

Carl Zeiss Vision UK Limited

**Director's report and financial
statements**

Registered number 2838963

For the year ended 30 September 2010

WEDNESDAY



AO7 29/06/2011 267
COMPANIES HOUSE

Contents

Director's report	1
Statement of director's responsibilities in respect of the director's report and the financial statements	4
Independent auditor's report to the members of Carl Zeiss Vision UK Limited	5
Profit and loss account	7
Balance sheet	8
Statement of total recognised gains and losses	9
Notes	10

Director's report

The director presents the annual report and the audited financial statements for the year ended 30 September 2010

Business review and principal activities

The Company is a wholly-owned subsidiary of Carl Zeiss Vision Holdings GmbH. Following a re-financing exercise completed subsequent to the year end Carl Zeiss Vision Holdings GmbH is now a subsidiary of Carl Zeiss AG.

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 £37,285,000 (2009 £32,164,000). Despite continuing difficult trading conditions in the UK, a growth in turnover of 16% has been achieved in the year. This, allied with the restructuring of operations completed in 2009 at a cost of £1,473,000, has resulted in an improvement from an operating loss of £3,355,000 in 2009 to an operating profit of £1,967,000 in 2010. This also includes the benefit of foreign exchange gains arising in the year of £627,000 (2009 loss of £404,000). In view of the increasing competitiveness in the UK market the directors consider that the performance of the company for the year as satisfactory.

In accordance with the provisions of the Companies Act certain subsidiary companies carried out a capital reconstruction during the year. The net increase in profit and loss account reserves of each entity was subsequently distributed by way of dividends to the Company. Consequently, the Company received dividend income in the year of £22,709,000 (2009 £8,144,000). In addition the Company has written down investments in subsidiaries by £8,477,000 (2009 £Nil). The net impact of these transactions in the year of £14,262,000 (2009 £8,144,000) has significantly strengthened the balance sheet of the Company.

The Company had unrecognised tax losses at 30 September 2009 of £1,035,000. As a result of the improved trading position, we now believe that there is certainty that these tax losses and timing differences will be able to be relieved against future profits. As a result a deferred tax asset of £484,000 has been recognised in respect of these tax losses at 30 September 2010. In addition, further deferred tax assets of £977,000 are recognised in connection with other timing differences and the pension deficit. 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 £4,503,000 at 30 September 2009 to £20,271,000 at 30 September 2010.

The balance sheet includes the net liability in respect of the American Optical UK Limited defined benefit scheme amounting to £2,112,000. The increase in deficit largely reflects an actuarial loss of £1,032,000 which arose during the year (2009 profit of £143,000). Further details are set out in note 18 to the financial statements.

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 addition, the recent refinancing of Carl Zeiss Vision Holdings GmbH will facilitate a stable platform for future growth. 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 is a continuing risk for the Company. This could result in a loss of sales to its key competitors. To manage this risk, the Company has re-organised its operations and strives to provide added-value and innovative products and services to its customers, prompt response times in the supply of products and services and in the handling of customer queries, and through the maintenance of strong relationships with customers.



Directors' report *(continued)*

Principal risks and uncertainties *(continued)*

The American Optical UK Limited defined benefit scheme is currently in deficit. The funding level of this scheme 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 changes in the general economic climate 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, 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 trading 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 pension deficit for financial statement purposes will be at 30 September 2011.

The Company's businesses may be affected by fluctuations in the price and supply of key raw materials, particularly as a consequence of foreign exchange exposures. In particular, the continued strength of the Euro in relation to the Pound is resulting in increased costs of sales.

Post balance sheet event

As noted in the Company's 2009 directors' report and accounts, the group banking facilities of Carl Zeiss Vision Holding GmbH, the Company's ultimate parent company, were being renegotiated during 2010. Following a transfer of voting rights between the shareholders of Carl Zeiss Vision Holding GmbH, Carl Zeiss AG acquired control of the group and on 6 October 2010 agreed with its banking consortium to the proposed refinancing of the group's banking facilities.

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 no significant third party debt. Amounts payable to parent entities carry variable interest rates depending on the nature of the loan.

The directors have carried out a detailed investigation of going concern which has included the preparation of detailed forecasts and projections. These projections in isolation conclude that the company will be able to pay its debt as they fall due for a period not less than twelve months from the date of signing of these financial statements. Furthermore based on trading since the balance sheet date, and the outcome of the forecast review, the directors are confident about the future prospects of the Company.

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.

Directors' report *(continued)*

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

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)

Dividend

The directors do not recommend a payment of a dividend (2009 £Nil)

Disclosure of information to auditors

The directors who held office at the date of approval of this director's report confirm 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

27 June 2011

Statement of director's responsibilities in respect of the director's 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 2010 set out on pages 7 to 22. 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/UKNP.

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 2010 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 directors' 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

27 June 2011

Profit and loss account
for the year ended 30 September 2010

	<i>Note</i>	2010 £000	2009 £000
Turnover	2	37,285	32,164
Cost of sales		(29,744)	(26,547)
Gross profit		7,541	5,617
Distribution costs		(675)	(815)
Administrative expenses		(4,899)	(8,157)
Operating profit/(loss)		1,967	(3,355)
Income from shares in group undertakings		22,709	8,144
Interest receivable and similar income	6	189	561
Interest payable and similar charges	7	(360)	(384)
Impairment of investment		(8,447)	(354)
Profit on ordinary activities before taxation	3	16,058	4,612
Tax on profit on ordinary activities	8	482	185
Profit for the financial year	17	16,540	4,797

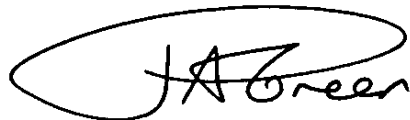
A statement of total recognised gains and losses is set out on page 9

All results were generated from continuing activities

Balance sheet
at 30 September 2010

	<i>Note</i>	2010 £000	2009 £000
Fixed assets			
Tangible assets	9	422	783
Investments	10	-	8,447
		<u>422</u>	<u>9,230</u>
Current assets			
Stocks	11	308	1,012
Debtors	12	56,714	35,268
Cash at bank and in hand		417	257
		<u>57,439</u>	<u>36,537</u>
Creditors Amounts falling due within one year	13	<u>(35,478)</u>	<u>(39,908)</u>
Net current assets/(liabilities)		<u>21,961</u>	<u>(3,371)</u>
Total assets less current liabilities		<u>22,383</u>	<u>5,859</u>
Net pension liabilities	18	<u>(2,112)</u>	<u>(1,356)</u>
Net assets		<u>20,271</u>	<u>4,503</u>
Capital and reserves			
Called up share capital	16	3,378	3,378
Profit and loss account	17	13,446	(2,322)
Capital redemption reserve	17	3,447	3,447
Equity shareholders' funds	17	<u>20,271</u>	<u>4,503</u>

These financial statements were approved by the directors on 27 June 2011 and were signed by



PA Green
Director

Statement of total recognised gains and losses
for the year ended 30 September 2010

	2010	2009
	£000	£000
Profit for the financial year	16,540	4,797
Actuarial (losses)/gains on defined benefit pension schemes	(1,032)	143
Deferred tax on actuarial gains/ (losses) on defined benefit schemes	260	(40)
Total recognised gains for the financial year	15,768	4,900

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 exception 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.

Notes (continued)

1 Accounting policies (continued)

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.

Investments

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

2 Turnover

	2010 £000	2009 £000
By geographical market		
United Kingdom	36,429	30,712
Rest of Europe	625	40
Rest of world	231	1,412
	<hr/>	<hr/>
	37,285	32,164
	<hr/>	<hr/>

Notes (continued)

3 Notes to the profit and loss account

	2010 £000	2009 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging/(crediting)</i>		
Depreciation of tangible fixed assets		
Owned	442	247
Operating lease rentals		
Plant and machinery	134	138
Land and buildings	188	279
Foreign exchange (gains)/losses	(627)	404
Auditors' remuneration -- audit of these financial statements	41	30
Exceptional stock provisions	-	173
Consolidation of operations	-	1,300

During the prior year, the company conducted a strategic review of its product range, which led to an immediate impairment of certain stock lines. The exceptional cost of this impairment amounted to £173,000. There have been no exceptional costs incurred in the current year ended 30 September 2010.

With effect from 31 March 2009 the activities carried out at the company's location in Welwyn Garden City were relocated to the facility in Holford, Birmingham.

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

	2010 £000	2009 £000
Total emoluments (excluding pension costs)	329	106

Total pension contributions paid into a defined contribution scheme on behalf of the directors who held office during the year amounted to £17,000 (2009 £20,000). At the year end, retirement benefits are accruing to two directors (2009 two) under the company's defined contribution pension scheme and no directors (2009 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	
	2010	2009
Administration	53	62
Manufacturing and distribution	27	36
	<u>80</u>	<u>98</u>

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	2,515	3,233
Social security costs	229	260
Other pension costs (see note 18)	110	134
	<u>2,854</u>	<u>3,627</u>

6 Interest receivable and similar income

	2010	2009
	£000	£000
Interest on short term deposits	1	13
Interest on deposits held with fellow subsidiary undertakings	101	404
Expected return on pension scheme assets (see note 18)	87	144
	<u>189</u>	<u>561</u>

7 Interest payable and similar charges

	2010	2009
	£000	£000
On bank loans and overdrafts	-	4
Interest on pension scheme liabilities (see note 18)	360	380
	<u>360</u>	<u>384</u>

Notes (continued)

8 Taxation

Analysis of (credit)/charge in year

	2010 £000	2009 £000
<i>UK corporation tax</i>		
Current tax on profit for the year	28	(244)
Adjustment in respect of previous periods	-	201
Total current tax being tax on profit on ordinary activities	28	(43)
<i>Deferred tax</i>		
Origination/reversal of timing differences	393	(164)
Adjustments to the estimated recoverable amount of deferred tax assets arising in previous periods	(922)	-
Effect of changes in tax rates	28	-
Deferred tax on defined benefit pension scheme	-	22
Adjustment in respect of previous years	(9)	-
Total deferred tax	(510)	(142)
Total tax on profit on ordinary activities	(482)	(185)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2009 credit is lower) than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

	2010 £000	2009 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	16,058	4,612
Current tax charge at 28% (2009 28%)	4,496	1,291
<i>Effects of</i>		
Expenses not deductible for tax purposes	7	19
Investment written off	-	99
Non-taxable income	-	(2,280)
Capital allowances for year in excess of depreciation	52	(13)
Other timing differences	(22)	19
Difference between amounts paid into the pension scheme and amounts charged to the profit and loss account	-	(22)
Adjustment in respect of previous periods	-	201
(Decrease)/Increase in losses carried forward	(511)	643
UK Dividends not taxable	(6,359)	-
Investment write off	2,365	-
Total current tax charge/(credit) (see above)	28	(43)

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 £1,804,000 (2009 £3,700,000). The deferred tax asset of £484,000 (2009 £1,035,000) 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.

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2010 has been included.

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26 per cent with effect from 1 April 2011. This change became substantively enacted on 29 March 2011, however has not been reflected in the figures as it was not substantively enacted at the balance sheet date.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 23 per cent by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures for year ended 30 September 2010.

9 Tangible fixed assets

	Plant, machinery and equipment £000
<i>Cost</i>	
At beginning of year	2,058
Additions	81
Disposals	-
At end of year	2,139
<i>Depreciation</i>	
At beginning of year	1,275
Provided during the year	442
Disposals	-
At end of year	1,717
<i>Net book value</i>	
At 30 September 2010	422
At 30 September 2009	783

Notes (continued)

10 Investments

	2010 £000	2009 £000
<i>Subsidiary undertakings</i>		
Cost	10,204	10,204
Provision for diminution in value	(1,757)	(1,403)
Increase in provision in the year	(8,447)	(354)
	<hr/>	<hr/>
Net book value	-	8,447
	<hr/>	<hr/>

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

	2010 £000	2009 £000
Finished goods and goods for resale	308	1,012
	<hr/>	<hr/>

12 Debtors

	2010 £000	2009 £000
<i>Amounts falling due within one year</i>		
Trade debtors	5,752	5,091
Amounts owed by parent undertakings	24,152	19,314
Amounts owed by subsidiary undertakings	25,216	9,597
Amounts owed by other Group undertakings	187	393
Other debtors	5	-
Prepayments and accrued income	320	279
Corporation tax	402	430
Deferred tax*	680	164
	<hr/>	<hr/>
	56,714	35,268
	<hr/>	<hr/>

*Deferred tax asset not wholly recoverable within one year

Notes (continued)

13 Creditors: Amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	2,966	1,938
Amounts owing to subsidiary undertaking	25,221	32,308
Amounts owing to other Group undertakings	3,759	3,364
Other taxes and social security	759	735
Accruals and deferred income	2,773	1,563
	<u>35,478</u>	<u>39,908</u>

14 Provisions for liabilities and charges

Deferred tax

Excluding £781,000 (2009 £527,000) of deferred tax asset in respect of the pension deficit, £680,000 deferred tax assets have been recognised as at 30 September 2010 (2009 £164,000)

As disclosed in note 8, Carl Zeiss Vision UK Limited had tax trading losses carried forward in the prior year, the reversal of which could not be foreseen with accuracy. As such, no deferred taxation asset was recognised in respect of these losses for the year ended 30 September 2009. As a result of improved prospects and improved trading position of the Company, deferred taxation asset not previously recognised has been recognised of £1,008,000 in respect of these losses for the year ended 30 September 2010.

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

2010

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

2009

	Recognised £000	Unrecognised £000	Total £000
Differences between accumulated depreciation and capital allowances	135	-	135
Other timing differences	29	-	29
Losses carried forward	-	1,035	1,035
	<u>164</u>	<u>1,035</u>	<u>1,199</u>
On pension deficit	527	-	527
	<u>691</u>	<u>1,035</u>	<u>1,726</u>

Notes (continued)

15 Obligations under leases and hire purchase contracts

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

	2010			2009		
	Land and buildings £000	Other £000	Total £000	Land and buildings £000	Other £000	Total £000
Operating leases which expire						
Within one year	-	2	2	-	10	10
Within two to five years	140	50	190	244	74	318
In over five years	-	-	-	-	-	-
	<u>140</u>	<u>52</u>	<u>192</u>	<u>244</u>	<u>84</u>	<u>328</u>

16 Share capital

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
3,378,000 ordinary shares of £1 each	<u>3,378,000</u>	<u>3,378,000</u>

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

	Share capital £000	Capital reserve £000	Profit and loss account £000	2010 Total shareholders' funds £000	2009 Total shareholders' funds £000
At 30 September 2009	3,378	3,447	(2,322)	4,503	(397)
Profit for the financial year	-	-	16,540	16,540	4,797
Actuarial (loss)/gain *	-	-	(1,032)	(1,032)	143
STRGL	-	-	260	260	-
At 30 September 2010	<u>3,378</u>	<u>3,447</u>	<u>13,446</u>	<u>20,271</u>	<u>4,503</u>

* 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

Optical UK Limited Pension Scheme, the company has historically sponsored two 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 2010. The assumptions used in the actuarial valuations were

	At 30 September 2010 %	At 30 September 2009 %
Rates of increase in salaries		
Staff	3.8	3.7
Executives	3.8	3.7
Rate of increase of pensions in payment	3.3	3.2
Discount rate	5.1	5.5
Inflation assumption	3.3	3.2

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 2010 £000	Value At 30 September 2009 £000
Equities	2,689	2,839
Bonds	2,059	1,893
Cash	12	-
Total market value of assets	4,760	4,732
Actuarial value of liability	(7,653)	(6,615)
Pension deficit in the Scheme	(2,893)	(1,883)
Deferred tax asset	781	527
Net pension deficit	(2,112)	(1,356)

Notes (continued)

18 Pension commitments (continued)

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

	Expected return At 30 September 2010 %	Expected return At 30 September 2009 %
Equities	5.7	6.1
Bonds	4.3	5.5
Cash	2.0	-

Analysis of other pension costs in arriving at operating profit

	2010 £000	2009 £000
Service cost	40	70
Total operating charge	40	70

Analysis of amounts included in other finance costs

	2010 £000	2009 £000
Expected return on pension Scheme assets	87	144
Interest on pension liabilities	(360)	(380)
Net finance costs	(273)	(236)

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

	2010 £000	2009 £000
Actual return less expected return on assets	(205)	236
Experience gains and losses on liabilities	213	-
Changes in assumptions underlying the present value of the scheme liabilities	(1,040)	(93)
Actuarial loss recognised in STRGL	(1,032)	143

Movement in deficit during the year

	2010 £000	2009 £000
Deficit in Scheme at beginning of year	(1,883)	(2,103)
Movement in year		
Current service cost	(40)	(70)
Contributions	335	383
Net finance costs on assets	(273)	(236)
Actuarial loss	(1,032)	143
Deficit in Scheme at end of year	(2,893)	(1,883)

Notes (continued)

18 Pension commitments (continued)

History of experience gains and losses

	30 September 2010		30 September 2009	
	£000	%	£000	%
Difference between expected and actual returns on Scheme assets	(205)		(236)	
Percentage of Scheme assets		(4.3)		5
Experience gains and losses on Scheme liabilities	213		(93)	
Percentage of Scheme liabilities		2.8		2
Total amount recognised in statement of total recognised gains and losses	(1,032)		143	
Percentage of Scheme liabilities		(13.5)		2

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 £74,000 (2009: £73,000).

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 no other related party transactions.

21 Ultimate parent company and controlling party

Carl Zeiss Vision Holding GmbH was the ultimate parent company and controlling party, incorporated in Germany. The largest group in which the results of the Company are consolidated is that headed by Carl Zeiss Vision Holding GmbH. The consolidated financial statements of this group are available to the public from 27 Turnstr., Aalen, 73430, Germany.

22 Post balance sheet event

Following a transfer of voting rights between the shareholders of Carl Zeiss Vision Holding GmbH, Carl Zeiss AG acquired control of the group and on 6 October 2010 agreed with its banking consortium to the proposed refinancing of the group's banking facilities.