	(135)
Depreciation of owned fixed assets	1,159	1,338
Depreciation of assets held under hire purchase and finance agreements	59	66
Loss on disposal of fixed assets	211	253
Auditor's remuneration - as auditor	38	54
Operating lease costs:		
Plant and equipment	1,388	1,354
Land and buildings	11,974	10,869
	<u>11,974</u>	<u>10,869</u>

The exceptional costs in the current year relate to the provision of onerous contracts, legal fees incurred in relation to the recovery of VAT owing to the company and losses from the write off of closed stores assets.

The exceptional costs in the prior year related to a VAT repayment on input tax for previous years and losses from the write off of closed stores assets.

**5 PARTICULARS OF EMPLOYEES**

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

	28 December 2019	29 December 2018
	No	No
Office management	13	8
Other	688	621
	<u>701</u>	<u>629</u>

The aggregate payroll costs of the above were:

	28 December 2019	29 December 2018
	£'000	£'000
Wages and salaries	23,240	20,326
Social security costs	2,046	1,815
Pension costs	349	228
	<u>25,635</u>	<u>22,369</u>

**6 DIRECTORS' REMUNERATION**

For the year ended 28 December 2019 and preceding year, all costs of employment of directors who are considered to be Key Management Personnel, were borne by Optical Express (Westfield) Limited and is disclosed in the accounts of that company.

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**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	28 December 2019 £'000	29 December 2018 £'000
Other interest and similar charges payable	1	-
	<u>1</u>	<u>-</u>

**8 TAXATION ON ORDINARY ACTIVITIES**

	28 December 2019 £'000	29 December 2018 £'000
Analysis of charge in the year		
Current tax:		
Group relief	-	-
Adjustments in respect of prior periods	-	1
Total current tax	<u>-</u>	<u>1</u>
Deferred tax:		
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Tax on loss on ordinary activities	<u>-</u>	<u>1</u>

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 19% (2018 – 19%). The differences are explained below:

	28 December 2019 £'000	29 December 2018 £'000
Profit/(Loss) on ordinary activities before taxation	<u>1,558</u>	<u>1,226</u>
Profit/(Loss) on ordinary activities by rate of tax	296	233
Expenses not deductible in determining taxable profits	119	33
Fixed asset differences	101	137
Amounts relating to change in tax rates	(51)	(39)
Deferred tax not recognised	(435)	(331)
Non taxable income	(30)	(33)
Adjustments in respect of prior years	-	1
Tax expense	<u>-</u>	<u>1</u>

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**9 INTANGIBLE FIXED ASSETS**

	Negative Goodwill £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 29 December 2018	(2,098)	511	(1,587)
Additions	-	-	-
At 28 December 2019	<u>(2,098)</u>	<u>511</u>	<u>(1,587)</u>
<b>Amortisation</b>			
At 29 December 2018	(1,512)	496	(1,016)
Charge/(credit) for the year	(149)	3	(146)
At 28 December 2019	<u>(1,661)</u>	<u>499</u>	<u>(1,162)</u>
<b>Net book value</b>			
At 28 December 2019	<u>(437)</u>	<u>12</u>	<u>(425)</u>
At 29 December 2018	<u>(586)</u>	<u>15</u>	<u>(571)</u>

**10 TANGIBLE FIXED ASSETS**

	Equipment £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Short Leasehold Property £'000	Lease Premiums £'000	Total £'000
<b>Cost or valuation</b>						
At 29 Dec 2018	17,841	20,309	12	1,253	13	39,428
Additions	120	588	-	42	-	750
Disposals	(260)	(626)	-	(53)	-	(939)
Transfers/Adjustments	(135)	(7)	-	-	-	(142)
At 28 Dec 2019	<u>17,566</u>	<u>20,264</u>	<u>12</u>	<u>1,242</u>	<u>13</u>	<u>39,097</u>
<b>Depreciation</b>						
At 29 Dec 2018	13,358	16,088	12	1,143	13	30,614
Charge for the year	522	662	-	34	-	1,218
On disposals	(195)	(488)	-	(45)	-	(728)
Transfers/Adjustments	(89)	(6)	-	-	-	(95)
At 28 Dec 2019	<u>13,596</u>	<u>16,256</u>	<u>12</u>	<u>1,132</u>	<u>13</u>	<u>31,009</u>
<b>Net book value</b>						
At 28 Dec 2019	<u>3,970</u>	<u>4,008</u>	<u>-</u>	<u>110</u>	<u>-</u>	<u>8,088</u>
At 29 Dec 2018	<u>4,483</u>	<u>4,221</u>	<u>-</u>	<u>110</u>	<u>-</u>	<u>8,814</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 £29K (2018 - £29K).

**Optical Express Limited**  
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**10 TANGIBLE FIXED ASSETS (cont.)**

Hire purchase and finance agreements

Included within the net book value of £8,088K is £412K (2018 - £471K) 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 £59K (2018 - £69K).

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

	28 December 2019 £'000
Historical cost:	
At 29 December 2018	29
Disposals	-
	<u>29</u>
At 28 December 2019	<u>29</u>
Depreciation:	
At 29 December 2018	29
Charge for year	-
Disposals	-
	<u>29</u>
At 28 December 2019	<u>29</u>
Net historical cost value:	
At 28 December 2019	<u>-</u>
At 29 December 2018	<u>-</u>

**11 STOCKS**

	28 December 2019 £'000	29 December 2018 £'000
Finished goods	<u>3,148</u>	<u>3,285</u>

**12 DEBTORS**

	28 December 2019 £'000	29 December 2018 £'000
Trade debtors	627	903
Amounts owed by group undertakings	8,292	18,718
Corporation tax	4	4
Other debtors	1,836	2,145
Prepayments and accrued income	6,473	5,605
	<u>17,232</u>	<u>27,375</u>

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13 CREDITORS: Amounts falling due within one year	28 December	29 December
	2019	2018
	£'000	£'000
Trade creditors	4,957	5,562
Amounts owed to group undertakings	41,161	52,391
Other taxation and social security	761	1,586
Hire purchase and finance lease agreements	174	174
Other creditors	4,915	4,311
Accruals and deferred income	4,182	4,773
	<u>56,150</u>	<u>68,797</u>

14 CREDITORS: Amounts falling due after more than one year	28 December	29 December
	2019	2018
	£'000	£'000
Hire purchase and finance lease agreements	-	156
Other creditors	665	755
	<u>665</u>	<u>911</u>

15 COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

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

	28 December	29 December
	2019	2018
	£'000	£'000
Amounts payable within 1 year	174	174
Amounts payable between 1 and 2 years	-	157
Amounts payable between 3 and 5 years	-	-
	<u>174</u>	<u>331</u>
Less interest and finance charges relating to future periods	-	(1)
	<u>174</u>	<u>330</u>
Hire purchase agreements are analysed as follows:		
Current obligations	174	174
Non-current obligations	-	156
	<u>174</u>	<u>330</u>

**Optical Express Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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16 DEFERRED TAX

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is an analysis of the unrecognised deferred tax for financial reporting purposes.

	28 December 2019	29 December 2018
Excess of taxation allowances over depreciation on fixed assets	366	472
Other timing differences	6	2
Losses carried forward	481	818
	<u>853</u>	<u>1,292</u>

17 PROVISION FOR LIABILITIES AND CHARGES

	28 December 2019 £'000	29 December 2018 £'000
Onerous contract		
At 29 December 2018	-	-
Transfer from profit & loss	1,081	-
Reversed in year	-	-
Utilised in the year	-	-
	<u>1,081</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.

18 COMMITMENTS UNDER OPERATING LEASES

At 28 December 2019 the company had future minimum lease payments under non-cancellable operating leases as set out below.

	28 December 2019		29 December 2018	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within 1 year	8,406	649	9,371	587
Within 2 to 5 years	23,077	1,423	27,654	1,769
After more than 5 years	8,685	-	11,587	-
	<u>40,168</u>	<u>2,072</u>	<u>48,612</u>	<u>2,356</u>

**Optical Express Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**19 RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption granted by paragraph 33.1A of 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	Balance due (to)/from At 28/12/2019
			£'000	£'000
Precision Optical Cooperatief U.A	Common Control	Purchases	259	(1,598)
		Sale and Leaseback	-	(17)
200 SVS Limited	Common Control	Sales	(349)	144
		Receipts	120	
		Services provided	106	
		Provision	453	
Optical Express (Gyle) Limited	Common Control	Sales	(4,433)	(402)
		Purchases	1,427	
		Receipts on behalf	(13)	
		Payments on behalf	243	
		Receipts by Payments by	9,063 (1,270)	
Bridgewater Clinic Limited	Common Control	Sales	-	143
		Purchases	2	
120PR Limited	Common Control	Rents Paid	42	(23)
		Payments	(30)	
Larkhall Circuit Limited	Common Control	Purchases on behalf of	20	-



**Optical Express Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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19 RELATED PARTY TRANSACTIONS (cont.)

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

Related Party	Relationship	Transaction	Amount	Balance due (to)/from At 29/12/2018
			£'000	£'000
Precision Optical Cooperatief U.A	Common Control	Purchases	762	(555)
		Sale and Leaseback	-	(17)
200 SVS Limited	Common Control	Sales	(380)	368
		Services provided	(210)	(12)
Optical Express (Gyle) Limited	Common Control	Sales	(4,048)	(8,174)
		Purchases	939	
		Receipts on behalf	(12)	
		Payments on behalf	86	
		Receipts by	6,554	
		Payments by	(9)	
Bridgewater Clinic Limited	Common Control	Sales	(21)	145
		Purchases	31	-
120PR Limited	Common Control	Rents Paid	43	(11)

20 SHARE CAPITAL

	28 December 2019	29 December 2018
	£'000	£'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.

21 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 the statement of comprehensive income.

# Optical Express Limited

## NOTES TO THE FINANCIAL STATEMENTS

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### 21 RESERVES (cont.)

*Profit and loss account*

Cumulative profit and loss net of distributions to owners.

### 22 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. On 24<sup>th</sup> June 2020 the ultimate parent company changed to Lorena Investments Limited.