SOLA Optical (UK) Limited

Annual report and accounts

for the year ended 31 March 2001

Registered Number 2838963

SOLA Optical (UK) Limited

Annual report and accounts

for the year ended 31 March 2001

Contents

SOLA Optical (UK) Limited

Directors' report for the year ended 31 March 2001

The directors present their report and the audited financial statements for the year ended 31 March 2001.

Principal activities

The activities of the Group are principally the manufacture and marketing of ophthalmic lenses.

Results and trading review

The Group profit and loss account for the year is set out on page 4. The Group reports a profit after taxation of £261,000 (2000: restated £1,997,000).

As the group has operations in Zimbabwe, a hyper-inflationary economy, the prior year comparatives for the Zimbabwe operations have been restated as disclosed in note 1 for the purposes of fair presentation in accordance with UITF Abstract 9, "Accounting for operations in hyper-inflationary economies".

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends and reserves

The directors do not recommend the payment of a dividend (2000: £Nil).

Employee involvement

The directors are committed to good communications throughout the organisation. Planned regular communication takes place at all levels through briefing meetings, video presentations and notice boards.

The Group agrees with and actively supports the principles and standards of practice on employee involvement published jointly by the Industrial Participation Association and the Institute for Personnel Management in 1983.

Health and safety

The increasing interests of the Group in high technology have coincided with legislation to emphasise the need for continuing developments in the areas of occupational health and preventative occupational medicine. This is reflected in the priority given in providing good working conditions and to the establishment of a satisfactory basis upon which future development may be built.

The Group's objective is to maintain, or exceed, in its statutory obligations to disabled persons. It endeavours to integrate disabled persons with other employees and their training, career development and promotion is handled under the Group's general policy covering these activities. When an employee becomes disabled every effort is made to ensure continuity of employer and appropriate training is given.

SOLA Optical (UK) Limited

Directors' report for the year ended 31 March 2001 (continued)

Directors and their interests

The directors of the company during the year ended 31 March 2001 were:

Mr M Ashcroft	
Mr A S Vaughan	(resigned 21 July 2000)
Mr B P Creagh	
Mr J C Rosser	(appointed 22 November 2001)

There are no directors interests requiring disclosure under the Companies Act 1985.

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those accounts, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

By order of the board

A Murray
Secretary
30 April 2002

Auditors' report to the members of SOLA Optical (UK) Limited

We have audited the financial statements on pages 4 to 21.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 March 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
30 April 2002

SOLA Optical (UK) Limited

Group profit and loss account for the year ended 31 March 2001

	Note	2001	2000 Restated
		£'000	£'000
Turnover – continuing operations	2	**27,016**	27,786
Cost of sales		**(20,412)**	(20,071)
Gross profit		**6,604**	7,715
Distribution costs		**(960)**	(976)
Administrative expenses (including exceptional restructuring costs	4	**(5,582)**	(4,927)
Operating profit – continuing operations	3	**62**	1,812
Net interest receivable	7	**538**	312
Profit on ordinary activities before taxation		**600**	2,124
Taxation	8	**(339)**	(127)
Retained profit for the year	18	**261**	1,997

Statement of total recognised gains and losses

	2001	2000
Profit/(loss) for the financial year	**261**	1,997
Exchange difference on retranslation of net assets of subsidiary undertaking	**(261)**	(1)
Total recognised gains and losses for the year	**-**	1,996
Restatement	**194**	
Total recognised gains since last annual report	**194**	

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

SOLA Optical (UK) Limited

Group balance sheet as at 31 March 2001

	Notes	2001	2000 Restated
		£'000	£'000
Fixed assets			
Intangible assets	9	1,472	1,559
Tangible assets	10	1,290	1,449
Investments		-	1
		2,762	3,009
Current assets			
Stocks	12	2,372	3,283
Debtors	13	15,802	13,310
Cash at bank and in hand		92	655
		18,266	17,248
Creditors: amounts falling due within one year	14	(5,258)	(5,577)
Net current assets		13,008	11,671
Total assets less current liabilities		15,770	14,680
Provisions for liabilities and charges	15	(1,138)	(48)
Net assets		14,632	14,632
Capital and reserves			
Called up share capital	17	3,378	3,378
Capital redemption reserve	18	3,447	3,447
Profit and loss account	18	7,807	7,807
Equity shareholders' funds	18	14,632	14,632

The financial statements on pages 4 to 21 were approved by the board of directors on 30 April 2002 and were signed on its behalf by:

J C Rosser

Director

SOLA Optical (UK) Limited

Company balance sheet as at 31 March 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	10	1,097	1,179
Investments	11	8,801	8,801
		9,898	9,980
Current assets			
Stocks	12	1,104	1,741
Debtors	13	4,762	4,607
Cash at bank and in hand		-	417
		5,866	6,765
Creditors: amounts falling due within one year	14	(10,891)	(11,442)
Net current liabilities		(5,025)	(4,677)
Total assets less current liabilities		4,873	5,303
Provision for liabilities and charges	15	(1,105)	-
Net assets		3,768	5,303
Capital and reserves			
Called up share capital	17	3,378	3,378
Profit and loss account	18	(3,057)	(1,522)
Capital redemption reserve	18	3,447	3,447
Equity shareholders' funds	18	3,768	5,303

The financial statements on pages 4 to 21 were approved by the board of directors on 30 April 2002 and were signed on its behalf by:

John Rosser

J C Rosser

Director

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2001

1 Accounting policies

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of preparation

(1) Non hyper-inflationary economies

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

(2) Non hyper-inflationary economies

The accounts are based on the statutory records that are maintained under the historic cost convention. Appropriate adjustments and reclassifications including restatement for changes in the general purchasing power of the Zimbabwe dollar for the purposes of fair presentation in accordance with UITF Abstract 9, have been made in these financial statements to the historical cost financial information. Accordingly, the inflation adjusted financial statements represent the primary financial statements for the company.

UITF Abstract 9, "Accounting for operations in hyper-inflationary economies" requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for the previous periods be restated in the same terms. One characteristic that necessitates the application of UITF Abstract 9 is a cumulative three-year inflation rate approaching or exceeding 100%. The restatement was calculated by means of conversion factors derived from the Zimbabwean consumer price index (cpi) issued by the Zimbabwean Central Statistical Office. The indices and the conversion factors used to restate the accompanying financial statements at 31 March are given below:

Dates	**Indices**	Conversion factors
31 March 2001	**650.2**	1.000
31 March 2000	**417.4**	1.558
31 March 1999	**276.8**	2.349

Fixed assets and depreciation

All fixed assets are initially recorded at cost. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Leasehold property	-	the period of the lease
Vehicles, plant and machinery	-	over 3 to 20 years

Notes to the financial statements for the year ended 31 March 2001 (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. For hyper-inflationary economies, stocks are stated at inflation adjusted costs in terms of UITF Abstract 9 by applying consumer price index to their costs. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date, after making appropriate adjustments for the effect of inflation in countries experiencing hyper-inflation.

All differences are taken to the profit and loss account other than exchange gains and losses in respect of a subsidiary whose principal activity is conducted overseas after making revaluation adjustments for the effects of inflation on appropriate assets in countries experiencing hyper-inflation. Assets and liabilities of this subsidiary in foreign currency are translated at rates of exchange ruling at the end of the financial period and the results of this subsidiary are translated at the average rate of exchange for the period. Differences on exchange arising from the retranslation of the opening net assets and from the translation of the results at a average rate are taken to reserves and are reported in the statement of total recognised gains and losses.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Basis of consolidation

The Group accounts include the Company and its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the year are included in the group profit and loss account from date of acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated fully on consolidation.

No profit and loss account is presented for SOLA Optical (UK) Limited as permitted by section 230 of the Companies Act 1985.

1 Accounting policies (continued)

Pension costs

The group operates a defined contribution scheme and a defined benefit scheme. Details of the schemes are listed in note 21 to the accounts. The pension cost charge in respect of the defined contribution scheme represents contributions payable by the group to the scheme. In the case of the defined benefit scheme pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the group benefits from the employees' services. The effects of any variations from regular cost are spread over the expected average remaining services lives of members of the schemes.

Goodwill

Goodwill arising in connection with the acquisition of shares in subsidiaries and associated undertaking is calculated as the excess of the purchase price over the fair value of the net tangible assets acquired.

Goodwill in respect of acquisitions made after 1 April 1998 is capitalised at cost and amortised over its estimated economic life. The period of amortisation, unless otherwise stated, is limited to 20 years. Goodwill arising on previous years' acquisitions is treated as follows:

- positive goodwill is capitalised at cost and amortised over its estimated economic life; and
- negative goodwill remains written off against reserves as a matter of accounting policy.

Cash flow statement

Under revised FRS 1 'Cash flow statements', a cash flow statement is not required where a company is at least a 90% owned subsidiary of a company whose consolidated financial statements are publicly available. As disclosed in Note 19 the directors regard Sola International Inc. as its parent company. As the consolidated financial statements, including a cash flow statement, of Sola International Inc. are publicly available no cash flow statement has been prepared.

Notes to the financial statements for the year ended 31 March 2001 (continued)

2 Turnover

	2001	2000 Restated
	£'000	£'000
By geographical market:		
United Kingdom	**24,228**	24,763
Rest of Europe	**987**	1,032
Rest of the world	**1,801**	1,991
	27,016	27,786

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and group companies. Turnover is attributable to one continuing activity being the manufacture and marketing of spectacle lenses.

3 Operating profit

	2001	2000 Restated
	£'000	£'000
This is started after charging:		
Hire of equipment	**224**	205
Auditors' remuneration – audit services	**36**	44
(company £18,000; 2000: £16,000)		
Property lease rentals	**414**	493
Restructuring costs (see note 4)	**893**	-
Foreign exchange (gains)/losses	**202**	(205)
Amortisation of goodwill (see note 9)	**87**	87

4 Administration expenses - Restructuring costs exceptional item

The group is undertaking a restructuring of its operations designed to reduce the cost base of Sola European subsidiaries of which the UK is a part. The costs of £893,00 principally relate to redundancy costs.

5 Directors' emoluments

	2001	2000
	£'000	£'000
Total emoluments (including pension costs)	**220**	150
The emoluments, excluding pension costs of:		
Highest paid director	**125**	79

In addition pension contributions of £4,710 (2000: £3,646) were paid into a defined contribution scheme on behalf of the highest paid director in the period. Total pension contributions paid into a defined contribution scheme on behalf of directors in the period amounted to £4,710 (2000: £8,914). At the year end retirements benefits are accruing to one (2000: one) director under the company's defined contribution pension scheme.

The services of Messrs A S Vaughan and B P Creagh are discharged substantially outside the UK, and therefore, details of any remuneration are excluded from the above analysis.

6 Staff costs

	2001	2000 Restated
	£'000	£'000
Wages and salaries	**3,697**	3,364
Social security costs	**301**	277
Other pension costs (see note 21)	**131**	98
	4,129	3,739

The average weekly number of employees during the year was as follows:

	2001	2000
	Number	Number
United Kingdom	**186**	190
Zimbabwe	**30**	31
	216	221

Notes to the financial statements for the year ended 31 March 2001 (continued)

7 Net interest receivable

	2001	2000 Restated
	£'000	£'000
Interest received on inter-group loans wholly repayable within five years	503	267
Short term deposits	60	64
Interest payable on external loans	(24)	(17)
Finance lease interest	(1)	(2)
	538	312

The current year tax charge reflects tax losses being carried forward in one of the company's subsidiary undertakings.

8 Taxation on profit on ordinary activities

	2001	2000 Restated
	£'000	£'000
UK Corporation tax at 30% (2000: 30%)	109	135
Double tax relief	(33)	(61)
Overseas taxation	51	107
Deferred taxation	212	(54)
	339	127

The current year tax charge reflects tax losses carried forward in one of the company's subsidiary undertakings.

9 Intangible fixed assets

Group

Goodwill arising on the acquisition of SERO Limited of £1,945,000 has been capitalised and following the implementation of FRS 10 is amortised over 20 years. Prior to 1 April 1998 the goodwill on this acquisition was being amortised over 40 years.

At 31 March 2001 the accumulated amortisation totalled £473,000 (2000: £386,000) and the net book value was £1,472,000 (2000: £1,559,000).

Notes to the financial statements for the year ended 31 March 2001 (continued)

10 Tangible fixed assets

	Short leasehold property	Vehicles, plant and machinery	Total
	£'000	£'000	£'000
Group			
Cost			
At 31 March 2000	92	3,714	3,806
Restatement	-	80	80
	92	3,794	3,886
Exchange adjustment	-	(66)	(66)
Additions	-	174	174
Transfers to fellow subsidiary	-	(17)	(17)
At 31 March 2001	**92**	**3,885**	**3,977**
Depreciation:			
At 31 March 2000	75	2,318	2,393
Restatement	-	44	44
	75	2,362	2,437
Exchange adjustment	-	(36)	(36)
Provided during the year	-	297	297
Transfer to fellow subsidiary	-	(11)	(11)
At 31 March 2001	**75**	**2,612**	**2,687**
Net book value			
At 31 March 2000 (restated)	17	1,432	1,449
At 31 March 2001	**17**	**1,273**	**1,290**

At 31 March 2001, the Group had placed contracts for £Nil (2000: £Nil) of capital expenditure which had not been provided for in the accounts.

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2001 (continued)

10 Tangible fixed assets (continued)

	Vehicles, plant and machinery £'000	Total £'000
*Company**		
Cost		
At 31 March 2000	2,751	2,751
Additions	147	147
Transfer to fellow subsidiary	(17)	(17)
At 31 March 2001	**2,881**	**2,881**
Depreciation:		
At 31 March 2000	1,572	1,572
Provided during the year	223	223
Transfer to fellow subsidiary	(11)	(11)
At 31 March 2001	**1,784**	**1,784**
Net book value at 31 March 2000	1,179	1,179
Net book value at 31 March 2001	**1,097**	**1,097**

* The Company has no short leasehold property

The group has vehicles, plant and machinery held under finance leases with cost of £204,000 and accumulated depreciation of £204,000. The company has no assets held under finance leases.

11 Investments

	2001	2000
Company	**£'000**	£'000
Subsidiary undertakings		
Cost	**10,204**	10,204
Amount written off	**(1,403)**	(1,403)
Net book value	**8,801**	8,801

The company holds all of the share capital of SERO Limited, a spectacle lens manufacturer which became dormant on 1 April 1996, and UKO International Limited and its subsidiary undertakings.

Details of the investments in which the group and the company holds 20% or more of the nominal value of share capital are as follows. In all cases the holding represents 100% of the ordinary share capital of the company.

Subsidiary undertakings	*Nature of business*
Sero Limited	Dormant
American Optical (UK) Limited*	Manufacture of frames and distributor of ophthalmic lenses and frames
UKO International Limited	Holding company
UKO International (Overseas Holdings) Limited*	Holding company
M Wiseman & Co (Zimbabwe) Limited*	Distributor of ophthalmic lenses and frames
United Kingdom Optical Company Limited*	Non-trading
Alpha Lens Company Limited*	Non-trading
Chadwick Taylor Limited*	Dormant
J & H Taylor Group Limited*	Dormant
The Hadley Company Limited*	Non-trading
Raphaels Limited*	Non-trading
Raphael Taylor Group Limited*	Dormant
UK Optical Limited*	Dormant
British American Optical Company Limited*	Dormant
UK Wiseman Limited*	Non-trading
AO European Services Limited*	Non-trading
M Wiseman & Co Limited*	Dormant
M Wiseman & Co (South Africa) Limited*	Dormant

* Held through subsidiary undertakings

All subsidiary companies are registered in England Wales.

Notes to the financial statements for the year ended 31 March 2001 (continued)

12 Stocks

	Group	**Company**	Group Restated	Company
	2001	**2001**	2000	2000
	£'000	**£'000**	£'000	£'000
Raw materials and consumables	**69**	**2**	345	97
Work in progress	**76**	**76**	78	78
Finished goods and goods for resale	**2,227**	**1,026**	2,860	1,566
	2,372	**1,104**	3,283	1,741

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13 Debtors

Amounts falling due within one year:

	Group	**Company**	Group Restated	Company
	2001	**2001**	2000	2000
	£'000	**£'000**	£'000	£'000
Trade debtors	**5,035**	**2,575**	5,152	3,163
Amounts owed by group undertakings	**10,102**	**1,869**	7,399	926
Other debtors	**147**	**119**	236	219
Prepayments and accrued income	**64**	**24**	159	118
Corporation tax	**171**	**171**	12	175
	15,519	**4,758**	12,958	4,601

Amounts falling due after more than one year:

	Group	**Company**	Group	Company
	2001	**2001**	2000	2000
	£'000	**£'000**	£'000	£'000
Other debtors	**1**	**3**	2	2
Loans to employees	**3**	**1**	4	4
Pension prepayments	**279**	**-**	346	-
	283	**4**	352	6
Total debtors	**15,802**	**4,762**	13,310	4,607

The pension prepayment relates to the American Optical UK Limited's defined benefit pension scheme details of which are disclosed in note 21 of these accounts.

Notes to the financial statements for the year ended 31 March 2001 (continued)

14 Creditors: amounts falling due within one year

	Group	**Company**	Group	Company
			Restated	
	2001	**2001**	2000	2000
	£'000	**£'000**	£'000	£'000
Bank Overdraft	**231**	**88**	-	-
Obligations under finance leases	**-**	**-**	19	-
Trade creditors	**1,614**	**1,081**	1,082	599
Amounts owed to parent undertaking and fellow subsidiary undertakings	**2,174**	**6,895**	2,458	7,178
Amounts owing to subsidiary undertaking	**-**	**2,091**	-	2,091
Corporation tax	**138**	**-**	-	-
Other taxes and social security costs	**443**	**407**	422	390
Other creditors	**136**	**127**	1,027	985
Accruals and deferred income	**522**	**202**	569	199
	5,258	**10,891**	5,577	11,442

The loan of £2,091,000 from American Optical UK Limited is repayable on 31 December 2001. There is no interest accruing on this loan.

One subsidiary company's, Americal Optical UK Limited, bank facilities are secured by a debenture entered into on 2 January 1996.

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2001 (continued)

15 Provisions for liabilities and charges

Group

	Deferred tax	Restructuring provisions	Other provisions	**Total provisions**
	£'000	£'000	£'000	**£'000**
At 31 March 2000	1	-	35	**36**
Restatement	12	-	-	**12**
	13	-	35	**48**
Charged/(credited) during the year	204	893	(7)	**1,090**
At 31 March 2001	**217**	**893**	**28**	**1,138**

Restructuring provisions relate principally to redundancy costs and will be incurred in the next two years.

Other provisions relating to the group are in respect of dilapidations for leasehold premises, which are to be incurred over the next six years.

Company

	Deferred tax	Restructuring provisions	**Total provisions**
	£'000	£'000	**£'000**
At 31 March 2000	-	-	-
Charged/(credited) during the year	212	893	**1,105**
At 31 March 2001	**212**	**893**	**1,105**

Deferred tax

The amount of the unrecognised potential deferred tax liability/(assets) is set out below:

	Group	**Company**	Group	Company
	2001	**2001**	2000	2000
	£'000	**£'000**	£'000	£'000
Accelerated capital allowances	**(538)**	-	(712)	-
Losses	**(3,349)**	**(829)**	(2,885)	-
Other timing differences	**(292)**	**(330)**	(103)	(85)
	(4,179)	**(1,159)**	(3,700)	(85)

16 Obligations under leases and hire purchase contracts

Future minimum payments under finance leases are as follow:

	Group 2001 £'000	**Company 2001 £'000**	Group 2000 £'000	Company 2000 £'000
Amounts payable:				
Within one year	-	-	20	-
Less: finance charges allocated to future period	-	-	(1)	-
	-	-	19	-

At 31 March 2001 the Group had annual commitments under non-cancellable operating leases as below:

	Land and buildings 2001 £'000	**Other 2001 £'000**	**Total 2001 £'000**	Land and buildings 2000 £'000	Other 2000 £'000	Total 2000 £'000
Operating leases which expire:						
Within one year	**95**	**19**	**114**	83	31	114
Within two to five years	-	**93**	**93**	93	115	208
In over five years	**289**	-	**289**	148	-	148
	384	**112**	**496**	324	146	470

At 31 March 2001 the Company had annual commitments under non-cancellable operating leases as below:

	Land and buildings 2001 £'000	**Other 2001 £'000**	**Total 2001 £'000**	Land and buildings 2000 £'000	Other 2000 £'000	Total 2000 £'000
Operating leases which expire:						
Within one year	**80**	-	**80**	68	-	68
Within two to five years	-	-	-	90	-	90
In over five years	**141**	-	**141**	-	-	-
	221	-	**221**	158	-	158

Notes to the financial statements for the year ended 31 March 2001 (continued)

17 Share capital

	Authorised		Allotted and fully paid	
	2001 & 2000 Number	2001 & 2000 £'000	2001 & 2000 Number	2001 & 2000 £'000
Ordinary shares of £1 each	5,000,000	5,000	3,378,000	3,378

18 Movement on reserves and reconciliation of movements in shareholders' funds

	Share capital	Capital reserve	Profit and loss account	Total shareholders' funds
Group	£'000	£'000	£'000	£'000
At 31 March 2000 (as previously reported)	3,378	3,447	7,613	14,438
Restatement	-	-	194	194
At 31 March 2000 (restated)	3,378	3,447	7,807	14,632
Profit for year	-	-	261	261
Exchange movement	-	-	(261)	(261)
At 31 March 2001	**3,378**	**3,447**	**7,807**	**14,632**

Goodwill of £1,614,000 (2000: £1,614,000) has been written off directly to reserves arises from the acquisition of UKO International Limited which was made prior to 1 April 1998.

	Share capital	Capital reserve	Profit and loss account	Total shareholders' funds
Company	£'000	£'000	£'000	£'000
At 31 March 2000	3,378	3,447	(1,522)	5,303
Loss for the year	-	-	(1,535)	(1,535)
At 31 March 2001	**3,378**	**3,447**	**(3,057)**	**3,768**

Notes to the financial statements for the year ended 31 March 2001 (continued)

19 Ultimate holding company and controlling party

The company is a 100% owned subsidiary of Sola International Inc, a company incorporated in the USA. Sola International Inc. is the ultimate controlling party.

The parent undertaking of the smallest and largest group of undertakings of which the company is a member and for which group financial statements are drawn up is Sola International Inc. Copies of the Sola International Inc's group financial statements are available to the public from 853 Camino Del Mar, Suite 200, Del Mar, CA92014, USA.

20 Related party transactions

The group has taken advantage of the exemption available to 90% owned subsidiary undertakings under FRS 8 not to disclose transactions with other investees of the group.

21 Pension commitments

The company and group operates two defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The group pension cost charge in respect of these schemes amounted to £130,000 (2000: £94,000).

The group also operates a defined benefit scheme which is funded by the payment of contributions to a separately administered trust fund. The pension costs are assessed by a qualified actuary and are charged to the profit and loss account so as to spread these costs on a rational basis over employees' working lives with the employer.

The contributions to the scheme are determined on the basis of triennial valuations. The most recent actuarial valuation was on 31 March 2000, which used the attained age method. The assumptions used in that actuarial valuation were:

Rate of return on investments	6.0% pa
Increase in pensionable earnings	4.5% pa or 5.5% pa depending on category of membership
Pension increases (where applicable)	3.0% pa

The market value of the assets of the scheme at 31 March 2000, as shown in the scheme accounts is £3,938,389 and the actuarial value of those assets represented more than 100% of the value of benefits that were accrued to members after allowing for future increases in earnings.

The surplus revealed by the valuation is to be eliminated by amortising the surplus in the profit and loss account over 15 years.

The pension costs for the employer for the financial year ending 31 March 2001 was £67,000 (2000: £Nil). A prepayment of £279,000 (2000: £346,000) for pension costs is included in the balance sheet at the year end, arising from the accumulated difference between the contributions paid to the scheme and the corresponding pension costs.