

SOLA Optical (UK) Limited

Annual report and accounts

for the year ended 31 March 2000

Registered Number 2838963



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SOLA Optical (UK) Limited
Annual report and accounts
for the year ended 31 March 2000

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SOLA Optical (UK) Limited

Directors' report for the year ended 31 March 2000

The directors present their report and the audited financial statements for the year ended 31 March 2000.

Principal activities

The activities of the Group are principally the manufacture and marketing of spectacle 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 £1,848,000 (1999: £1,888,000).

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 (1999: £593,000).

Fixed assets

Details of the movement in fixed assets is in notes 8 and 9 to the accounts.

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 noticeboards.

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.

Year 2000

As it is well known, many computer and digital storage systems express dates used only the last two digits of the year and required modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption.

The modification and testing of the group's systems proceeded to plan and was completed before the new millennium. No issues have been noted to date.

SOLA Optical (UK) Limited

Directors' report for the year ended 31 March 2000 (continued)

Directors and their interests

The directors of the company during the year ended 31 March 2000 were:

Mr J E Heine	(resigned 31 March 2000)
Mr R N Appleton	(resigned 31 December 1999)
Mr M Ashcroft	
Mr A T Donegan	(resigned 31 March 2000)
Mr A S Vaughan	(appointed 31 March 2000 – resigned 21 July 2000)
Mr B P Creagh	(appointed 31 March 2000)

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:

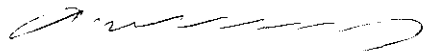
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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

Ernst & Young resigned as auditors on 27 January 2000 and PricewaterhouseCoopers were appointed auditors on 27 January 2000. 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
18 April 2001

SOLA Optical (UK) Limited

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

We have audited the financial statements on pages 4 to 19.

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.

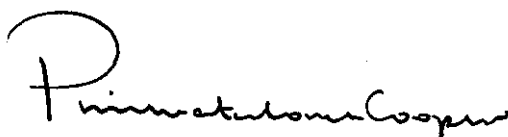
Basis of audit opinion

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 2000 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
Chartered Accountants and Registered Auditors
Birmingham
23 April 2001

SOLA Optical (UK) Limited

Group profit and loss account for the year ended 31 March 2000

	Notes	2000 £'000	1999 £'000
Turnover – continuing operations	2	27,297	25,741
Cost of sales		(19,897)	(18,494)
Gross profit		7,400	7,247
Distribution costs		(943)	(908)
Administrative expenses		(4,809)	(4,420)
Operating profit – continuing operations	3	1,648	1,919
Net interest receivable	6	293	169
Profit on ordinary activities before taxation		1,941	2,088
Taxation	7	(93)	(200)
Profit on ordinary activities after taxation		1,848	1,888
Dividend		-	(593)
Retained profit for the year	18	1,848	1,295

Statement of total recognised gains and losses

	2000 £'000	1999 £'000
Profit for the financial year	1,848	1,888
Exchange difference on retranslation of net assets of subsidiary undertaking	(1)	(57)
Total recognised gains and losses for the year	1,847	1,831

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 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Intangible assets	9	1,559	1,646
Tangible assets	8	1,413	1,454
Investments		1	1
		<u>2,973</u>	<u>3,101</u>
Current assets			
Stocks	10	3,163	2,996
Debtors	11	13,290	11,087
Cash at bank and in hand		611	289
		<u>17,064</u>	<u>14,372</u>
Creditors: amounts falling due within one year	12	<u>(5,563)</u>	<u>(4,773)</u>
Net current assets		<u>11,501</u>	<u>9,599</u>
Total assets less current liabilities		<u>14,474</u>	<u>12,700</u>
Creditors: amounts falling due after one year	13	-	(19)
Provisions for liabilities and charges	14	<u>(36)</u>	<u>(90)</u>
Net assets		<u>14,438</u>	<u>12,591</u>
Capital and reserves			
Called up share capital	17	3,378	3,378
Capital reserve	18	3,447	3,447
Profit and loss account	18	7,613	5,766
Equity shareholders' funds	18	<u>14,438</u>	<u>12,591</u>

The financial statements on pages 4 to 19 were approved by the board of directors on 18 April 2001 and were signed on its behalf by:



Director

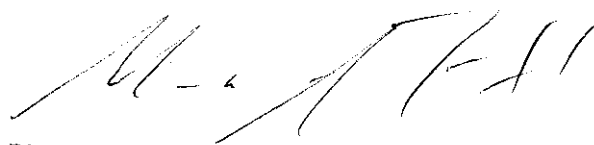
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SOLA Optical (UK) Limited

Company balance sheet as at 31 March 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	8	1,179	1,284
Investments	9	8,801	10,204
		<u>9,980</u>	<u>11,488</u>
Current assets			
Stocks	10	1,741	2,044
Debtors	11	4,607	3,908
Cash at bank and in hand		417	225
		<u>6,765</u>	<u>6,177</u>
Creditors: amounts falling due within one year	12	<u>(11,442)</u>	<u>(8,618)</u>
Net current liabilities		<u>(4,677)</u>	<u>(2,441)</u>
Total assets less current liabilities		<u>5,303</u>	<u>9,047</u>
Creditors: amounts falling due after one year	13	-	(2,091)
Provision for liabilities and charges	14	-	(54)
Net assets		<u>5,303</u>	<u>6,902</u>
Capital and reserves			
Called up share capital	17	3,378	3,378
Profit and loss account	18	(1,522)	77
Capital reserve	18	3,447	3,447
Equity shareholders' funds	18	<u>5,303</u>	<u>6,902</u>

The financial statements on pages 4 to 19 were approved by the board of directors on 18 April 2001 and were signed on its behalf by:



Director

18-4-01

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000

1 Accounting policies

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

Basis of preparation

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

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:

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

Stocks

Stocks are stated at the lower of cost and net realisable value. 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.

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. 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.

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000 (continued)

1 Accounting policies (continued)

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.

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.

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000 (continued)

2 Turnover

	2000 £'000	1999 £'000
Sales by geographical market:		
United Kingdom	24,763	24,518
Rest of Europe	1,032	280
Rest of the world	1,502	943
	<u>27,297</u>	<u>25,741</u>

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

	2000 £'000	1999 £'000
This is started after charging:		
Depreciation of tangible fixed assets	291	286
Depreciation of assets held under finance leases	-	100
Hire of equipment	205	182
Directors' emoluments (including pension costs, see note 4)	150	385
Auditors' remuneration – audit services (company £16,000; 1999: £19,000)	25	37
Property lease rentals	493	440
Foreign exchange (gains)/losses	(205)	(17)
Amortisation of goodwill (see note 9)	87	87
	<u> </u>	<u> </u>

4 Directors' emoluments

	2000 £'000	1999 £'000
Total emoluments (including pension costs)	150	385
The emoluments, excluding pension costs of:		
Highest paid director	<u>79</u>	<u>152</u>

In addition pension contributions of £3,646 (1999: £4,537) 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 £8,914. At the year end retirements benefits are accruing to one (1999: two) director under the company's defined contribution pension scheme.

The services of Messrs J E Heine, A T Donegan, 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.

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000 (continued)

5 Staff costs

	2000 £'000	1999 £'000
Wages and salaries	3,321	3,439
Social security costs	277	292
Other pension costs (see note 21)	94	19
	<u>3,692</u>	<u>3,750</u>

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

	2000 Number	1999 Number
United Kingdom	190	170
Zimbabwe	31	31
	<u>221</u>	<u>201</u>

6 Net interest receivable

	2000 £'000	1999 £'000
Interest received on inter-group loans wholly repayable within five years	267	185
Short term deposits	45	35
Interest payable on external loans	(17)	(46)
Finance lease interest	(2)	(5)
	<u>293</u>	<u>169</u>

7 Taxation on profit on ordinary activities

	2000 £'000	1999 £'000
UK Corporation tax at 30% (1999: 31%)	135	126
Double tax relief	(61)	(31)
Overseas taxation	73	51
Deferred taxation	(54)	54
	<u>93</u>	<u>200</u>

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

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000 (continued)

8 Tangible fixed assets

	Short leasehold property	Vehicles, plant and machinery	Total
	£'000	£'000	£'000
<i>Group</i>			
Cost			
At 31 March 1999	92	3,564	3,656
Additions	-	250	250
Transfers to fellow subsidiary	-	(100)	(100)
At 31 March 2000	92	3,714	3,806
Depreciation:			
At 31 March 1999	73	2,129	2,202
Provided during the year	2	289	291
Transfer to fellow subsidiary	-	(100)	(100)
At 31 March 2000	75	2,318	2,393
Net book value			
At 31 March 1999	19	1,435	1,454
At 31 March 2000	17	1,396	1,413
<i>Company*</i>			
Cost			
At 30 March 1999		2,636	2,636
Additions		115	115
At 30 March 2000		2,751	2,751
Depreciation:			
At 31 March 1999		1,352	1,352
Provided during the year		220	220
At 31 March 2000		1,572	1,572
Net book value at 31 March 1999		1,284	1,284
Net book value at 31 March 2000		1,179	1,179

* The Company has no short leasehold property

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000 (continued)

8 Tangible fixed assets (continued)

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.

9 Investments/intangible fixed assets

	2000	1999
Company	£'000	£'000
Subsidiary undertakings		
Cost	10,204	10,204
Amount written off during the year	1,403	-
Net book value	8,801	10,204

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.

<i>Subsidiary undertakings</i>	<i>Nature of business</i>
Sero Limited	Dormant
American Optical (UK) Limited (Formerly UK Optical 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 (formerly American Optical UK 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.

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000 (continued)

9 Investments/intangible fixed assets (continued)

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 2000 the accumulated amortisation totalled £386,000 (1999: £299,000) and the net book value was £1,559,000 (1999: £1,646,000).

10 Stocks

	Group	Company	Group	Company
	2000	2000	1999	1999
	£'000	£'000	£'000	£'000
Raw materials and consumables	230	97	173	101
Work in progress	87	78	58	58
Finished goods and goods for resale	2,846	1,566	2,765	1,885
	<u>3,163</u>	<u>1,741</u>	<u>2,996</u>	<u>2,044</u>

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

11 Debtors

Amounts falling due within one year	Group	Company	Group	Company
	2000	2000	1999	1999
	£'000	£'000	£'000	£'000
Trade debtors	5,099	3,163	5,212	3,095
Amounts owed by group undertakings	7,406	926	5,118	457
Other debtors	234	219	82	64
Prepayments and accrued income	159	118	130	93
Corporation tax	40	175	-	-
ACT recoverable	-	-	148	148
	<u>12,938</u>	<u>4,601</u>	<u>10,690</u>	<u>3,857</u>

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000 (continued)

11 Debtors (continued)

Amounts falling due after more than one year:

	Group 2000 £'000	Company 2000 £'000	Group 1999 £'000	Company 1999 £'000
Other debtors	2	2	3	3
Loans to employees	4	4	48	48
Pension prepayments	346	-	346	-
	<u>352</u>	<u>6</u>	<u>397</u>	<u>51</u>
Total debtors	<u>13,290</u>	<u>4,607</u>	<u>11,087</u>	<u>3,908</u>

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.

12 Creditors: amounts falling due within one year

	Group 2000 £'000	Company 2000 £'000	Group 1999 £'000	Company 1999 £'000
Trade creditors	1,083	599	919	536
Amounts owed to parent undertaking and fellow subsidiary undertakings	2,458	7,178	2,070	6,842
Amounts owing to subsidiary undertaking	-	2,091	-	-
Corporation tax	-	-	259	143
ACT payable	-	-	148	148
Other taxes and social security costs	422	390	628	455
Other creditors	1,012	985	140	13
Accruals and deferred income	569	199	590	481
Obligations under finance leases	19	-	19	-
	<u>5,563</u>	<u>11,442</u>	<u>4,773</u>	<u>8,618</u>

The loan of £2,091,000 from American Optical UK Limited is repayable on 31 December 2000. There is no interest accruing on this loan.

One subsidiary company's, American 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 2000 (continued)

13 Creditors: amounts falling due after more than one year

	Group 2000 £'000	Company 2000 £'000	Group 1999 £'000	Company 1999 £'000
Amounts owed to subsidiary undertaking	-	-	-	2,091
Obligations under finance leases	-	-	19	-
	<u>-</u>	<u>-</u>	<u>19</u>	<u>2,091</u>

14 Provisions for liabilities and charges

	Group Deferred tax £'000	Group Other provisions £'000	Group Total provisions £'000	Company Deferred tax £'000
At 31 March 1999	55	35	90	54
Charged/credited during the year	(54)	-	(54)	(54)
Utilised	-	-	-	-
At 31 March 2000	<u>1</u>	<u>35</u>	<u>36</u>	<u>-</u>

Other provisions relating to the group are in respect of dilapidations for leasehold premises.

The Company has no other provisions.

Deferred tax

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

	Group 2000 £'000	Company 2000 £'000	Group 1999 £'000	Company 1999 £'000
Accelerated capital allowances	(712)	-	(1,270)	-
Losses	(2,885)	-	(2,754)	-
Other timing differences	(103)	(85)	47	-
	<u>(3,700)</u>	<u>(85)</u>	<u>(3,977)</u>	<u>-</u>

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000 (continued)

15 Capital commitments

At 31 March 2000, the Group had placed contracts for £Nil (1999: £Nil) of capital expenditure which had not been provided for in the accounts.

16 Obligations under leases and hire purchase contracts

Future minimum payments under finance leases are as follow:

	Group 2000 £'000	Company 2000 £'000	Group 1999 £'000	Company 1999 £'000
Amounts payable:				
Within one year	20	-	21	-
In two to five years	-	-	20	-
	<u>20</u>	<u>-</u>	<u>41</u>	<u>-</u>
Less: finance charges allocated to future period	(1)	-	(3)	-
	<u>19</u>	<u>-</u>	<u>38</u>	<u>-</u>

At 31 March 2000 the Group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2000 £'000	Other 2000 £'000	Total 2000 £'000	Land and buildings 1999 £'000	Other 1999 £'000	Total 1999 £'000
Operating leases which expire:						
Within one year	83	31	114	14	85	99
Within two to five years	93	115	208	121	113	234
In over five years	148	-	148	223	-	223
	<u>324</u>	<u>146</u>	<u>470</u>	<u>358</u>	<u>198</u>	<u>556</u>

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000 (continued)

16 Obligations under leases and hire purchase contracts (continued)

At 31 March 2000 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	Other	Total	Land and buildings	Other	Total
	2000	2000	2000	1999	1999	1999
	£'000	£'000	£'000	£'000	£'000	£'000
Operating leases which expire:						
Within one year	68	-	68	-	20	20
Within two to five years	90	-	90	121	64	185
In over five years	-	-	-	90	-	90
	<u>158</u>	<u>-</u>	<u>158</u>	<u>211</u>	<u>84</u>	<u>295</u>

17 Share capital

	2000	1999
	£'000	£'000
Ordinary shares of £1 each:		
Issued and fully paid	<u>3.378</u>	<u>3.378</u>
Authorised	<u>5.000</u>	<u>5.000</u>

SOLA Optical (UK) Limited

Notes to the financial statements for the year ended 31 March 2000 (continued)

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 1999	3,378	3,447	5,766	12,591
Profit for year	-	-	1,848	1,848
Exchange movement	-	-	(1)	(1)
At 31 March 2000	3,378	3,447	7,613	14,438

Goodwill of £1,614,000 (1999: £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 1999	3,378	3,447	77	6,902
Loss for the year	-	-	(1,599)	(1,599)
At 31 March 2000	3,378	3,447	(1,522)	5,303

Included within the company's loss for the year is an amount of £1,403,000 written off in respect of investments in subsidiary undertakings (see note 9).

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Notes to the financial statements for the year ended 31 March 2000 (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 2420 Sand Hill Road, Menlo Park, California 94025, 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 £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 1 April 1997 which used the attained age method. The assumptions used in that actuarial valuation were:

Rate of return on investments	8.0% pa
Increase in pensionable earnings	6.0% pa or 7.0% pa depending on category of membership
Pension increases (where applicable)	4.0% pa

The market value of the assets of the scheme at 1 April 1997, as shown in the scheme accounts is £2,949,686 and the actuarial value of those assets represented more than 194% 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 beginning 1 April 1997. The pension costs for the employer for the financial year ending 31 March 2000 was £Nil (1999: £60,000). A prepayment of £346,000 (1999: £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.