Carl Zeiss Vision UK Limited

Director's report and financial statements

Registered number 02838963

For the year ended 30 September 2011

Contents

Directors' report

The directors present the annual report and the audited financial statements for the year ended 30 September 2011

Change in ultimate parent

The company is a wholly-owned subsidiary of Carl Zeiss Vision Holdings GmbH Following a transfer of voting rights between the shareholders of Carl Zeiss Vision Holdings GmbH, Carl Zeiss AG acquired control of the group, and on 6 October 2010 agreed with its banking consortium to a refinancing of the group's banking facilities

Business review and principal activities

The company's principal activities are the distribution and sale of ophthalmic lenses, either directly or indirectly, to the UK retail optical industry

The profit and loss account of the company is set out on page 7 Turnover amounted to £35,246,000 *(2010 £37,285,000)* Trading conditions in the UK continue to be challenging The company has consequently focused on improving margins by the introduction of new products and processes Operating profitability has risen as a result of these actions by 18% to £2,315,000 *(2010 £1,967,000)*

As noted below in *Principal Risks and Uncertainties,* the company makes significant raw material purchases in Euro The year on year impact, based on average exchange rates, amounts to increased gross margins of £22,000 in 2011 In addition, foreign exchange transaction losses arising in the year amounted to £68,000 *(2010 gain of £627,000)* In view of the increasing competitiveness in the UK market, the directors consider that the performance of the company for the year as satisfactory

The company had unrecognised tax losses at 30 September 2010 of £1,804,000 As a result improved trading, these were fully utilised in the period ended 30 September 2011 Please refer to note 14 for further detail

The balance sheet is set out on page 8 of the financial statements and shows net assets increasing from £20,271,000 at 30 September 2010 to £22,346,000 at 30 September 2011

The balance sheet includes the net liability in respect of the American Optical UK Limited defined benefit scheme amounting to £1,525,000 *(2010 £2,112,000)* The reduction in deficit largely reflects an actuarial loss of £851,000 which arose during the year *(2010 loss of £1,032,000)* Further details are set out in note 18 to the financial statements In view of the inherent complexities associated with the valuation of pension liabilities and the continued turbulence in global financial markets, the directors expect continued volatility in future valuations of the defined benefit scheme

The Group manages its operations on a divisional basis For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business

Outlook

The Carl Zeiss Vision group continue to introduce new and innovative products to the existing product range In particular, the change in ownership will allow greater collaboration and the use of shared resource and experience for future product development Accordingly, despite the highly competitive nature of the UK market the directors are optimistic of continued improvements in performance

Principal risks and uncertainties

Competitive pressure arising from weakness in the UK market and the Eurozone is is a continuing risk for the company This could result in an increase in competition, lower prices or loss of sales to its key competitors To manage this risk, the company strives to continually develop market leading innovative products and services to its customers, improve response times in the supply of products and services and in the handling of customer queries, and continue to develop strong relationships and partnerships with customers

Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

The American Optical UK Limited defined benefit scheme is currently in deficit The deficit is potentially subject to adverse change resulting from movements in the actuarial assumptions underlying the calculation of the plan liabilities, including the impact of discount rates and increasing longevity of scheme members, as well as declines in the market value of scheme investments

At the time of approving these financial statements, continued economic instability and stock market volatility may have an impact on the level of the pension scheme deficit which needs to be recognised in the financial statements In turn, this may have an impact on the level of future funding Significant adverse changes in the market value of scheme investments and other actuarial assumptions could materially impact on the company's net assets In the current circumstances of rapid change in economic markets it is not possible or practicable to assess the future impact of these changes The next full scheme valuation is due on 31 March 2012

The company's businesses may be affected by fluctuations in the price and supply of key raw materials, a large proportion of which are invoiced to the company in Euros Variations in the value of the Euro relative to GBP will introduce changes to the cost base of the company

Post balance sheet event

There have been no other significant events since the balance sheet date which should be considered for a proper understanding of these financial statements

Going concern

The company has a strong balance sheet, has continued to be cash generative and has no third party debt Net amounts due to the company from fellow group companies amount to £22,402,000 *(2010 £20,575,000)* Amounts payable to parent entities carry variable interest rates depending on the nature of the loan

The directors have reviewed going concern and have prepared detailed forecasts and projections Allied with performance since the balance sheet date, these projections conclude that the company will be able to pay its debts as they fall due for a period not less than twelve months from the date of signing of these financial statements

Credit policy

The company has a strict credit policy and regularly reviews the credit limits of its customers to minimise credit risk

Environment

Carl Zeiss Vision UK recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities The company operates in accordance with Carl Zeiss Vision Group policies Initiatives aimed at minimising the company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters

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

Directors' report *(continued)*

Directors

The directors who served during and subsequent to the year were as follows

PA Green
S Hermann
AP Leong-Son
TK Radke (resigned 31 March 2011)

Secretary

Prism Cosec Ltd

Dividend

The directors do not recommend a payment of a dividend *(2010 £Nil)*

Disclosure of information to auditors

The directors who held office at the date of approval of this director's report confirms that, as far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all the steps that ought to have been taken as directors and made themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board

AP Leong-Son
Director

Unit 9
Holford Way
Holford
Birmingham
B6 7AX

25 June 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

KPMG Audit Plc
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Carl Zeiss Vision UK Limited

We have audited the financial statements of Carl Zeiss Vision Limited for the year ended 30 September 2011 set out on pages 7 to 21 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of Carl Zeiss Vision Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Graham Neale (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

25 June 2012

Profit and loss account
for the year ended 30 September 2011

	Note	2011 £000	2010 £000
Turnover	2	35,246	37,285
Cost of sales		(26,614)	(29,744)
Gross profit		8,632	7,541
Distribution costs		(528)	(675)
Administrative expenses		(5,789)	(4,899)
Operating profit		2,315	1,967
Income from shares in group undertakings		-	22,709
Interest receivable and similar income	6	164	189
Interest payable and similar charges	7	(385)	(360)
Impairment of investment		-	(8 447)
Profit on ordinary activities before taxation	3	2,094	16,058
Tax (charge)/credit on profit on ordinary activities	8	(598)	482
Profit for the financial year	17	1,496	16,540

A statement of total recognised gains and losses is set out on page 9

All results were generated from continuing activities

Balance sheet
at 30 September 2011

	Note	2011 £000	£000	2010 £000	£000
Fixed assets					
Tangible assets	*9*	**374**		422	
Investments	*10*	-		-	
			374		422
Current assets					
Stocks	*11*	**482**		308	
Debtors	*12*	**57,675**		56,714	
Cash at bank and in hand		**93**		417	
		58,250		57,439	
Creditors: Amounts falling due within one year	*13*	**(34,753)**		(35,478)	
Net current assets			**23,497**		21,961
Total assets less current liabilities			**23,871**		22,383
Net pension liabilities	*18*		**(1,525)**		(2,112)
Net assets			**22,346**		20,271
Capital and reserves					
Called up share capital	*16*		**3,378**		3,378
Profit and loss account	*17*		**15,521**		13,446
Capital redemption reserve	*17*		**3,447**		3,447
Equity shareholders' funds	*17*		**22,346**		20,271

These financial statements were approved by the directors on 25 June 2012 and were signed by

PA Green
Director

Company number 02838963

Statement of total recognised gains and losses
for the year ended 30 September 2011

	2011 £000	2010 £000
Profit for the financial year	**1,496**	16,540
Actuarial (losses)/gains on defined benefit pension schemes	**851**	(1,032)
Deferred tax on actuarial gains/(losses) on defined benefit schemes	**(230)**	260
Rate change effect of deferred tax on actuarial gain/(loss) on defined benefit schemes	**(44)**	-
Current tax on defined benefit payment scheme	**2**	-
Total recognised gains for the financial year	**2,075**	15,768

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements These financial statements present information about the company as an individual undertaking and not about its group

Going concern

In preparing the financial statements the directors have reviewed the adoption of the going concern assumption In forming their view the directors have considered future trading forecasts and projections for the company, the net assets of the company and the availability of funding from its parent companies

After considering these reviews the directors believe it to be appropriate for the financial statements to be prepared on a going concern basis

The financial statements have been prepared on the going concern basis

Related party transactions

The group has taken advantage of the exemption available to 100% owned subsidiary undertakings under FRS 8 not to disclose transactions with other investees of the group by virtue of being a wholly owned subsidiary of Carl Zeiss Vision Holding GmbH The group has entered into no other related party transactions

Use of estimates and judgements

The preparation of financial statements in conformity with UK Generally Accepted Accounting Practice requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses Actual results may differ from these estimates Estimates and assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected

In particular, information about a significant area of uncertainty and critical judgement in applying accounting policies that has the most significant affect on the amounts recognised in the financial statements is included in note 18

Cash flow statement

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Turnover

Turnover, which is stated net of value added tax, represents amounts derived from the provision of goods and services to third parties during the year

Lease commitments

Where the company has leasehold property commitments and it is no longer using the property, provision is made for future commitments based on management's best estimate of the cost to the company taking into account the ability of the company to sub-lease the property

Notes *(continued)*

1 Accounting policies *(continued)*

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 improvements	-	not more than 10 years
Vehicles, plant and machinery	-	over 3 to 20 years

The company undertakes a review for impairment of assets if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable To the extent that the carrying amount exceeds the recoverable amount, that is the higher of net realisable value and value in use, the asset is written down to its recoverable amount

Stocks

Stocks are stated at the lower of cost and net realisable value on a first in first out basis

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

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for tax and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange 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 All differences are taken to the profit and loss account

Pension costs

Defined contribution pensions

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund – the Carl Zeiss Vision UK Limited Personal Pension Scheme The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

Defined benefit pensions

The company also contributes to the American Optical UK Limited Pension Scheme, providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the company

The company adopts the principles set out in FRS 17 *Retirement Benefits* The pension deficit arising in respect of this scheme is recognised in full on the balance sheet and stated net of any deferred taxation The movement in the scheme deficit in any period is split between operating charges, finance items, and, in the statement of total recognised gains and losses, actuarial gains and losses

The company's net obligation in respect of defined benefit pension arrangements is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods This benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of the scheme's assets are deducted The discount rate is the current rate of return on a high quality corporate bond of equivalent term and currency to the liability The calculation is performed by a qualified actuary using the projected unit credit method Pension scheme assets are measured using market values For quoted securities the bid price is taken as the market value

Notes *(continued)*

1 Accounting policies *(continued)*

Investments

Investments held in fixed assets are stated at cost less provision for any diminution in value

2 Turnover

	2011	2010
	£000	£000
By geographical market		
United Kingdom	**30,802**	36,429
Rest of Europe	**1,477**	625
Rest of world	**2,967**	231
	35,246	37,285

3 Profit on ordinary activities before taxation

	2011	2010
	£000	£000
Profit on ordinary activities before taxation is stated		
after charging/(crediting)		
Depreciation of tangible fixed assets		
Owned	**260**	442
Operating lease rentals		
Plant and machinery	**187**	134
Land and buildings	**196**	188
Foreign exchange (gains)/losses	**68**	(627)
Auditors remuneration – audit of these financial statements	**41**	41

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Carl Zeiss Vision Holding GmbH

4 Remuneration of directors

	2011	2010
	£000	£000
Total emoluments (excluding pension costs)	**333**	329

Total pension contributions paid into a defined contribution scheme on behalf of the directors who held office during the year amounted to £19,000 *(2010 £17,000)* At the year end, retirement benefits are accruing to two directors *(2010 two)* under the company's defined contribution pension scheme and no directors *(2010 none)* under the company's defined benefit scheme

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows

	Number of employees	
	2011	2010
Administration	**56**	53
Manufacturing and distribution	**26**	27
	82	80

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	**2,842**	2,515
Social security costs	**287**	229
Other pension costs	**169**	110
	3,298	2,854

6 Interest receivable and similar income

	2011	2010
	£000	£000
Interest on short term deposits	**-**	1
Interest on deposits held with fellow subsidiary undertakings	**134**	101
Expected return on pension scheme assets (see note 18)	**20**	87
Other interest receivable	**10**	-
	164	189

7 Interest payable and similar charges

	2011	2010
	£000	£000
Interest on pension scheme liabilities (see note 18)	**385**	360

Notes *(continued)*

8 Taxation

Analysis of charge/(credit) in year

	2011 £000	2010 £000
UK corporation tax		
Current tax on profit for the year	**117**	28
Total current tax being tax on profit on ordinary activities	**117**	28
Deferred tax		
Origination/reversal of timing differences	**471**	393
Adjustments to the estimated recoverable amount of deferred tax assets arising in previous periods	**-**	(922)
Effect of changes in tax rates	**13**	28
Deferred tax on defined benefit pension scheme	**-**	-
Adjustment in respect of previous years	**(3)**	(9)
Total deferred tax	**481**	(510)
Total tax on profit on ordinary activities	**598**	(482)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower *(2010 lower)* than the standard rate of corporation tax in the UK of 27% *(2010 28%)* The differences are explained below

	2011 £000	2010 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**2,094**	16,058
Current tax charge at 27% *(2010 28%)*	**565**	4,496
Effects of		
Expenses not deductible for tax purposes	**21**	7
Capital allowances for year in excess of depreciation	**13**	52
Other timing differences	**(29)**	(22)
Decrease in losses carried forward	**(453)**	(511)
UK Dividends not taxable	**-**	(6,359)
Investment write off	**-**	2,365
Total current tax charge (see above)	**117**	28

Notes *(continued)*

8 Taxation *(continued)*

Factors that may affect future, current and total tax charges

The company has carried forward trading losses for taxation purposes amounting to £Nil *(2010 £1,804,000)* The deferred tax asset of £Nil *(2010 £484,000)* arising in respect of these losses has now been recognised (see note 14)

Deferred taxation in connection with the actuarial gains or losses recognised in the pension scheme in the year is disclosed in accordance with FRS 17 *Retirement Benefits* and within the statement of total recognised gains and losses

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively

The 2012 Budget on 21 March 2012 announced a further reduction in the corporation tax rate to 24% (effective from 1 April 2012) This was substantively enacted on 26 March 2012 Further 2% rate reductions in future periods will reduce the UK corporation tax rate to 22% over the next 2 years

This will reduce the company's future current tax charge accordingly The deferred tax asset at 30 September 2011 has been calculated based on future rate of 25% substantively enacted at the balance sheet date

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly

9 Tangible fixed assets

	Plant, machinery and equipment £000
Cost	
At beginning of year	2,139
Additions	212
Disposals	-
At end of year	2,351
Depreciation	
At beginning of year	1,717
Provided during the year	260
Disposals	-
At end of year	1,977
Net book value	
At 30 September 2011	**374**
At 30 September 2010	422

Notes *(continued)*

10 Investments

	2011 £000	2010 £000
Subsidiary undertakings		
Cost	-	10,204
Provision for diminution in value	-	(1,757)
Increase in provision in the year	-	(8,447)
Net book value	-	-

Details of the investments in which the company hold 100% of the ordinary share capital of the company are as follows

Subsidiary undertakings	**Nature of business**
SERO Limited	Dormant
American Optical (UK) Limited*	Dormant
SILS Limited	Distributor of ophthalmic lenses
UKO International Limited	Holding company
UKO International (Overseas Holdings) Limited*	Dormant

*held through UKO International Limited

All subsidiary undertakings are registered in England and Wales

11 Stocks

	2011 £000	2010 £000
Finished goods and goods for resale	**482**	308

12 Debtors

	2011 £000	2010 £000
Amounts falling due within one year		
Trade debtors	**5,907**	5,752
Amounts owed by parent undertakings	**25,994**	24,152
Amounts owed by subsidiary undertakings	**25,216**	25,216
Amounts owed by other Group undertakings	**147**	187
Other debtors	**5**	5
Prepayments and accrued income	**207**	320
Corporation tax	-	402
Deferred tax*	**199**	680
	57,675	56,714

*Deferred tax asset not wholly recoverable within one year

Notes *(continued)*

13 Creditors: Amounts falling due within one year

	2011	2010
	£000	£000
Trade creditors	**2,518**	2,966
Amounts owing to subsidiary undertaking	**25,221**	25,221
Amounts owing to other Group undertakings	**3,734**	3,759
Other taxes and social security	**1,196**	759
Accruals and deferred income	**2,084**	2,773
	34,753	35,478

14 Provisions for liabilities and charges

Deferred tax

Excluding £509,000 *(2010 £781,000)* of deferred tax asset in respect of the pension deficit, £199,000 of deferred tax assets have been recognised as at 30 September 2011 *(2010 £680,000)*

The amount of recognised and unrecognised potential deferred tax assets is set out below

2011

	Recognised	**Unrecognised**	**Total**
	£000	**£000**	**£000**
Differences between accumulated depreciation and capital allowances	**131**	-	**131**
Other timing differences	**68**		**68**
Losses carried forward	-	-	-
	199	-	**199**
On pension deficit	**509**	-	**509**
	708	-	**708**

2010

	Recognised	Unrecognised	Total
	£000	£000	£000
Differences between accumulated depreciation and capital allowances	129	-	129
Other timing differences	67	-	67
Losses carried forward	484	-	484
	680	-	680
On pension deficit	781	-	781
	1,461	-	1,461

Notes *(continued)*

15 Obligations under leases and hire purchase contracts

The company had annual commitments under non-cancellable operating leases as follows

	2011			2010		
	Land and buildings	**Other**	**Total**	Land and buildings	Other	Total
	£000	**£000**		£000	£000	£000
Operating leases which expire						
Within one year	**93**	**22**	**115**	-	2	2
Within two to five years	**-**	**268**	**268**	140	50	190
In over five years	**-**	**-**	**-**	-	-	-
	93	**290**	**383**	140	52	192

16 Share capital

	2011	2010
	£	£
Allotted, called up and fully paid		
3,378,000 ordinary shares of £1 each	**3,378,000**	3,378,000

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

	Share capital	Capital reserve	Profit and loss account	**2011 Total shareholders' funds**	2010 Total shareholders' funds
	£000	£000	£000	**£000**	£000
At 30 September 2010	3,378	3,447	13,446	**20,271**	4,503
Profit for the financial year	-	-	1,496	**1,496**	16,540
Actuarial (loss)/gain *	-	-	851	**851**	(1,032)
Other items included in STRGL**	-	-	(272)	**(272)**	260
At 30 September 2011	3,378	3,447	15,521	**22,346**	20,271

* Actuarial gain/(loss) recognised in the pension scheme

** Deferred tax arising on actuarial gains/(losses) in the pension scheme

Notes *(continued)*

18 Pension commitments

Defined benefit schemes

The company operates a defined benefit scheme, the American Optical UK Limited Pension Scheme, which is funded by the payment of contributions to a separately administered trust fund

The company historically sponsored two fully insured defined benefit pension arrangements These arrangements are fully insured with Scottish Widows and to this extent, there are no circumstances under which the company has any further obligation in respect of these arrangements In particular, should the assets held by Scottish Widows be insufficient to meet the benefits promised, Scottish Widows would be required to make good the shortfall Given these arrangements are fully insured, the company has not included the full disclosure information required for defined benefit reporting under FRS 17

The contributions to the American Optical UK Limited Pension Scheme (the "Scheme") are determined on the basis of triennial valuations The most recent funding valuation is that conducted as at 31 March 2009 which used the attained age method, an interim update was performed at 30 September 2011 The assumptions used in the actuarial valuations were

	At 30 September 2011	At 30 September 2010
	%	%
Rates of increase in salaries		
Staff	**3 7**	3 8
Executives	**3 7**	3 8
Rate of increase of pensions in payment	**3 2**	3 3
Discount rate	**5 2**	5 1
Inflation assumption	**3 2**	3 3

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice

The fair value of the Scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised and the present value of the Scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were

	Value	
	At 30 September 2011	At 30 September 2010
	£000	£000
Equities	**1,273**	2,689
Bonds	**3,848**	2,059
Cash	**71**	12
Total market value of assets	**5,192**	4,760
Actuarial value of liability	**(7,226)**	(7,653)
Pension deficit in the Scheme	**(2,034)**	(2,893)
Deferred tax asset	**509**	781
Net pension deficit	**(1,525)**	(2,112)

Notes *(continued)*

18 Pension commitments *(continued)*

The expected rates of return on the assets in the Scheme were

	Expected return At 30 September 2011 %	At 30 September 2010 %
Equities	**5 9**	5 7
Bonds	**2 9**	4 3
Cash	**2 0**	2 0

Analysis of other pension costs in arriving at operating profit

	2011 £000	2010 £000
Service cost	**35**	40
Total operating charge	**35**	40

Analysis of amounts included in other finance costs

	2011 £000	2010 £000
Expected return on pension Scheme assets	**20**	87
Interest on pension liabilities	**(385)**	(360)
Net finance costs	**(365)**	(273)

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	2011 £000	2010 £000
Actual return less expected return on assets	**243**	(205)
Experience gains and losses on liabilities	**(40)**	213
Changes in assumptions underlying the present value of the scheme liabilities	**648**	(1,040)
Actuarial loss recognised in STRGL	**851**	(1,032)

Movement in deficit during the year

	2011 £000	2010 £000
Deficit in Scheme at beginning of year	**(2,893)**	(1,883)
Movement in year		
Current service cost	**(35)**	(40)
Contributions	**408**	335
Net finance costs on assets	**(365)**	(273)
Actuarial loss	**851**	(1,032)
Deficit in Scheme at end of year	**(2,034)**	(2,893)

Notes *(continued)*

18 Pension commitments *(continued)*

History of experience gains and losses

	2011 £000	%	2010 £000	%
Difference between expected and actual returns on Scheme assets	243		(205)	
Percentage of Scheme assets		4.7		(4 3)
Experience gains and losses on Scheme liabilities	(40)		213	
Percentage of Scheme liabilities		(0 6)		2 8
Total amount recognised in statement of total recognised gains and losses	851		(1,032)	
Percentage of Scheme liabilities		11 8		(13 5)

Sensitivity to economic change

At the time of approving these financial statements, changes in the general economic climate and stock market volatility may have an impact on the level of the pension scheme deficit required to be booked in the financial statements, and also on the level of future funding Significant adverse changes in the market value of scheme investments and other actuarial assumptions could materially impact on the company's reported results and net assets In the current circumstances of rapid change in economic markets it is not possible or practicable to assess the impact of these changes The next valuation of the deficit for financial statement purposes will take place at 30 September 2011 The next full scheme actuarial valuation is due on 31 March 2012

Defined contribution scheme

The company operates a defined contribution pension scheme Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme The pension cost charge for the year in respect of this scheme amounted to £80,000 *(2010 £74,000)*

19 Contingent Liabilities

The company has entered into cross guarantees with other group companies secured by a fixed and floating charge over the company's assets in respect of parent company borrowings

20 Related party transactions

The group has taken advantage of the exception available to wholly owned subsidiary undertakings under FRS 8 not to disclose transactions with other investees of the group by virtue of being a wholly owned subsidiary of Carl Zeiss Vision Holding GmbH The group has entered into not other related party transactions

21 Ultimate parent company and controlling party

Carl Zeiss AG is the ultimate parent company and controlling party, incorporated in Germany and is the largest group in which the results of the company are consolidated The consolidated financial statements of this group are available to the public and may be obtained from 27 Turnstr , Aalen, 73430, Germany

22 Post balance sheet event

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements