

# SOLA Optical (UK) Limited

## Report and Accounts

31 March 1999

*Registered Number: 2838963*



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COMPANIES HOUSE

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# SOLA Optical (UK) Limited

## DIRECTORS' REPORT

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The directors present their report and group accounts for the year ended 31 March 1999.

### 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 period is set out on page 4. The Group reports a profit after taxation of £1,888,000 (1998: £1,954,000).

The directors anticipate sustained growth of the lens business in future years.

### DIVIDENDS AND RESERVES

The directors do not recommend that a final dividend be paid. Total dividends in the year amounted to £593,000 (1998: Nil).

### 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 is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in event that there is a failure by other parties to remedy their own year 2000 issues.

The modification and testing of systems is now complete. Much of the cost of implementing the action plans has been subsumed into the recurring activities of the departments involved. The total costs of modifications to our computer hardware and software is estimated at £2,000, all of which has been expensed as incurred.

# SOLA Optical (UK) Limited

## DIRECTORS' REPORT

### DIRECTORS

The directors of the company during the year ended 31 March 1999 were:

Mr J E Heine	(Australian citizen)
Mr R N Appleton	(resigned 31 December 1999)
Mr M T MacKenzie	(resigned 27 October 1998)
Mr M Ashcroft	(appointed 1 September 1998)
Mr A T Donegan	(appointed 3 November 1998) (Irish citizen)

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

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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:

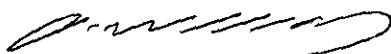
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

Ernst & Young are not seeking reappointment as auditors. A resolution proposing replacement auditors will be put to the members at the Annual General Meeting.

By order of the board



A Murray  
Secretary

Dated 21/1/2000

**REPORT OF THE AUDITORS**  
**to the members of SOLA Optical (UK) Limited**

We have audited the accounts on pages 4 to 16, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

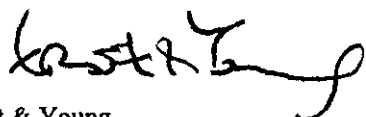
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 March 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
Birmingham  
Dated

28 January 2000

# SOLA Optical (UK) Limited

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 March 1999

	Notes	Total 1999 £'000	Total 1998 £'000
<b>TURNOVER</b>	2	25,741	24,482
Cost of sales		(18,494)	(17,762)
<b>GROSS PROFIT</b>		7,247	6,720
Distribution costs		(908)	(886)
Administrative expenses		(4,420)	(3,607)
<b>OPERATING PROFIT</b>	3	1,919	2,227
Net interest payable	6	169	123
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,088	2,350
Taxation	7	(200)	(396)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1,888	1,954
Dividend		(593)	-
<b>RETAINED PROFIT FOR THE PERIOD</b>	18	1,295	1,954

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1999 £'000	1998 £'000
Profit for the financial year attributable to shareholders of the Group	1,888	1,954
Exchange difference on retranslation of net assets of subsidiary undertaking	(57)	(46)
<b>TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD</b>	1,831	1,908

# SOLA Optical (UK) Limited

## GROUP BALANCE SHEET

at 31 March 1999

	Notes	1999 £'000	1998 £'000
<b>FIXED ASSETS</b>			
Intangible assets	9	1,646	1,733
Tangible assets	8	1,454	1,682
Investments		1	1
		<u>3,101</u>	<u>3,416</u>
<b>CURRENT ASSETS</b>			
Stocks	10	2,996	3,637
Debtors	11	11,087	8,348
Cash at bank and in hand		289	1,614
		<u>14,372</u>	<u>13,599</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(4,773)	(5,592)
<b>NET CURRENT ASSETS</b>		<u>9,599</u>	<u>8,007</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>12,700</u>	<u>11,423</u>
<b>CREDITORS: amounts falling due after one year</b>	13	(19)	(38)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(90)	(32)
		<u>12,591</u>	<u>11,353</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	3,378	3,378
Capital reserve	18	3,447	3,447
Profit and loss account	18	5,766	2,914
Goodwill reserve	18	-	1,614
		<u>12,591</u>	<u>11,353</u>



M Ashcroft - Director

Dated 27-1-00

# SOLA Optical (UK) Limited

## COMPANY BALANCE SHEET at 31 March 1999

	Notes	1999 £'000	1998 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	1,284	1,414
Investments	9	10,204	10,204
		<u>11,488</u>	<u>11,618</u>
<b>CURRENT ASSETS</b>			
Stocks	10	2,044	2,509
Debtors	11	3,908	3,482
Cash at bank and in hand		225	1,358
		<u>6,177</u>	<u>7,349</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(8,618)	(9,443)
<b>NET CURRENT LIABILITIES</b>		<u>(2,441)</u>	<u>(2,094)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,047</u>	<u>9,524</u>
<b>CREDITORS: amounts falling due after one year</b>	13	(2,091)	(2,091)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	14	(54)	-
		<u>6,902</u>	<u>7,433</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	3,378	3,378
Profit and loss account	18	77	608
Capital reserve	18	3,447	3,447
		<u>6,902</u>	<u>7,433</u>



M Ashcroft - Director

Dated 27-1-00

# SOLA Optical (UK) Limited

## NOTES TO THE ACCOUNTS at 31 March 1999

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

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 of each asset evenly over its expected useful life as follows:

Vehicles, plant and machinery	-	over 3 to 20 years
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#### *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 on the net assets of subsidiaries which are taken to reserves.

#### *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. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

#### *Basis of Consolidation*

The Group accounts consolidate the accounts of SOLA Optical (UK) Limited for the year ended 31 March 1999. The consolidation has been accounted for by the acquisition method.

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

#### *Pensions 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.

#### *Goodwill*

Goodwill arising in connection with the acquisition of shares in subsidiaries and Associated Undertakings is calculated as the excess of the purchase price over the fair value of the net tangible assets acquired. In prior years positive goodwill arising on consolidation was capitalised and amortised over forty years. Negative goodwill arising on consolidation was credited directly to a separate reserve. 'FRS10 Goodwill and Intangible Assets' ('FRS10') has been implemented for the current financial year and, in accordance with the standard acquired, all future goodwill arising will be shown as an asset on the Group's Balance Sheet. As permitted by the transitional arrangements under FRS10, goodwill written off to reserves in prior periods has not been restated.



# SOLA Optical (UK) Limited

## NOTES TO THE ACCOUNTS at 31 March 1999

### 2. TURNOVER

	1999 £'000	1998 £'000
Sales to external customers by geographical market:		
United Kingdom and EEC	24,798	23,676
Rest of the world	943	806
	<u>25,741</u>	<u>24,482</u>

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

### 3. OPERATING PROFIT

	1999 £'000	1998 £'000
This is stated after charging:		
Depreciation of tangible fixed assets	286	298
Depreciation of assets held under finance leases	100	48
Hire of Equipment	182	273
Directors' emoluments (including pension costs, see note 4)	385	204
Auditors' remuneration - Audit services	18	44
- Non audit services	-	45
Property lease rentals	440	412
Amortisation of goodwill	87	49
	<u></u>	<u></u>

### 4. DIRECTORS' EMOLUMENTS

	1999 £'000	1998 £'000
Total emoluments	<u>385</u>	<u>204</u>
The emoluments, excluding pension costs of:		
	1999 £'000	1998 £'000
Highest paid director	<u>152</u>	<u>130</u>

In addition pension contributions of £4,537 (1998: £6,057) were paid into a defined contribution scheme on behalf of the highest paid director in the period.

The services of Messrs J E Heine and A T Donegan 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 ACCOUNTS

at 31 March 1999

### 5. STAFF COSTS

	1999 £'000	1998 £'000
Wages and salaries	3,439	2,903
Social security costs	292	307
Other pension costs	19	2
	<u>3,750</u>	<u>3,212</u>

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

	1999 No.	1998 No.
United Kingdom	170	172
Zimbabwe	31	31
	<u>201</u>	<u>203</u>

### 6. NET INTEREST PAYABLE

	1999 £'000	1998 £'000
Interest received on inter-group loans wholly repayable within five years	185	127
Interest payable on inter group loans wholly repayable within five years	-	(15)
Interest on external loans	(46)	(21)
Finance lease interest	(5)	(9)
Short term deposits	35	41
	<u>169</u>	<u>123</u>

### 7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
UK Corporation tax	95	326
Overseas taxation	51	70
Deferred taxation provision	54	-
	<u>200</u>	<u>396</u>

# SOLA Optical (UK) Limited

## NOTES TO THE ACCOUNTS at 31 March 1999

### 8. TANGIBLE FIXED ASSETS

#### Group

	Short leasehold property £'000	Vehicles plant and machinery £'000	Total £'000
Cost or valuation:			
At 31 March 1998	102	3,422	3,524
Additions	-	181	181
Disposals	(10)	(4)	(14)
Exchange movement	-	(35)	(35)
At 31 March 1999	92	3,564	3,656
Depreciation:			
At 31 March 1998	73	1,769	1,842
Provided during the year	4	382	386
Disposals	(4)	(3)	(7)
Exchange movement	-	(19)	(19)
At 31 March 1999	73	2,129	2,202
Net book value:			
At 31 March 1998	29	1,653	1,682
At 31 March 1999	19	1,435	1,454
Company			
Cost or valuation:			
At 30 March 1998	-	2,553	2,553
Additions	-	83	83
At 30 March 1998	-	2,636	2,636
Depreciation:			
At 31 March 1998	-	1,139	1,139
Provided during the year	-	213	213
At 31 March 1999	-	1,352	1,352
Net book value at 31 March 1998	-	1,414	1,414
Net book value at 31 March 1999	-	1,284	1,284

# SOLA Optical (UK) Limited

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 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

<i>Company</i>	<i>1999</i> <i>£'000</i>	<i>1998</i> <i>£'000</i>
Subsidiary undertakings at cost	10,204	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 UK Optical 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>
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
Levers Optical (Manufacturing) 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

All subsidiary companies are registered in England and Wales.

#### *Group*

Goodwill arising on the acquisition of SERO Limited of £1,945,000 has been capitalised and was being amortised over 40 years. On implementation of FRS10 the useful economic life of all capitalised goodwill has been revised, in line with the presumption in FRS10 that useful economic lives should not exceed 20 years. Therefore the net book value as at 31 March 1998 will now be amortised over 20 years from 31 March 1998.

Based on the new useful economic life of 20 years the amortisation charge for the year increased from £49,000, for the year ended 31 March 1998, to £87,000 for the current year. At 31 March 1998 the accumulated amortisation totalled £299,000 (1998: £212,000) and the net book value £1,646,000 (1998: £1,733,000).

Negative goodwill arising on the acquisition of UK Optical Limited of £1,614,000 was credited to a separate reserve on acquisition, as a matter of accounting policy, and would be charged or credited in the profit and loss account on the subsequent disposal of UK Optical Limited. In accordance with the transitional arrangements of FRS10 this reserve has been offset against the profit and loss account in the year (see note 18).

# SOLA Optical (UK) Limited

## NOTES TO THE ACCOUNTS at 31 March 1999

### 10. STOCKS

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>1999</i>	<i>1999</i>	<i>1998</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Raw materials and consumables	173	101	176	101
Work in progress	58	58	40	40
Finished goods and goods for resale	2765	1,885	3,421	2,368
	<u>2,996</u>	<u>2,044</u>	<u>3,637</u>	<u>2,509</u>

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

### 11. DEBTORS

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>1999</i>	<i>1999</i>	<i>1998</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade debtors	5,212	3,095	4,703	2,984
Amounts owed by group undertakings	5,118	457	3,021	244
Other debtors	82	64	177	130
Prepayments and accrued income	130	93	109	70
ACT recoverable	148	148	-	-
	<u>10,690</u>	<u>3,857</u>	<u>8,010</u>	<u>3,428</u>

Amounts falling due after more than one year:

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>1999</i>	<i>1999</i>	<i>1998</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Other debtors	3	3	4	6
Loans to employees	48	48	48	48
Pension prepayment	346	-	286	-
	<u>397</u>	<u>51</u>	<u>338</u>	<u>54</u>
Total debtors	<u>11,087</u>	<u>3,908</u>	<u>8,348</u>	<u>3,482</u>

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

# SOLA Optical (UK) Limited

## NOTES TO THE ACCOUNTS at 31 March 1999

### 12. CREDITORS: amounts falling due within one year

	<i>Group</i> <i>1999</i> <i>£'000</i>	<i>Company</i> <i>1999</i> <i>£'000</i>	<i>Group</i> <i>1998</i> <i>£'000</i>	<i>Company</i> <i>1998</i> <i>£'000</i>
Trade creditors	919	536	1,492	905
Amounts owed to parent undertaking and fellow subsidiary undertaking	2,070	6,842	2,209	7,295
Corporation tax	259	143	383	326
ACT payable	148	148	-	-
Other taxes and social security costs	628	455	473	440
Other creditors	140	13	602	93
Accruals	590	481	384	384
Obligations under finance leases	19	-	49	-
	<u>4,773</u>	<u>8,618</u>	<u>5,592</u>	<u>9,443</u>

### 13. CREDITORS: amounts falling due after more than one year

	<i>Group</i> <i>£'000</i>	<i>Company</i> <i>£'000</i>	<i>Group</i> <i>1998</i> <i>£'000</i>	<i>Company</i> <i>1998</i> <i>£'000</i>
Amounts owed to group undertaking	-	2,091	-	2,091
Obligations under finance leases and hire purchase contracts	19	-	38	-
	<u>19</u>	<u>2,091</u>	<u>38</u>	<u>2,091</u>

The loan of £2,091,239 from UK Optical Limited is repayable on 31 December 2000. There is no interest accruing on this loan.

### 14. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Group</i> <i>Deferred</i> <i>Tax</i> <i>£'000</i>	<i>Group</i> <i>Other</i> <i>Provisions</i> <i>£'000</i>	<i>Group</i> <i>Total</i> <i>Provisions</i> <i>£'000</i>	<i>Company</i> <i>Deferred</i> <i>Tax</i> <i>£'000</i>	<i>Company</i> <i>Other</i> <i>Provisions</i> <i>£'000</i>
At 31 March 1998	1	31	32	-	-
Provided during the period	54	33	87	54	-
Utilised	-	(29)	(29)	-	-
At 31 March 1999	<u>55</u>	<u>35</u>	<u>90</u>	<u>54</u>	<u>-</u>

# SOLA Optical (UK) Limited

## NOTES TO THE ACCOUNTS at 31 March 1999

### 15. CAPITAL COMMITMENTS

At 31 March 1999, the Group had placed contracts for £Nil (1998: £Nil) of capital expenditure which had not been provided for in the accounts.

### 16. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Amounts due under finance lease and hire purchase contracts:

	<i>Group</i> 1999 £'000	<i>Company</i> 1999 £'000	<i>Group</i> 1998 £'000	<i>Company</i> 1998 £'000
Amounts payable:				
Within one year	21	-	54	-
In two to five years	20	-	41	-
	41	-	95	-
Less: finance charges allocated to future periods	(3)	-	(8)	-
	38	-	87	-

At 31 March 1999 the Group had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i> 1999 £'000	<i>Other</i> 1999 £'000	<i>Total</i> 1999 £'000	<i>Land and buildings</i> 1998 £'000	<i>Other</i> 1998 £'000	<i>Total</i> 1998 £'000
Operating leases which expire:						
Within one year	14	85	99	-	15	15
Within two to five years	121	113	234	161	155	316
In over five years	223	-	223	251	-	251
	358	198	556	412	170	582

At 31 March 1999 the Company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i> 1999 £'000	<i>Other</i> 1999 £'000	<i>Total</i> 1999 £'000	<i>Land and buildings</i> 1998 £'000	<i>Other</i> 1998 £'000	<i>Total</i> 1998 £'000
Operating leases which expire:						
Within one year	-	20	20	-	-	-
Within two to five years	121	64	185	-	87	87
In over five years	90	-	90	251	-	251
	211	84	295	251	87	338

# SOLA Optical (UK) Limited

## NOTES TO THE ACCOUNTS at 31 March 1999

### 17. SHARE CAPITAL

	1999 £'000	1998 £'000
Ordinary shares of £1 each: Issued and fully paid	3,378	3,378
Authorised	5,000	5,000

### 18. MOVEMENT ON RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

#### Group

	Share capital £'000	Capital reserve £'000	Goodwill reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 31 March 1997	3,378	3,447	1,614	1,006	9,445
Profit for the year	-	-	-	1,954	1,954
Exchange movement	-	-	-	(46)	(46)
At 31 March 1998	3,378	3,447	1,614	2,914	11,353
Profit for the year	-	-	-	1,295	1,295
Exchange movement	-	-	-	(57)	(57)
Goodwill transfer	-	-	(1,614)	1,614	-
At 31 March 1999	3,378	3,447	-	5,766	12,591

#### Company

	Share Capital £'000	Capital Reserve £'000	Profit and loss account £'000	Total Shareholders' funds £'000
At 31 March 1997	3,378	3,447	72	6,897
Profit for the year	-	-	536	536
At 31 March 1998	3,378	3,447	608	7,433
Loss for the year	-	-	(531)	(531)
At 31 March 1999	3,378	3,447	77	6,902



# SOLA Optical (UK) Limited

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 19. ULTIMATE HOLDING COMPANY AND CONTROLLING PARTY

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

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 group financial statements are available to the public from 2420 Sand Hill Road, Menlo Park, California 94025.

### 20. RELATED PARTY TRANSACTIONS

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

### 21. PENSION COMMITMENTS

The company and group 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 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 most recent actuarial valuation was on April 1, 1997. 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 April 1, 1997, as shown in the scheme accounts is £2,949,686.

The surplus revealed by the valuation is to be eliminated by amortising the surplus in the profit and loss account over 15 years beginning April 1, 1997. The pension cost for the employer for the financial year ending 31 March 1999 was £60,000 (1998: £80,000). A prepayment of £346,000 (1998: £286,000) 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.