Registration number: 02767938

LUXOTTICA RETAIL UK LTD

Annual Report and Financial Statements

for the Year Ended 31 December 2020

LUXOTTICA RETAIL UK LTD

Contents

LUXOTTICA RETAIL UK LTD

Company Information

Directors

Filippo Resini
Sara Francescutto
Stefano Melani

Company secretary

Pennsec Limited

Registered office

Verulam Point
Station Way
St. Albans
Hertfordshire
England
AL1 5HE

Indipendent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
Charing Cross
London
WC2N 6RH

LUXOTTICA RETAIL UK LTD

Strategic Report for the Year Ended 31 December 2020

The Directors present their strategic report for the year ended 31st December 2020.

Principal activities
The Company continues to retail sunglasses, spectacles, contact lenses and accessories, as well as providing sight tests and optical dispensing services.

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.

Fair review of the business and KPIs
The loss for the financial year was £7,677k (2019: profit £4,397k).

It is considered that turnover and operating profit are the key performance indicators of the business. As shown in the Company's profit and loss account on page 13, turnover has decreased from £132,955k to £70,362k , mainly impacted by stores closure during the year following the national lockdown due to Covid-19.

Overall, like-for-like comparable sales decreased by 47.1% on the previous year.

The operating result decreased from a profit of £6,519k to a loss of £8,820k due primarily to stores closures driven by the Covid-19 pandemic, slightly counterbalanced by government support (i.e. rates relief, grants and job retention scheme). Margin decreased following increase in discounts to support sales and channel mix (airports sales decrease versus outlet increase). Labour costs decreased thanks to government support (job retention scheme) as well as reduced selling expenses following a focus on cost efficiency.

The net assets position of the business has reduced in the year driven by the COVID-19 pandemic, at the year end net assets amounted to £20,386k (2019 - £28,319k).

The Directors consider that the coming year will remain challenging as uncertainty over the specific nature of the UK's future trading relationship with Europe and the rest of the world. Anyway, they expect to reach a good performance based on store reopening and a positive effect of the vaccination campaign. The year 2021 has started with another lock down where all the sun stores were closed and the optical stores were opened. Starting from April 12th the lock down was eased and sun stores (excluding airport) have been reopened, the Directors are forecasting a good performance based on a robust sales trend, decreasing rent impact by contracting discounts with landlords and overall efficiency on the cost structure.

Other KPI measurements are regularly used as a comparison between stores, including average unit sales prices and sale conversion rates.

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 customer requests and by maintaining strong relationships with its customers.

The retail environment continues to evolve and we continue to review our store portfolio and develop our on line offering to ensure that our format is relevant to the consumer. The Covid-19 pandemic had a significant impact on the retail sector and a specific focus is done on cost control and efficiency.

The UK's exit from the EU on 31st January 2020 impacted the Company, as the majority of our product is imported from Italy.

Principal risks and uncertainties (Continued)

Despite a deal with the European Union after the Brexit (Dec 31st 2020) custom duties are in place for all Sun and AFA products. Furthermore, all product imported must undergo custom declaration and the Company is focusing of guarantee a quick product replenishment to the stores.

In the near term, Covid-19 is creating considerable uncertainty for economies and markets. We believe that our business resilience is sufficient to deal with this, but the impact on economies and markets will be highly correlated with how effective containment measures are.

Section 172 Statement

During 2020 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 summarize 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 aim 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 My Performance, with the aim to fairly assess the relationship between performance and reward in order to promote success, professional growth and succession plan.
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.
In order to promote a 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

Section 172 Statement (Continued)

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

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 of Directors and signed on behalf of the Board:

Director: Stefano Melani

Date: 10 June 2021

LUXOTTICA RETAIL UK LTD

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the audited financial statements for the year ended 31st December 2020.

Future developments

The Directors consider that the coming year will remain challenging as uncertainty over the specific nature of the UK's future trading relationship with Europe and the rest of the world.

The UK's exit from the EU on 31st January 2020 impacted the Company, as the majority of our product is imported from Italy.

Despite a deal with the European Union after the Brexit (Dec 31st 2020) custom duties are in place for all Sun and AFA products. Furthermore, all product imported must undergo custom declaration and the Company is focusing of guarantee a quick product replenishment to the stores.

Anyway, We have put in place plans to ensure that in the event of no deal we will continue to import product without undue delay.

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, unless otherwise indicated, were:

Filippo Resini

Sara Francescutto

Stefano Melani

Dividends

The Directors recommend a final dividend payment of £Nil in respect of the financial year ended 31 December 2020 (2019: £3,000k).

Financial instruments

The Company transfers all surplus cash balances into a Group pooling account on a regular basis. Interest is received on outstanding balances at rates set by Group. Cash pooling interests charged by Group in 2020 are equal to £8k (2019: £6k).

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 customer requests and by maintaining strong relationships with its customers.

The Company has significant cash resources as at the balance sheet date. However, the current economic climate, in particular the current retail environment, does provide some level of uncertainty with regard to future performance.

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. The Company operate performance related bonus schemes to reward employees and align personal and corporate objectives.

Charitable donations
During the year the Company made charitable donations of £Nil (2019: £Nil).

Streamlined energy and carbon reporting framework (SECR)
The Company encourages the employees to minimize how their practises 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.
The energy provided by Opus, Company's main energy provider for stores, comes 100% from renewable sources.

Market Based Calculation	**2020 (tonnes)**	**2020 (kWh)**
Energy Consumption Used		
Co2 emissions from transport fuel	12.49	
Co2 emissions from electricity purchased for own use	25.24	1,375,419
emissions from business travel from employee owned cars	19.79	
Total gross CO2 emissions based on above	57.52	
Ratio of total emissions to sales (tonnes per Euro/mln)	0.82	

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 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Measures taken to improve energy efficiency
Due to the nature of the impact from Covid the majority of meetings have been done by video conferencing and milage has been significantly reduced from prior years. The business plans to continue the use of video conferencing as much as possible in the future to reduce the environmental impact of business travel and CO2 emissions from transport fuel.

Branches outside of the UK
The Company has a registered branch in Denmark within which the stores running in Denmark operate. The results for the branch are included within the financial statements of the Company.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101').

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 has been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- 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:

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

Stakeholder engagement statement (continued)
The table below presents the main topics of stakeholders' engagement.

As shown before, additional information are disclosed in the Section 172 Statement at page 3.

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-financial 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)

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. It has been set up a plan in order to be fair and recognize bonuses and commission upon targets achievement.

Engagement with employees (continued)
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.

In October 2020 the new Human Resources Director joined the Company.

Independent Auditors
PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors of the Company.

Approved by the Board of Directors on 10 June 2021 and signed on its behalf by:

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Stefano Melani
Director

Independent auditors' report to the members of Luxottica Retail UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Luxottica Retail UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK tax legislation and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Identifying and testing the appropriateness of manual journal entries, including journal entries with unusual account combinations, outside the normal course of business or posted by unusual users;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Tested key accounting estimates reported in the financial statements by challenging management's judgements and ensuring corroborative evidence were obtained for key assumptions, in particular in relation to the useful economic lives of fixed assets, the inventory provision and the accounting of leases.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Lauren Dilrew

Lauren Dilrew (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
10 June 2021

LUXOTTICA RETAIL UK LTD

Income Statement for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Turnover	4	70,362	132,955
Cost of sales		(24,436)	(37,684)
Gross profit		45,926	95,271
Distribution costs		(49,510)	(82,452)
Administrative expenses		(5,236)	(6,300)
Operating (loss)/profit	5	(8,820)	6,519
Dividend income	7	20	20
Interest payable and similar expenses	8	(881)	(874)
		(861)	(854)
(Loss)/Profit before tax		(9,681)	5,665
Tax on (loss)/profit	10	2,004	(1,268)
(Loss)/Profit for the financial year		(7,677)	4,397

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 the (loss)/profit for the financial year

LUXOTTICA RETAIL UK LTD

(Registration number: 02767938)
Balance Sheet as at 31 December 2020

	Note	31 December 2020 £ 000	31 December 2019 £ 000
Fixed assets			
Goodwill	12	4,252	4,252
Tangible assets	13	16,357	18,262
Right of use assets	24	45,374	40,136
		65,983	62,650
Current assets			
Inventories	14	14,942	15,260
Trade and other receivables	15	14,317	7,866
Cash at bank and in hand		1,174	3,576
Corporation tax		1,724	-
		32,157	26,702
Creditors: Amounts falling due within one year	16	(37,675)	(26,258)
Net current (liabilities)/assets		(5,518)	444
Total assets less current liabilities		60,465	63,094
Creditors: Amounts falling due after more than one year	17	(40,077)	(34,955)
Net assets		20,388	28,139
Capital and reserves			
Called up share capital	19	24,411	24,411
(Accumulated losses)/Retained earnings		(4,023)	3,728
Shareholders' funds		20,388	28,139

The financial statements on page 13 to 39 were approved by the Board of Directors on 10 June 2021 and signed on its behalf by:

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Stefano Melani
Director

LUXOTTICA RETAIL UK LTD

Statement of Changes in Equity for the Year Ended 31 December 2020

	Note	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2019		24,411	2,331	26,742
Profit for the year		-	4,397	4,397
Transactions with owners in their capacity as owners:				
Dividends	11	-	(3,000)	(3,000)
At 31 December 2019		24,411	3,728	28,139

	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2020	24,411	3,728	28,139
Opening revaluation	-	(74)	(74)
Loss for the year	-	(7,677)	(7,677)
At 31 December 2020	24,411	(4,023)	20,388

The notes on pages 16 to 39 form an integral part of these financial statements.

1 General information

Luxottica Retail UK Ltd is a retailer of sunglasses and prescription eyewear. The Company sells mainly in the UK. The Company is a private limited Company limited by shares and is incorporated and domiciled in United Kingdom.

The address of its registered office of the Company is Verulam Point, Station Way, St Albans, Hertfordshire AL1 5HE.

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.

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 Retail UK 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 FRS 101.

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 FRS 101 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 to 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'

2 Accounting policies (continued)

Going Concern

The restrictive measures imposed around the world in the face of the global pandemic caused by the Covid-19 virus 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 amounted to £20,386k (2019 - £28,319k). The decreased was to due to effect of the loss reported in 2020, which was attributable to the non essential shop closures requested by the UK Governament to face the Covid-19 pandemic.

The cash pooling position with the Group in 2020 was negative and amounting to £5,428k (£1,444k in 2019).

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.

EssilorLuxottica however has confirmed its intention to provide financial support to the operations pursued by the Company, in order to cover its financial obligations and continue its activities without suffering any significant reduction in its activities in the next twelve months from the date of signing of the financial statements.

Consolidation

The Company is a wholly owned subsidiary of the ultimate parent company and as such has taken advantage of the exemption from preparing group financial statements under section 400 of the Companies Act 2006. EssilorLuxottica S.A. a company registered in France. The largest and smallest group of undertakings for which group financial statements are prepared and which include the results of the Company, are the consolidated financial statements of EssilorLuxottica S.A. Copies of consolidated financial statements can be obtained from the Company's website.

2 Accounting policies (continued)

Revenue recognition

The Company sells prescription eyewear and sunglasses.

Sales of goods – retail

Revenue from the sale of goods is recognised when the company sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the products and takes delivery in store. Retail sales are usually in cash or by debit/credit cards. It is the company's policy to sell its products to the end customer with a right of return. Therefore, a refund liability (included in creditors: amounts falling due within one year) and a right to the returned goods (included in trade and other receivables) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.
The company's obligation to repair or replace faulty products is recognised under the standard warranty terms.

Rendering of services

The Retail division's revenue includes also the consideration arising from vision care services. This revenue is recognised when the service is rendered to the customer.

Internet revenue

The Company also sells goods on the internet and revenue is recognised when control of the products has passed to the customer, which is at the point of receipt by customer. Internet sales are usually settled by credit or debit card.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Tangible assets

Tangible fixed assets are stated at historical cost net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment - five to eight years

2 Accounting policies (continued)

Goodwill

Goodwill arises on the acquisition of the trade and assets of a business and represents the excess of consideration transferred over the fair value of net assets acquired. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense 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 of disposal and value in use and is not subsequently reversed. Goodwill is not amortised. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

Impairment of non financial assets

Goodwill is not subject to amortisation but is tested at least annually for impairment. All other assets within the scope of IAS 36 are tested for impairment whenever there are indicators that those assets may be impaired. If such indicators exist, the assets' net carrying amount is compared to their estimated recoverable amount. An impairment loss is recognised if the carrying amount is higher than the recoverable amount.

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.

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).

Following the application of IFRS 9, the assessment of the credit risk related to accounts receivable did not increase significantly after initial recognition when contractual payments were due by longer than 30 days.

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.

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.

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.

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.

2 Accounting policies (continued)

Financial assets

The Company's financial assets are classified based on the business model adopted to manage them and the relevant cash flows. The Company has identified the following categories:

a. Financial assets measured at amortised cost.

This category includes financial assets that meet the following requirements: (i) the financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows; and (ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. These are mainly accounts receivable, loans, and other receivables already described in the paragraph Accounts receivable and other receivables. Loans and receivables are included in current assets, except for those with contractual maturities greater than 12 months compared to the end of the reporting period, which are classified as non-current assets. The Company's loans and receivables are classified in the balance sheet as accounts receivable and other receivables. Except for accounts receivable that do not contain a significant financing component, other loans and receivables are initially recognised at fair value plus directly attributable transaction costs. Accounts receivable that do not contain a significant financing component are recognised at the transaction price (determined in accordance with IFRS 15 Revenue from Contracts with Customers). After initial recognition, the assets included in this category are measured at amortised cost, using the effective interest method. The effects of this measurement are recognised within the financing components of income. In addition, these assets are subject to the impairment model described in the paragraph Accounts receivable and other receivables.

b. Financial assets at fair value through other comprehensive income ("FVOCI").

This category includes financial assets that meet the following requirements: (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are initially recognised at fair value plus directly attributable transaction costs. Subsequently, the measurement on initial recognition is updated and any changes in fair value are recognised through other comprehensive income. As in the case of the previous category, these assets are subject to the impairment model described in the paragraph Accounts receivable and other receivables.

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

This category includes financial assets not classified in any of the previous categories (i.e. residual category). These are mainly derivative instruments as well as quoted and unquoted equity instruments that the Company did not irrevocably designate as FVOCI on initial recognition or at the date of transition. Assets in this category are classified as current or non-current assets based on their maturity and are initially recognised at fair value. Specifically, investments in non-consolidated companies over which the Company does not have significant influence are included within this category and recognised under Investments. Any ancillary costs incurred on initial recognition of the assets are immediately recognised through consolidated profit or loss. After initial recognition, financial assets at FVPL are measured at fair value. Gains and losses deriving from changes in fair value are recognised through consolidated profit or loss in the period in which they occur, under Other net income/(expenses).

Purchases and sales of financial assets are recognised at the settlement date.

Financial assets are derecognised when the rights to receive cash flows from the instrument have expired and the Company has transferred substantially all risks and rewards of ownership.

2 Accounting policies (continued)

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.

Provision

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that the outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Taxation

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

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.

Share based payments

Occasionally the Company's Directors and senior managers are issued share options from the Luxottica Group SpA 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. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all 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 recognised the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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.

2 Accounting policies (continued)

Leases

The Company leases various stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 10 years, but may have extension options.

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.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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 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. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

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 and store furniture.

Operating leases – Out of IFRS 16 scope

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.
Leases out of IFRS 16 scope include variable rents of department stores and airports.
Payments made under these operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Impact of Covid-19 pandemic on leases

In 2020 the majority of rental assistant negotiation were ongoing. Accordingly, lease rental income for the majority of leases continued to be recognized in accordance with the terms of the lease contracts in place during the year. Once any rental assistance is agreed with a tenant, the Company anticipates these will be treated as a lease modification with the following effects on the financial statements:

- Existing lease receivables waived will be written of through P&L, except to the extent of a pre-existing provision for expected credit losses relating to outstanding lease receivables.
- Lease rental income due over the remaining lease term, which will incorporate any future reductions in fixed lease payments, will be recognised on a straight-line basis.
- Payment deferrals granted will continue to be recognised as lease receivables until they are collected.

2 Accounting policies (continued)

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.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. If conditions are attached to the grant which must be satisfied before the Company is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied. The grants received in 2020 were provided by the UK Government to support the company during the COVID-19 pandemic; such grants are recognised in the profit and loss within distribution costs.

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.
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.

3.1 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 11 for the carrying amount of the property plant and equipment and note 2 for the useful economic lives of each class of asset.

3.2 Inventory provisioning
The Company is a retailer 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 based on realisable value over the previous 12 months and is assessed annually.

3.3 Leases
The most significant estimates and assumptions concern:
a) renewal option or a termination option included in the lease agreement;
b) variable lease payments and amounts expected to be payable by the lessee under residual value guarantees;
c) 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.

4 Turnover

The total turnover and (loss)/profit before taxation of the Company for the year has been derived from its main activity which is the sale of goods in the UK and Denmark.

5 Operating (loss)/profit

Arrived at after charging/(crediting):

	Note	31 December 2020 £6 000	31 December 2019 £ 000
Turnover		(70,362)	(132,955)
Cost of sales		24,436	37,684
Depreciation expense		4,737	4,594
Depreciation on right of use assets - Property		8,756	7,794
Depreciation on right of use assets - Car		85	79
Operating lease expense - property		15,885	24,592
Operating lease expense - plant and machinery		19	4
Marketing expenses		2,342	2,747
Professional Fees		545	716
Repair & Maintenance expenses		638	887
Payroll expenses	9.2	18,238	26,924
Government Grants received	6	(695)	-
Impairment		2,078	-
Other admin/operation expenses		2,120	20,415
		8,820	(6,519)

Auditors' remuneration for audit fees represents fees payable to the Company's auditors for the audit of the Company's annual financial statements.

	2020 £ 000	2019 £ 000
Auditors remuneration	86	86

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

	2020 £ 000	2019 £ 000
Depreciation on right of use assets – Property (note 24)	8,756	7,727
Depreciation on right of use assets – Car (note 24)	85	78
Interest expense on leases (note 8)	869	868

6 Government grants

	2020 £ 000	2019 £ 000
Government grants	695	-

Due to Covid-19, the stores that satisfied some criteria received a fixed contribution as government grant to support the business.

7 Dividend income

	2020 £ 000	2019 £ 000
Dividend received from joint venture	20	20

8 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest expense on leases	869	868
Interest paid to Group undertakings	12	6
	881	874

9 Information regarding Directors and employees

9.1 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2020 £ 000	2019 £ 000
Remuneration	396	348

During the year no Director (2019: £Nil) received shares in Luxottica Group SpA under a performance share plan. In both years this included the highest paid Director.

Two of the Directors (2019: 1) received remuneration from other group companies and it is not practicable to allocate this between their services as Directors of Luxottica Retail UK Ltd and other group companies.

9 Information regarding Directors and employees (continued)

9.2 Staff Costs

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

	2020 No.	2019 No.
Administration	68	70
Sales	1,036	1,227
	1,104	1,297

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

	2020 £ 000	2019 £ 000
Wages and salaries	15,761	24,427
Social security costs	1,831	2,294
Other pension costs	646	706
	18,238	27,426

Included in Wages and Salaries is £5,120k received from the UK Government for people on furlough leave as a result of the COVID-19 pandemic.

10 Tax on (loss)/profit

Tax (credited)/charged in the profit and loss account

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	(1,426)	1,398
Adjustments in respect of previous years	(268)	40
	(1,694)	1,438
Deferred taxation		
Arising from origination and reversal of temporary differences	(305)	(98)
Adjustment in respect of previous year	97	(91)
Effects of changes in tax rate	(102)	19
Total deferred taxation	(310)	(170)
Tax (credit)/charge in the profit and loss account	(2,004)	1,268

The tax on (loss)/profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 – lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

10 Tax on (loss)/profit (continued)

The differences are reconciled below:

	2020 £ 000	2019 £ 000
(Loss)/profit before tax	(9,681)	5,665
Corporation tax at standard rate 19% (2019: 19%)	(1,839)	1,075
Income not taxable	(4)	(4)
Expenses not deductible for tax purposes	117	239
Adjustments in respect of previous years	(171)	(51)
Effect of changes in tax rate	(107)	19
Total tax (credit)/charge	(2,004)	1,268

Deferred tax

	2020 £ 000	2019 £ 000
Accelerated capital allowances	1,042	880
Other short term timing differences	254	106
	1,296	986

The corporation tax rate reduced to 19.00% with effect from 1 April 2017 and was due to further reduce to 17.00% with effect from 1 April 2020 following the enactment of Finance (No. 2) Act 2015 and Finance Act 2016 respectively. However, the corporation tax rate remained at 19% (rather than reducing to 17%, as previously enacted) from 1 April 2020 following the Spring Budget 2020 announcement substantively enacted on 17 March 2020.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end.

11 Dividends

Final dividends paid

	2020 £ 000	2019 £ 000
Final dividend of £Nil (2019: £12.29) per each "A" ordinary shares	-	960
Final dividend of £Nil (2019: £12.29) per each "B" ordinary shares	-	2,040
	-	3,000

12 Goodwill

	Goodwill £ 000	Total £ 000
Cost or valuation		
At 1 January 2020	4,252	4,252
At 31 December 2020	4,252	4,252
Accumulated Amortisation at 1 January 2020 and 31 December 2020	-	-
Carrying amount		
At 31 December 2020	4,252	4,252
At 31 December 2019	4,252	4,252

13 Tangible assets

Cost	Furniture, fittings and equipment £ 000	Right of use asset £ 000	Total £ 000
At 1 January 2020	47,418	84,631	132,049
Opening cost revaluation	36	-	36
Additions	3,380	14,064	17,444
Disposals	(2,162)	(10,514)	(12,676)
At 31 December 2020	48,672	88,181	136,853
Accumulated depreciation			
At 1 January 2020	29,157	44,495	73,652
Opening cost revaluation	15	-	15
Charge for the year	4,737	8,840	13,577
Disposals	(1,595)	(10,528)	(12,123)
At 31 December 2020	32,314	42,807	75,121
Carrying amount			
At 31 December 2020	16,357	45,374	61,732
At 31 December 2019	18,262	40,136	58,398

Included in the cost of fixtures, fittings and equipment are assets in course of construction of £170k (2019: £719k). No depreciation has been provided on these assets during the current of previous year and depreciation is only charged when the assets come into use.

14 Inventories

	31 December 2020 £ 000	31 December 2019 £ 000
Finished goods and goods for resale	14,942	15,260

Stock values are stated after provision of £1,208k (2019: £484k).
There is no material difference between the balance sheet value of stocks and their replacement cost.

15 Trade and other receivables

	31 December 2020 £ 000	31 December 2019 £ 000
Trade debtors	2,051	3,184
Amounts owed by group undertakings	8,686	1,666
Deferred tax asset	1,296	986
Prepayments	673	1,265
Other debtors	1,611	765
	14,317	7,866

All debtors with the exception of lease deposits of £247k (2019. £239k) and the deferred tax asset, are due within one year.

Amounts owed by group undertakings are interest free and repayable on demand, with the exception of the cash pooling account which is interest-bearing. Cash pooling interests charged by Group in 2020 are equal to £8k (2019: £6k).

16 Creditors: amounts falling due within one year

	31 December 2020 £ 000	31 December 2019 £ 000
Short term lease liabilities	13,610	7,414
Trade creditors	8,556	4,923
Amounts owed to group undertakings	10,237	9,164
Corporation Tax	-	654
Other creditors	1,713	1,316
Other taxation and social security	1,848	597
Accrued and deferred income	1,711	2,190
	37,675	26,258

Amounts owed to group undertakings are interest free and repayable on demand.

17 Creditors: Amounts falling due after more than one year

	31 December 2020 £ 000	31 December 2019 £ 000
Long term lease liabilities	40,077	34,955

18 Share-based payments

No payments have been made during the year 2020 (2019: £Nil).

19 Called up share capital

	31 December 2020 £ 000	31 December 2019 £ 000
Authorised:		
7,811,445 (2019: 7,811,445) 'A' ordinary shares of £1 each	7,811	7,811
16,599,320 (2019: 16,599,320) 'B' ordinary shares of £1 each	16,600	16,600
	24,411	24,411
Allotted, called up and fully paid:		
7,811,445 (2019: 7,811,445) 'A' ordinary shares of £1 each	7,811	7,811
16,599,320 (2019: 16,599,320) 'B' ordinary shares of £1 each	16,600	16,600
	24,411	24,411

The 'A' and 'B' ordinary shares confer the holders the same rights.

20 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. Contributions payable by the Company for the year were £646k (2019: £705k).

£101k of these contributions were outstanding as at 31 December 2020 (2019: £109k) and were included in creditors at the Balance Sheet date.

21 Commitments

Capital Commitments

The Company had no capital commitments at 31 December 2020 (2019: £Nil).

22 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 FRS 101.

Key management includes Directors of the Company. Details of their remuneration can be found at Note 9.1.

The table below shows the summary of the transactions the Company had with related parties, which were limited to ones with the joint venture David Clulow Loughton Limited. The Company's Director Stefano Melani was also director in such joint venture.

	Fees and recharges 31 December 2020 £ 000	Fees and recharges 31 December 2019 £ 000
David Clulow Newbury Limited	-	29
David Clulow Loughton Limited	29	24

23 Parent and ultimate parent undertaking

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.

24 Right of use assets

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

	Property £ 000	Vehicles £ 000	Total £ 000
Cost or valuation			
At 1 January 2020	84,347	284	84,631
Additions	14,008	56	14,064
Disposals	(10,393)	(120)	(10,513)
At 31 December 2020	87,962	220	88,182
Accumulated Depreciation			
At 1 January 2020	(44,308)	(187)	(44,495)
Charge for the year	(8,756)	(85)	(8,841)
Disposals	10,408	120	10,528
At 31 December 2020	(42,656)	(152)	(42,808)
Carrying amount			
At 31 December 2020	45,306	68	45,374
At 31 December 2019	40,039	97	40,136

The average lease term is 9 years for stores and 3 years for cars, same as previous year.

24.1 Stores impairment

	31 December 2020 £ 000	31 December 2019 £ 000
Impairment	(2,078)	-

According to the Group policy, the Company has performed an impairment test on all the stores.
This Policy has been prepared in accordance with the International Financial Reporting Standards (IFRS), following in particular:

- IAS 36 – Impairment of assets;
- IFRS 13 – Fair value measurement with reference to the definition of assets fair value.

The procedures ensures that all the store assets are carried at no more than their recoverable amount.

24 Right of use assets (continued)
24.2 Lease Liabilities

	31 December 2020 £ 000	31 December 2019 £ 000
Current	(13,610)	(7,414)
Non-current	(40,077)	(34,955)
Total	(53,687)	(42,369)

24.3 Maturity analysis

	31 December 2020 £ 000	31 December 2019 £ 000
Not later than 1 year	(13,610)	(7,414)
Later than 1 year and not later than 5 years	(28,757)	(24,431)
Later than 5 years	(11,320)	(10,524)
Total	(53,687)	(42,369)

24.4 Leases recognised in the statement of profit & loss

Depreciation charge of right of use assets

	2020 £ 000	2019 £ 000
Properties	8,756	7,727
Cars	85	78
Total	8,841	7,805

	2020 £ 000	2019 £ 000
Interest expenses	869	868
Expense relating to variable lease payments	11,055	22,120

25 Operating leases – Future commitments

The Company had future minimum lease payments under non-cancellable operating leases out of scope of IFRS 16 within one year of £10,192k (2019: £9,463k).