Registration number: 01789898

LUXOTTICA NORTH EUROPE LIMITED

Annual Report and Financial Statements

for the Year Ended 31 December 2022

LUXOTTICA NORTH EUROPE LIMITED

Contents

LUXOTTICA NORTH EUROPE LIMITED

Company Information

Directors

Chrystel Barranger
Roberto Barberio
Franco Ferrante

Company secretary

Pennsec Limited

Registered office

Level 2
The Kensington Building
1 Wrights Lane
London
W8 5RY

Bankers

Citibank International Plc
25 Canada Square
Canary Wharf
London
E14 5LB

Independent Auditors

Mazars LLP
Chartered Accountants and Statutory Auditors
Two Chamberlain Square
Birmingham
B3 3AX

LUXOTTICA NORTH EUROPE LIMITED

Strategic Report for the Year Ended 31 December 2022

The Directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the Company is importing and distribution of eyewear in the United Kingdom and Nordic regions.

The Company's immediate parent Company is Luxottica Group S.p.A., incorporated in Italy. The smallest and largest group into which the Company's results are consolidated is that headed by EssilorLuxottica S.A. The Company's ultimate parent Company and controlling party is EssilorLuxottica S.A., incorporated in France.

Review of the business and key performance indicators

Trading conditions continued to improve in 2022 with the Company increasing turnover to surpass pre-pandemic levels. This strong performance was driven by a bounce-back in customer demand seen by retailers and e-commerce sellers to which the Company sells combined with the travel industry returning to normal levels supporting the travel retail segment of the business. The steady growth in e-commerce retail business continued in 2022.

The Directors utilise various key performance indicators in order to measure the performance of the business. It is considered that turnover, gross profit and profit before taxation are the key performance indicators of the business and these are shown on the face of the Profit and Loss Account on page 15. Turnover has increased from £152,974k to £180,123k, surpassing pre-pandemic levels. In the face of a continuously challenging environment, the Company was able to grow sales and profits beyond pre-pandemic levels. Gross profit increased from £38,488k to £41,697k. However, as a percentage of sales Gross Profit decreased from 25% to 23% which was driven by increased sales in apparel, footwear, and accessories which generate a lower gross profit. Profit before taxation has increased from ££6,294k to £7,648k. This increase is primarily due to the Company's continued focus on strong cost management that was implemented in 2020 as a response to negative impact of the pandemic and have continued into 2022.

The Directors are pleased that the net assets position of the Company has increased over the year to £17,807k (2021: £11,533k). In the next year, the Company will look to deliver synergies coming from the 2018 EssilorLuxottica merger bringing together the frames and lens expertise of both companies.

Principal risks and uncertainties

The Company operates in a highly competitive market which is a continuing risk to the Company and could result in losing revenue to its key competitors. The Company manages this risk by providing value added services to its customers, responding promptly to their requests and by maintaining strong relationships with them.

The unstable global geopolitical situation is worsening. The ongoing Russo-Ukrainian war is one of the key factors that affect global financial markets and exacerbate existing economic problems, including inflation ad supply chain disruptions. Despite the unstable situation, the Directors feel that the Company has a large portfolio of brands and is well positioned to deal with adverse marketing conditions that may arise. The Company also benefits from being part of a large multi-national organisation where the risks related to the political and social environment are globally managed by the EssilorLuxottica S.A. group of companies and can be mitigated on a larger scale.

Principal risks and uncertainties (continued)

Today's highly dynamic global macroeconomic environment suggests that the impact of risk will likely increase over the coming years. In particular, the inflation is impacting the cost of goods and services, energy, labour, and shipping costs. As a result, consumer purchasing power may determine the Company's ability to offset rising costs, leading to a negative impact on the Profit & Loss and new unplanned costs. The rise in inflation poses a risk to most businesses within the United Kingdom in the current environment and the Company will look to mitigate this risk by continuing to promote the Company's offering and strengthen sales combined with reducing operating costs.

- **Financial risk factors**

The Company's activities are exposed to various financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the uncertainty of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is controlled by the Company's finance department, which identifies, assesses and hedges financial risks in accordance with policies approved by the Group Treasury Department. The latter provides policies for global risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, liquidity risk and investment of excess liquidity.

- **Market risk**

Foreign exchange risk

The Company does not carry out significant international transactions and is therefore not exposed to foreign currency risk as most of its transactions are carried out in the European Union with other Luxottica Group companies and are denominated in Euros. Consequently, commercial transactions in foreign currencies are not significant in the context of the Company's activity.

However, changes in exchange rates may affect the fair value of transactions and investments in currencies other than the Euro, in terms of the equivalent value of contributed equity and profit or loss.

Principal risks and uncertainties

The Company is not exposed to equity security price risk as it does not hold financial investments classified on the balance sheet as available-for-sale or at fair value through profit or loss.

Cash flow and fair value interest rate risk

The Company has no significant interest-bearing assets and the income and cash flows from operating activities are largely independent of changes in market interest rates.

The Company's interest rate risk arises from short-term borrowings. The Company has mainly short-term debts with Luxottica Group companies at variable rates tied to Euribor, and is therefore only subject to cash flow interest rate risk, the maximum risk being the amount reflected in the balance sheet.

Principal risks and uncertainties (continued)

- **Credit risk**

Credit risk arises from cash as well as from customers, including outstanding receivables and committed transactions. In relation to banks and financial institutions, only institutions of recognised standing and creditworthiness are accepted.

The Company does not have significant concentrations of credit risk. The Company has policies to ensure that product sales in the various distribution channels in which it operates are made to customers with an adequate credit history. In this regard, it is essential for the Company to adequately control commercial credit risk, and it has therefore implemented an exhaustive internal credit and commercial portfolio management policy.

- **Liquidity risk**

Prudent liquidity risk management implies the maintenance of cash and the availability of funding through a sufficient amount of committed credit facilities. Given the dynamic nature of the business, the Company aims to maintain flexibility in funding through the availability of credit provided by Luxottica Group companies, where appropriate.

Section 172 statement

During 2022 the Company Directors acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and its shareholders. They acted in accordance with the duties detailed in section 172 of the UK Companies Act 2006 and the following paragraphs summarise how Directors' fulfil their duties:

- **The likely consequences of any decision in the long term**

  The Company provides high quality eyewear and high standards of customer service in a fast-growing environment. The continuous growth has led to increased complexity and risks which have been identified and mitigated as we developed an advanced risk management approach. The plan was designed to have a long-term development of the Company, to contribute to its success and deliver high quality products and services to our customers. The budget is set up and managed with strict controls in line with the Company policy and guidelines.

- **The interests of the Company's employees and the need to foster the Company's business relationships with suppliers, customers, and others**

  One of the Company's aims is to enhance relationship with people, clients, investors, communities and society, and meeting their expectations. In order to achieve this goal, investment in our people is essential. The Company has put in place an evaluation program, called MyPerformance, with the aim to fairly assess the relationship between performance and reward in order to promote success, professional growth and succession plans.

  The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

LUXOTTICA NORTH EUROPE LIMITED

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172 statement (continued)

In order to promote long-term sustainability of the business, relationships with customers and suppliers continue to improve through:

- vendor selection and benchmarking analysis in order to find the better solution in terms of efficiency and effectiveness in the market; and
- specific marketing investments.

- **The impact of the Company's operations on the community and the environment**

The Company has the overall aim of respecting the environment and has in place tight controls and procedures of managing its waste disposal. Furthermore, there is a close focus on packaging development in order to improve the use of recyclable materials and to further reduce waste.

- **The desirability of the Company maintaining a reputation for high standards of business conduct**

The Directors' strategy is focused on organic growth and strengthening of business relationships with long standing partners through selective distribution, investments and special programs dedicated to our best customers. Key suppliers will remain a focal point for the Company in order to obtain products and services with the best efficiency. The Directors' intention is to operate in accordance with the laws and regulations and guarantee the highest standards of conduct, through accurate and controlled processes.

- **The need to act fairly as between shareholders of the Company**

The Directors' primary goal is to behave responsibly towards the Company shareholders, giving them adequate support and treat them fairly in order to have mutual benefit of the Company success.

Approved by the Board on 28/04/2023 and signed on its behalf by:

....
Franco Ferrante
Director

LUXOTTICA NORTH EUROPE LIMITED

Directors' Report for the Year Ended 31 December 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Future developments

The Directors anticipate that the coming year will bring many opportunities for growth and driving efficiency as the Company brings together the expertise of the frames and lens businesses in the UK. The Directors expect the strong sales performance to continue albeit with a slight slowdown given increase in inflation and related reduction in consumers' buying power plus lower desire for luxury goods. The Company will continue to look for areas to reduce costs to combat this. Additionally, planned investment in the Company will drive greater synergies in the future for the Company (and the Group) to leverage.

Dividends

The Directors recommend a final dividend payment of £Nil (2021: £Nil) in respect of the financial year ended 31 December 2022.

Financial instruments

The Company participates in a cash pooling facility under which any excess cash is loaned to a group treasury department. Interest is received on the deposits and interest paid on any borrowings under this arrangement is at prevailing market rates. The interest rate risk is managed and hedged at group level by the group treasury team based upon the forecast flows that we provide for our deposits into and withdrawals from the cash pool. The Company is also exposed to foreign exchange rate movements on intercompany balances.

Cash pooling interest charged by Group in 2022 were equal to £35k and £4k in 2021.

Directors' of the Company

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Sara Francescutto (resigned 5 July 2022)
Massimiliano Muttinelli (resigned 5 July 2022)
Franco Ferrante
Niccolò Bencivenni (appointed 5 July 2022 and resigned 17 October 2022)
Chrystel Barranger (appointed 5 July 2022)
Roberto Barberio (appointed 17 October 2022)

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Charitable donations

During the year the Company made charitable donations of £Nil (2021: £Nil).

Streamlined Energy and Carbon Reporting ("SECR")

Luxottica North Europe Limited endeavours to minimize waste in all its processes, encouraging is employees to minimize how their practices and operations negatively affect the environment and urges them to comply with applicable laws, regulations, and other environmentally oriented requirements in their daily work habits and practices. During the year the Company continued the usage of virtual communication tools to reduce the need for employee travel which began in 2020. Remote working has been formally adoped by the Company to allow flexibility to staff and reducing the Company's carbon footprint. The Company reports carbon emissions following the Greenhouse Gas Protocol, which incporate the scope 2 market-based emission methodology.

The Company reports carbon dioxide emissions resulting from energy use in its buildings, transportation of products and employees' business travel.

Market Based Calculations	2022 (tonnes)	2022 (kWh)	2021 (tonnes)	2021 (kWh)
Energy Consumption Used				
CO2 emissions from transport fuel	215	871.815	154	557.336
CO2 emissions from electricity purchased for own use	35.58	183.973	38	181.000
Emissions from business travel from employee-owned cars	3.21	13.014	0.91	3.289
Total gross CO2 emissions based on above	254	1,068.802	193	741.625
Ratio of total emissions to sales (tonnes per Euro/mln)	1.41		0.79	

Intensity metric

The Company's chosen intensity metric is total gross emissions in metric tonnes CO2e per £m of sales, the recommended ratio for the sector.

Quantification and reporting methodology

The Company has followed the 2020 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Measures taken to improve energy efficiency

The Company is committed to reducing its environmental footprint through reducing energy consumption and water use, and limiting carbon footprint and waste generation to address climate change and contribute to a more circular economy. Energy management is a priority amongst topics on the Company's environmental agenda. Effective energy management not only helps the Company reduce the risk of undesired business interruptions, but it is also a lever to reduce operational costs and to fight climate change.

Due to the nature of the impact from Covid the majority of meetings have been done by video conferencing and mileage has been significantly reduced from prior years. The Company has adopted flexible working and video-conferencing as the accepted ways of working into the future. This has led to a reduction in the environmental impact of business travel and CO2 emissions from transport fuel.

Statement of Directors' Responsibilities

The Directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising FRS 101 'Reduced Disclosure Framework' ('FRS 101') and applicable law).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom accounting standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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.

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.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Stakeholder engagement statement

The Company's approach to sustainable development considers heavily the environmental and social impacts of its business activities on the various stakeholders along the value chain.

All employees are encouraged to apply the Group Code of Ethics in their interactions with their stakeholders, together with other policies and principles already existing in the Company.

Stakeholder relations and transparent communication with them are therefore key for the Company, as their needs and viewpoints fuel its strategy and operations, and this includes:

Stakeholder engagement statement (continued)

- sharing the processes for managing risks and identifying opportunities;
- involving stakeholders in strategic decisions for customer satisfaction, employee opinions and organising training sessions, etc.;
- contributing growth in the fields of health and the environment through humanitarian aid programs (OneSight's missions).

The table below presents the main topics of stakeholders' engagement. As shown before, additional information is disclosed in the Section 172 statement at page 4.

MAIN STAKEHOLDERS	*MAIN TOPICS*
Employees & representative organizations	Quality of working conditions Work-life balance Recruitment/Attracting and retaining talent Skills development and training initiatives Equal opportunities, diversity and inclusion
Customers and consumers	High quality and innovative products High quality customer service Responsible marketing Integrity in business relations Data protection Sustainable procurement
Shareholders	Management of Sustainable development Transparency and evaluation of non-functional activity Environmental aspects (e.g. energy, water, waste and carbon footprint) Social aspects (e.g. talent acquisition, diversity, human rights) Economic aspects (e.g. corporate conduct, risk management, governance)
Suppliers	Integrity in business and compliance with regulations and laws Constructive collaboration/Co-innovation Sustainable procurement & supplier
Public authorities & governments	Social and economic impact Contribution to visual health and the inclusive economy Fair business practices, including responsible marketing
Local communities	Quality of life: provide quality vision for all Social and economic impact (e.g. jobs, support for the local economy and inclusive business)

LUXOTTICA NORTH EUROPE LIMITED

Directors' Report for the Year Ended 31 December 2022 (continued)

Engagement with employees

Following 5P pillars (People, Product, Promo, Premises, Processes) employees are a fundamental part of the Company and the aim is to provide a healthy and safe environment to work in as well as adequate support for professional development. A plan has been set up in order to be fair and recognize bonuses and commission upon targets achievement. Relationships with employees have been strengthened with periodic meetings in order to be aligned on business targets and strategies in order to get mutual benefits.

Approved by the Board on 28/04/2023 and signed on its behalf by:

....

Franco Ferrante
Director

Independent auditor's report to the members of Luxottica North Europe Limited

Opinion

We have audited the financial statements of Luxottica North Europe Limited (the 'company') for the year ended 31 December 2022 which comprise the 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 101 "Reduced Disclosure Framework" (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 31 December 2022 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.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

In 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 or 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 8, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment laws and regulations (including health and safety), tax, and laws and regulations relating to unethical and prohibited business practices.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK taxation legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.

Louis Burns

Louis Burns (Apr 28, 2023 15:47 GMT+1)

Louis Burns (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
2 Chamberlain Square
Birmingham
B3 3AX
United Kingdom

Date: 28/04/2023

LUXOTTICA NORTH EUROPE LIMITED

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	180,123	152,974
Cost of sales		(138,426)	(114,486)
Gross profit		*41,697*	*38,488*
Distribution costs		(20,898)	(12,686)
Administrative expenses		(13,160)	(19,451)
Operating profit	*5*	*7,639*	*6,351*
Interest receivable and similar income	6	150	8
Interest payable and similar expenses	7	(141)	(65)
		9	*(57)*
Profit before tax		7,648	6,294
Tax on profit	8	(1,375)	(1,077)
Profit for the financial year		*6,273*	*5,217*

The results disclosed above for both the current year and prior year relate entirely to continuing operations.

No separate statement of comprehensive income has been presented because the Company has no other comprehensive income other than profit for the financial year.

LUXOTTICA NORTH EUROPE LIMITED

(Registration number: 01789898)
Balance Sheet as at 31 December 2022

	Note	31 December 2022 £ 000	31 December 2021 £ 000
Fixed assets			
Intangible assets	9	-	-
Property, plant and equipment	10	1,390	1,114
Right of use assets	11	121	3,331
		1,511	*4,445*
Current assets			
Inventories	12	2,683	3,154
Trade and other receivables	13	58,809	47,118
Cash at bank and in hand	13	164	2
		61,656	*50,274*
Creditors: Amounts falling due within one year	14	(45,336)	(40,613)
Net current assets		16,320	9,661
Total assets less current liabilities		*17,831*	*14,106*
Creditors: Amounts falling due after more than one year	15	(23)	(2,573)
Net assets		***17,807***	***11,533***
Capital and reserves			
Called up share capital	16	90	90
Profit and loss account		17,717	11,443
Shareholders' funds		*17,807*	*11,533*

The financial statements on page 15 to 36 were approved by the Board of Directors on 28/04/2023 and signed on its behalf by:

Franco Ferrante
Director

The notes on pages 18 to 36 form an integral part of this financial statement.

LUXOTTICA NORTH EUROPE LIMITED

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	90	6,226	6,316
Profit for the year	-	5,217	5,217
At 31 December 2021	*90*	*11,443*	*11,533*

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	90	11,443	11,533
Profit for the year	-	6,273	6,273
At 31 December 2022	*90*	*17,717*	*17,807*

The notes on pages 18 to 36 form an integral part of this financial statement.

1 General information

Luxottica North Europe Limited is a wholesale supplier of eyewear. The Company sells mainly in the UK, Ireland, Sweden, Norway, Denmark and Finland.

The Company is a private limited company limited by shares and is incorporated in England and domiciled in the United Kingdom. The registered office of the Company is Level 2, The Kensington Building, 1 Wrights Lane, London, W8 5RY.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements of Luxottica North Europe Ltd have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS101.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated. The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101 to requirements set by the International Financial Reporting Standards (IFRS). Therefore, these financial statements do not include:

- IAS 7, 'Statement of cash flows';
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- The requirements of paragraph 45(b) and 46-52 of IFRS2, 'Share based payments';
- The requirements of IFRS7, 'Financial instruments";
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors';
- The requirements of paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);

2 Accounting policies (continued)

Basis of preparation (continued)

- The requirements of paragraph 38 of IAS 1, "Presentation of financial statements" – comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1, paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- The requirements of paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).

New standards

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the Company's financial statements.

Going concern

The restrictive measures imposed around the world in the face of the global pandemic caused by the COVID-19 pandemic have resulted in a climate of considerable uncertainty.

Even in the context of this uncertainty the Company acted in a coherent and coordinated way with the measures decided by the EssilorLuxottica Group and was able to implement effective measures to contain the impacts, preserving the main economic and financial indicators.

These measures allowed the Company to maintain an adequate level of liquidity and credit lines to face the difficulties from a temporary downturn in its activities. The Company and the Group to which it belongs have demonstrated the ability to adopt all the necessary protective measures to ensure the sustainability of their business model whilst ensuring the safety of their employees.

The Directors have assessed the potential generation of cash flows of the Company itself, the existing liquidity and reserves available and any other mitigating action that could be taken to further preserve cash and cash equivalents.

The net assets position of the business is solid and has increased over the year to £17,807k (2021 - £11,533k). Net current assets position has increased from £9,661k in 2021 to £16,320k in 2022. The cash pooling position with the Group improved from a positive position of £10,749k in 2021 to a positive position of £9,192k in 2022.

Considering this analysis, these financial statements have been drawn up on the assumption of business continuity, as the Directors have concluded that there are no financial, management or other indicators that can signal critical issues regarding the Company's ability to meet its obligations in the foreseeable future, and in particular in the next 12 months.

Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost, net of depreciation and any provision for impairment.

2 Accounting policies (continued)

Property, Plant and Equipment (continued)

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset on a straight line basis over its expected useful life, as follows:

- Leasehold improvements - Over the term of the lease
- Fixtures, fittings and equipment - 20% per annum straight line
- Computer equipment - 33% per annum straight line

Intangible assets

Intangible assets are stated at cost, net of any amortisation and any provision for impairment.

Amortisation is provided to write down the value of the asset on a straight line basis over its anticipated useful life. The anticipated useful life of a customer list is 3 years.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Cash at banks and in hand is valued at nominal value.

Impairment of non-financial assets

Property, plant and equipment and intangible assets with a definite useful life are subject to amortisation and depreciation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, property, plant and equipment and intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Intangible assets with a definite useful life are reviewed at the end of each reporting period to assess whether there is an indication that an impairment loss recognised in prior periods may no longer exist or has decreased. If such an indication exists, the loss is reversed and the carrying amount of the asset is increased to its recoverable amount, which may not exceed the carrying amount that would have been determined if no impairment loss had been recorded.

The reversal of an impairment loss is recorded in the profit and loss account.

Interest income/(expense)

Interest income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense.

2 Accounting policies (continued)

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Accounts receivable and other receivables are recognised at amortised cost and measured on the basis of the impairment model introduced by IFRS 9. Under this model, the Company measures receivables according to an expected loss approach, replacing the IAS 39 framework usually based on the measurement of incurred losses.

In the case of accounts receivable, the Company adopts a simplified approach that does not require recognising changes in credit risk on a regular basis, allowing instead to recognise an Expected Credit Loss ("ECL") calculated over the entire lifetime of the receivable (known as lifetime ECL). Specifically, under the policy adopted by the Company, accounts receivable are divided into three categories also based on the number of days past due and an assessment of the counterparty's solvency. The Company applies different impairment percentages to said categories that reflect the relevant expectations for recovery.

Accounts receivable are fully written down in the absence of a reasonable expectation for recovery or in the case of inactive business counterparties (e.g. receivables more than 180 days past due, insolvencies, and/or the commencement of legal proceedings).

The other receivables, for which the Company estimates a low credit risk, are measured using a general approach. Under this approach, the Company estimates the ECL for the next 12 months as well as reviews changes in credit risk compared to the initial measurement at the end of each reporting period. In the case of receivables for which the Company recognises no significant increases in credit risk, the ECL continues to be measured for the next 12 months. In the case of receivables for which the Company recognises significant increases in credit risk, the ECL is measured over the entire lifetime of the receivable.

The amount of the receivables reported in the statement of financial position is net of the relevant bad debt provisions. The impairment losses reported pursuant to IFRS 9 are recognised in the profit or loss net of any positive effects associated with reversals or revaluations and are included within selling expenses.

Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a weighted average cost basis.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Taxation

The tax expense represents the sum of the corporation tax currently payable and the deferred tax.

Taxation (continued)

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items which are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full on temporary differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates. ("the functional currency"). The financial statements are presented in Pounds Sterling (£), which is also the functional currency.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling in the date of the transaction. All exchange differences are taken to the profit and loss account.

Financial assets

The Company classifies its financial assets in the following categories:

- amortised cost
- fair value through profit or loss ("FVTPL")
- fair value through other comprehensive income ("FVOCI")

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

2 Accounting policies (continued)

Financial assets (continued)

a) Financial assets at amortised cost

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as fair value through profit or loss):

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets'.

b) Financial assets at fair value through profit or loss ("FVPL")

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as FVPL. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

c) Financial assets at fair value through other comprehensive income ("FVOCI") comprise:

- Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Where the entity has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Revenue recognition

The Company sells prescription frames and sunglasses.

Under the five-step model introduced by IFRS 15, the Company recognises revenue after identifying the contracts with its customers and the relevant performance obligations (transfer of goods and/or services), determining the consideration to which it expects to be entitled in exchange for performing each of said obligations, and assessing how to perform these obligations (at a specific point in time versus over time).

2 Accounting policies (continued)

Revenue recognition (continued)

Specifically, the Company recognises revenue only if the following requirements are met (so-called requirements for identifying the "contract" with the customer):

- the parties have approved the contract (either in writing, orally, or in accordance with other customary business practices) and intend to perform their respective obligations; there is therefore an agreement between the parties that creates enforceable rights and obligations, regardless of the form of said agreement;
- the Company can identify each party's rights regarding the goods or services to be transferred;
- the Company can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance; and
- it is probable that the Company will collect the consideration to which it will be entitled in exchange for goods or services transferred to the customer.

If the above requirements are not met, the relevant revenue is recognised when: (i) the Company has no more obligations to transfer goods and/or render services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the Company and is non-refundable; or (ii) the contract has been terminated and the consideration received from the customer is not refundable.

Revenue from the wholesale of goods is recognised when control of the asset is transferred to the buyer, i.e. when the asset is delivered to the customer in accordance with contractual provisions and the customer acquires the ability to direct the use of and obtain substantially all of the benefits from the asset. If the sales contract includes retrospective volume-related discounts, the Company estimates the relevant impact and treat it as variable consideration. In addition, the Company estimates the impact of potential returns from customers. This impact is accounted asrecognising a liability for returns in Short-term provisions for risks. This estimate is based on the Company's right of return policies and practices along with historical data on returns. Variable consideration (discounts and returns) is recognised only when it is highly probable there will not be a significant adjustment to the amount of recognised revenue in the future. There are no post-delivery obligations other than product warranties, if required by local law; these warranties do not represent a separate performance obligation and are accounted for pursuant to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Financing components

The payment terms offered to the Company's customers do not exceed 12 months, therefore the Company recognises adjustments to the transaction price to account for financing components.

Leases

The Company leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 3 years at average, but may have extension options.

2 Accounting policies (continued)

Leases (continued)

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

2 Accounting policies (continued)

Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Company.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Pensions

The Company operates a group personal pension plan. Contributions are charged to the profit and loss account as they become payable in accordance with the scheme rules. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share based payments

Occasionally the Company's Directors and senior managers are issued share options from the Luxottica Group S.p.A. share based payment plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with the corresponding entry recognised in equity. The total amount to be expensed is determined by reference to the fair value of the options granted at the date of grant.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

3 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 10 for the carrying amount of the property, plant and equipment, and Note 2 for the useful economic lives of each class of asset.

b) Inventory provisioning

The Company is a wholesaler of optical products and as such employs samples for demonstration some of which are eventually returned to the supplier and for which we receive a credit. Provision is made against the cost of these samples to reflect their net realisable value and this may change over time. Provision is made on the basis of realisable value over the previous 12 months and is assessed annually.

c) Leases

The most significant estimates and assumptions concern:

- renewal option or a termination option included in the lease agreement;
- variable lease payments and amounts expected to be payable by the lessee under residual value guarantees;
- lessees calculate the present value of the lease payments using the interest rate implicit in the lease as the discount rate. If the lessee cannot readily determine the interest rate implicit in the lease, then the lessee uses its incremental borrowing rate.

3.2 Critical judgements in applying the entity's accounting policies

No critical judgements identified requiring disclosure.

4 Turnover

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

	2022 £ 000	2021 £ 000
UK	85,523	65,075
Europe	94,600	87,899
	180,123	*152,974*

5 Operating profit

Arrived at after charging/(crediting)

	Note	2022 £ 000	2021 £ 000
Depreciation expense	10	540	839
(Reversal of impairment)/impairment of trade receivables		1,040	(10)
(Reversal of write-down)/write-down of inventory to net realisable value		(472)	(1,552)
Inventory recognised as an expense		138,751	115,589
Auditors' remuneration - fees for audit		41	37
Foreign exchange losses		(1,048)	174

The statement of profit or loss shows the following amounts relating to leases:

	Note	2022 £ 000	2021 £ 000
Depreciation on right of use assets – Property	11	658	822
Depreciation on right of use assets – Other	11	95	137
Interest expense on leases – Other	7	-	1
Interest expense on leases – Property	7	26	49
		779	*1,009*

Staff costs

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

	2022 £ 000	2021 £ 000
Wages and salaries	8,557	9,584
Social security costs	769	950
Pension costs, defined benefit scheme	401	441
	9,727	*10,975*

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

	2022 No.	2021 No.
Administration and support	118	122
Distribution	37	84
	155	*206*

Directors' remuneration

The Directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Emoluments	602	953
	602	*953*

In respect of the highest paid Director:

	2022 £ 000	2021 £ 000
Remuneration	602	953

Two of the Directors (2021: Two) received remuneration from other group companies and it is not practicable to allocate this between their services as directors of Luxottica North Europe Limited and other group companies.

6 Interest receivable and similar income

	2022 £ 000	2021 £ 000
Other finance income	150	8
	150	*8*

7 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest paid to group undertakings	115	13
Interest expense on leases - Other	-	1
Interest expense on leases - Property	26	49
Interest expense on bank deposits	-	2
	141	*65*

8 Tax on profit

Tax charged in the profit and loss account

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax on the profits for the year	1,520	1,217
Adjustments in respect of prior years	(138)	3
	1,382	*1,220*

Deferred taxation

	2022 £ 000	2021 £ 000
Deferred tax current year	(50)	(12)
Adjustments in respect of prior years	125	-
Effect of changes in tax rate	(81)	(131)
Total deferred taxation	*(6)*	*(143)*
Tax expense in the profit and loss account	*1,375*	*1,077*

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than standard rate of corporation tax in the UK) of 19% (2021 - 19%).

8 Tax on profit (continued)

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	7,648	6,293
Corporation tax at standard rate	1,453	1,195
Adjustments in respect of prior years	(13)	3
Expenses not deductible for tax purposes	16	10
Deferred tax expense/(credit) from unrecognised tax loss or credit	(81)	(131)
Total tax charge	*1,375*	*1,077*

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9 Intangible assets

	Goodwill £ 000	Contractual customer relationships £ 000	Total £ 000
Cost			
At 1 January 2022	1,601	2,948	4,549
At 31 December 2022	1,601	2,948	4,549
Amortisation			
At 1 January 2022	1,601	2,948	4,549
At 31 December 2022	1,601	2,948	4,549
Carrying amount			
At 31 December 2021	-	-	-
At 31 December 2022	-	-	-

On 1 July 2015 the Company acquired the promotional rights for Oakley products to the sport retail channel from Oakley UK Limited, a fellow group company for a consideration of £1,601k. From that date the Company acts as the sole promoter of Oakley products in the UK and Ireland and is remunerated by way of commission from the principal in the sale. At 31 December 2015 the Directors considered that the promotional rights had no residual value so the intangible asset was written down to £NIL.

10 Property, plant and equipment

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2022	856	6,762	1,003	8,621
Addition	-	752	66	818
Disposal	-	(3)	-	(3)
At 31 December 2022	856	7,511	1,069	9,436
Accumulated depreciation				
At 1 January 2022	832	5,757	918	7,507
Change for the year	7	475	58	540
At 31 December 2022	839	6,232	976	8,047
Carrying amount				
At 31 December 2022	18	1,279	93	1,390
At 31 December 2021	24	1,005	85	1,114

11 Right of use assets

The Company has lease contracts for offices and cars. The amounts recognised in the financial statements in relation to the leases are as follows:

	Property £ 000	Other £ 000	Total £ 000
Cost or valuation			
At 1 January 2022	8,217	874	9,091
Addition	-	83	83
Disposal	(2,538)	(2)	(2,540)
At 31 December 2022	*5,679*	*955*	*6,634*
Accumulated depreciation			
At 1 January 2022	4,914	846	5,760
Charge for the year	658	95	753
Eliminated on disposal	-	-	-
At 31 December 2022	*5,572*	*941*	*6,513*
Carrying amount			
At 31 December 2022	107	14	121
At 31 December 2021	*3,303*	*28*	*3,331*

11 Right of use assets (continued)

The average lease term is 3 years (2021: 3 years).

Lease liabilities

	2022 £ 000	2021 £ 000
Current	(60)	(949)
Non-current	(23)	(2,573)
	(83)	*(3,522)*

Lease liabilities maturity analysis

	2022 £ 000	2021 £ 000
Not later than 1 year	(60)	(949)
Later than 1 year and not later than 5 years	(23)	(2,573)
Later than 5 years	-	-
Total lease liabilities	*(83)*	*(3,522)*

Leases recognised in the statement of profit & loss

	2022 £ 000	2021 £ 000
Depreciation on right of use assets – Property	658	821
Depreciation on right of use assets – Other	95	137
Interest expense on leases – Other	-	1
Interest expense on leases – Property	26	49
	779	1,008

12 Inventories

	2022 £ 000	2021 £ 000
Finished goods and goods for resale	2,683	3,154

Inventory values are stated after provision of £1,375k (2021: £1,847k). In the opinion of the Directors, there is no material difference between the balance sheet value of stocks and their replacement cost.

13 Trade and other receivables and Cash at bank and in hand

Trade and other receivables

	2022 £ 000	2021 £ 000
Trade debtors	18,169	15,546
Amounts owed by group undertakings	37,984	29,692
Deferred tax asset	761	754
Prepayments	33	59
Other debtors	1,862	1,067
	58,809	*47,118*

Amounts owed by group undertakings arise mainly from sale transactions and are due one month after the date of sale. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2021: £nil) since they are considered recoverable.

The value of trade debtors has been reduced at the balance sheet date by the provision against bad and doubtful debts of £1,613k (2021: £819k).

The presentation of the Other debtors balance at 31 December 2021 is different to that published in the Financial Statements for the year ended 31 December 2021. Last year, an immaterial amount of £2k, related to cash in the bank, had been included under Other debtors. This has been reclassified and included in Cash at bank and in hand.

Deferred tax

	2022 £ 000	2021 £ 000
Asset as at 1 January	754	611
Deferred tax charge for the year	132	143
Adjustment in respect of prior years	(125)	-
Deferred tax assets as at 31 December	761	754

	2022 £ 000	2021 £ 000
Accelerated capital allowances	395	547
Provisions	363	195
Other	3	12
Deferred tax assets	761	754

14 Creditors: Amounts falling due within one year

	2022 £ 000	2021 £ 000
Trade creditors	1,731	3,019
Accrued expenses	13,889	11,512
Amounts due to related parties	26,001	23,121
Other creditors	3,655	2,012
Short term lease liabilities	60	949
	45,336	*40,613*

Amounts owed to group undertakings arise mainly from purchase transactions and are due two months after the date of purchase. The payables are unsecured in nature and bear no interest.

15 Creditors: Amounts falling due after more than one year

	2022 £ 000	2021 £ 000
Long term lease liabilities	23	2,573

16 Called up share capital

Allotted, called up and fully paid shares

	2022 £ 000	2021 £ 000
90,000 (2021: 90,000) ordinary shares of £1 each	90	90

17 Share-based payments

No share based payment awards were made during the year (2021: £Nil).

In addition, as part of the widespread international share ownership plan "Boost 2022" to which approximately 57,700 employees of EssilorLuxottica S.A. adhered with a subscription rate of over 65%, the Company has granted its employees a total of 260 shares.

18 Related party transactions

The Company has taken advantage of the exemption of the requirements in IAS 24, "Related party disclosures" to disclose related party transactions entered into between two or more members of a group in accordance with FRS101.

Key management includes Directors of the Company. Details of their remuneration can be found in Note 5.

19 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £401k (2021 - £441k).

An amount of £41k (2021 - £nil) was outstanding to be paid at the end of the year.

20 Parent and ultimate parent undertaking

The Company's immediate parent company is Luxottica Group S.p.A., incorporated in Italy. The largest and smallest group financial statements into which the Company's results are consolidated are prepared by EssilorLuxottica S.A. a company incorporated in France. Group financial statements are available from Luxottica Group SpA at Piazzale Cadorna, Milan, Italy.

The Company's ultimate parent company and controlling party is EssilorLuxottica S.A., incorporated in France.