

166

**OPTICAL EXPRESS (CENTRAL) LIMITED**

**FINANCIAL STATEMENTS**

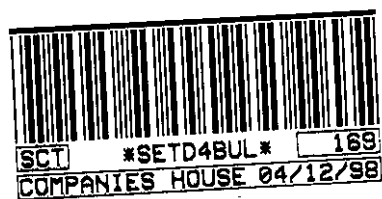
**31 DECEMBER 1997**

**Registered number: 161469**

**KIDSONS IMPEY**

**CHARTERED ACCOUNTANTS**

**Glasgow**



**OPTICAL EXPRESS (CENTRAL) LIMITED**

**FINANCIAL STATEMENTS**

**for the year ended 31 December 1997**

**CONTENTS**

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Notes	8

**OPTICAL EXPRESS (CENTRAL) LIMITED****COMPANY INFORMATION****31 December 1997**

DIRECTOR	D. Mouldsdaie
SECRETARY	G. Murdoch
REGISTERED OFFICE	Breckenridge House 274 Sauchiehall Street Glasgow G2 3EH
AUDITORS	Kidsons Impey Chartered Accountants Breckenridge House 274 Sauchiehall Street Glasgow G2 3EH

**OPTICAL EXPRESS (CENTRAL) LIMITED****DIRECTORS' REPORT****31 December 1997**

The director presents his report and the audited financial statements for the year ended 31 December 1997.

**Principal activity**

The principal activity of the company during the year was that of opticians.

**Business review**

The company's balance sheet as detailed on page 7 shows a satisfactory position, shareholders' funds amounting to £523,019.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. The director does not propose payment of an ordinary dividend.

**Fixed assets**

In the opinion of the director there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 10.

**Director**

The director of the company during the year and his interest in the shares of the company as recorded in the register of directors' interests were as follows

	<b>31 December 1997</b>	<b>1 January 1997</b>
	<b>Ordinary</b>	<b>Ordinary</b>
	<b>shares</b>	<b>shares</b>
D. Mouldsdaie	-	-

D. Mouldsdaie is also a director of the holding company, David Mouldsdaie (Holdings) Limited. The directors' interests in the shares of the holding company are disclosed in the directors' report of that entity.

**Auditors**

Kidsons Impey have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the director



G. Murdoch  
Secretary

Breckenridge House  
274 Sauchiehall Street  
Glasgow  
G2 3EH

25 November 1998

**OPTICAL EXPRESS (CENTRAL) LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the director to prepare financial statements for each financial year which 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 those financial statements, the director is required to

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

25 November 1998

On behalf of the director



D. Moulds  
Director

**OPTICAL EXPRESS (CENTRAL) LIMITED****AUDITORS' REPORT****Auditors' report to the members of****Optical Express (Central) Limited**

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention as amended for the revaluation of certain fixed assets and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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 error or other irregularity. 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 the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Kidson Impey*

Glasgow  
25 November 1998

Kidsons Impey  
Registered Auditors  
Chartered Accountants

## OPTICAL EXPRESS (CENTRAL) LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1997

		1997 £	55 weeks ended 31 December 1996 £
<b>Turnover</b>	2	8,048,110	4,493,957
Cost of sales		(1,841,467)	(1,056,842)
<b>Gross profit</b>		6,206,643	3,437,115
<b>Net operating expenses</b>			
Administrative expenses		(5,840,264)	(2,972,559)
<b>Operating profit</b>	3	366,379	464,556
Investment income	5	826	-
Interest payable	6	(80,166)	(35,122)
<b>Profit on ordinary activities before taxation</b>		287,039	429,434
Taxation	7	(214,058)	(34,496)
<b>Profit on ordinary activities after taxation</b>		72,981	394,938
Dividends	8	-	(35,000)
<b>Retained profit for the year</b>	21	72,981	359,938

Movements in reserves are shown in the notes to the financial statements.

All the company's activities were acquired in 1996.

**OPTICAL EXPRESS (CENTRAL) LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****for the year ended 31 December 1997**

	<b>1997</b>	<b>55 weeks ended 31 December 1996</b>
	<b>£</b>	<b>£</b>
<b>Profit for the financial year</b>	72,981	394,938
Unrealised surplus on revaluation of fixed assets	90,000	-
<b>Total gains recognised since last annual report</b>	<u>162,981</u>	<u>394,938</u>



## OPTICAL EXPRESS (CENTRAL) LIMITED

## BALANCE SHEET

at 31 December 1997

	Note	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Intangible assets	9		45,310		14,655
Tangible assets	10		2,312,026		1,666,572
			<u>2,357,336</u>		<u>1,681,227</u>
<b>Current assets</b>					
Stocks	12	819,818		556,032	
Debtors	13	503,552		210,388	
Cash at bank and in hand		1,210,978		2,352,385	
		<u>2,534,348</u>		<u>3,118,805</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,761,323)</u>		<u>(3,946,093)</u>	
<b>Net current liabilities</b>			<u>(1,226,975)</u>		<u>(827,288)</u>
<b>Total assets less current liabilities</b>			<u>1,130,361</u>		<u>853,939</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(422,165)		(493,901)
<b>Provision for liabilities and charges</b>	16		<u>(185,177)</u>		<u>-</u>
			<u>523,019</u>		<u>360,038</u>
<b>Capital and reserves</b>					
Called up share capital	19		100		100
Revaluation reserve	20		90,000		-
Profit and loss account	21		432,919		359,938
<b>Total shareholders' funds</b>	18		<u>523,019</u>		<u>360,038</u>

The financial statements on pages 5 to 17 were approved by the director on 25 November 1998 and signed by:



D. Mouldale  
Director

# OPTICAL EXPRESS (CENTRAL) LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 1997

### 1 Accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules as amended for revaluation of certain assets.

#### Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

#### Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold properties	Nil
Leasehold properties	Over the term of the lease
Equipment	10% & 15% - Reducing balance
Motor vehicles	20% - Reducing balance
Fixtures and fittings	15% - Reducing balance
Goodwill	10 & 20 years
Lease premiums	18 years

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve. No depreciation has been provided in the current year as the leasehold properties were revalued on 31st December 1997. Freehold property was not depreciated during the year as it was realised post year end for its net book value.

#### Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability. Rentals paid under operating leases are charged to income as incurred.

#### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

#### Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

#### Pensions

##### Defined contribution scheme

The company made contributions into employees private pension schemes during the year.

#### Cash flow statement

The company has not prepared a cash flow statement in accordance with the exemption available to wholly owned subsidiaries of EC parent undertakings, where a statement of group cash flow is included in the consolidated financial statements of the parent company.

## OPTICAL EXPRESS (CENTRAL) LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 1997

**2 Turnover**

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

**3 Operating profit**

	1997 £	1996 £
Operating profit is stated after charging		
Staff costs (note 4)	3,294,294	1,750,595
Auditors' remuneration	16,500	6,000
Operating leases		
Hire of equipment	7,271	4,874
Rent	533,998	171,824
Depreciation of tangible fixed assets (note 10)		
owned assets	175,856	86,903
leased assets	97,158	16,073
Amortisation of intangible fixed assets (note 9)	14,345	845
	<u>287,359</u>	<u>103,821</u>
The total amount charged against profits in respect of finance leases and hire purchase contracts is (of which part is shown as depreciation and the balance is shown as interest payable in note 6)	<u>132,491</u>	<u>21,447</u>

**4 Directors and employees**

	1997 £	1996 £
Staff costs including directors' emoluments		
Wages and salaries	3,250,859	1,733,570
Pension costs	43,435	17,025
	<u>3,294,294</u>	<u>1,750,595</u>
Average monthly number employed including executive directors:	<b>Number</b>	<b>Number</b>
Production staff	34	29
Other	166	67
	<u>200</u>	<u>96</u>

**Defined contribution pension scheme**

The company makes contributions into employees private pension schemes. The pension cost charge represents contributions payable by the company to the personal schemes and amounted to £43,435 (1996 £17,025).

## OPTICAL EXPRESS (CENTRAL) LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 1997

**5 Investment income**

	1997 £	1996 £
Interest receivable	826	-

**6 Interest payable**

	1997 £	1996 £
Bank interest	29,827	12,021
Bank loan interest	15,006	17,727
Hire purchase interest	35,333	5,374
	80,166	35,122

**7 Taxation**

	1997 £	1996 £
Corporation tax on profit on ordinary activities at 31% (1996 33%)	28,778	34,496
Deferred taxation	185,177	-
	213,955	34,496
Under provision in earlier years	103	-
	214,058	34,496

**8 Dividends**

	1997 £	1996 £
Ordinary dividend	-	35,000

## OPTICAL EXPRESS (CENTRAL) LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 1997

## 9 Intangible fixed assets

	Goodwill £	Lease Premiums £	Total £
<b>Cost</b>			
1 January 1997	3,000	12,500	15,500
Additions	45,000	-	45,000
	<hr/>	<hr/>	<hr/>
31 December 1997	48,000	12,500	60,500
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
1 January 1997	150	695	845
Charge for the year	13,650	695	14,345
	<hr/>	<hr/>	<hr/>
31 December 1997	13,800	1,390	15,190
	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>			
31 December 1997	34,200	11,110	45,310
	<hr/>	<hr/>	<hr/>
1 January 1997	2,850	11,805	14,655
	<hr/>	<hr/>	<hr/>

## OPTICAL EXPRESS (CENTRAL) LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 1997

## 10 Tangible fixed assets

Cost or valuation	Motor Vehicles £	Equipment £	Fixtures & Fittings £	Freehold & Leasehold Properties £	Total £
1 January 1997	76,259	892,982	884,313	8,057	1,861,611
Additions	81,963	406,978	227,350	112,177	828,468
Surplus on revaluation	-	-	-	90,000	90,000
Inter-category transfers	-	-	(15,031)	15,031	-
31 December 1997	<u>158,222</u>	<u>1,299,960</u>	<u>1,096,632</u>	<u>225,265</u>	<u>2,780,079</u>
<b>Depreciation</b>					
1 January 1997	19,549	77,081	96,930	1,479	195,039
Charge for year	19,952	114,336	130,067	8,659	273,014
Inter-category transfers	-	-	(561)	561	-
31 December 1997	<u>39,501</u>	<u>191,417</u>	<u>226,436</u>	<u>10,699</u>	<u>468,053</u>
<b>Net book amount</b>					
31 December 1997	<u>118,721</u>	<u>1,108,543</u>	<u>870,196</u>	<u>214,566</u>	<u>2,312,026</u>
1 January 1997	<u>56,710</u>	<u>815,901</u>	<u>787,383</u>	<u>6,578</u>	<u>1,666,572</u>

The net book amount of fixed assets includes £828,732 (1996 £589,115) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

The leasehold properties were revalued on the 31st December 1997 on an open market valuation by Whitelaw Baikie Figs, Chartered Surveyors. The historical cost is £53,644 and historical net book value is £42,945.

## 11 Leasehold and freehold properties

	1997 £	1996 £
Freehold	81,621	-
Short leasehold	132,945	6,578
	<u>214,566</u>	<u>6,578</u>

## OPTICAL EXPRESS (CENTRAL) LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 1997

## 12 Stocks

	1997 £	1996 £
General stock	819,818	556,032
	<u>819,818</u>	<u>556,032</u>

## 13 Debtors

	1997 £	1996 £
<b>Amounts falling due within one year</b>		
Trade debtors	166,645	133,136
Amounts owed by group undertakings	111,641	-
Other debtors	132,429	24,953
Prepayments and accrued income	92,837	52,299
	<u>503,552</u>	<u>210,388</u>

Other debtors includes balances in respect of a directors' overdrawn current account totalling £122,304 (1996 £0). This loan account has no fixed terms of repayment and is not liable to any interest.

## 14 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	46,604	30,000
Trade creditors	215,166	-
Amounts owed to group undertakings	2,875,548	3,492,292
Corporation tax	20,028	34,496
Other taxation and social security	191,911	97,280
Accruals and deferred income	177,140	116,261
Obligations under finance leases and hire purchase contracts - note 15	234,926	175,764
	<u>3,761,323</u>	<u>3,946,093</u>

The company's bank loan is secured by a bond and floating charge over the whole company assets. The company has two bank loans. The first loan is being repaid by monthly instalments of £1,747 and bears interest at eleven and one third percent. This loan will be repaid by August 1999. The second loan is being repaid at quarterly instalments of £7,500. Interest is charged at base rate plus two percent. This loan will be repaid by 31 December 2005.

## OPTICAL EXPRESS (CENTRAL) LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 1997

**15 Creditors: amounts falling due after more than one year**

	1997 £	1996 £
Bank loans	177,731	194,019
Obligations under finance leases	244,434	299,882
	<u>422,165</u>	<u>493,901</u>

**Maturity of debt**

In one year or less, or on demand

- see note 14

Between one and two years

Between two and five years

In five years or more

46,604	30,000
43,712	30,000
90,000	90,000
44,019	74,019

<u>224,335</u>	<u>224,019</u>
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**Amounts falling due after more than five years:**

Bank loans

44,019	74,019
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**Obligations under finance leases and hire purchase contracts**

These are repayable over varying periods by monthly instalments as follows:

In the next year - see note 14

In the second to fifth years

234,926	175,764
244,434	299,882
<u>479,360</u>	<u>475,646</u>

**16 Provision for liabilities and charges**

	1996 £	Profit and loss account £	Other movements £	1997 £
Deferred taxation (notes 7 and 17)	-	185,177	-	185,177



## OPTICAL EXPRESS (CENTRAL) LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 1997

## 17 Deferred taxation

	1997		1996	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by				
Excess capital allowances	184,755	184,755	120,566	-
Other timing differences	422	422	-	-
	<u>185,177</u>	<u>185,177</u>	<u>120,566</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate of 31% (1996 33%).

## 18 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
<b>Profit for the financial year</b>	72,981	394,938
Dividends	-	(35,000)
	<u>72,981</u>	<u>359,938</u>
Other recognised gains relating to the year (net)	90,000	-
New share capital subscribed	-	100
	<u>-</u>	<u>100</u>
<b>Net addition to shareholders' funds</b>	162,981	360,038
Opening shareholders' funds	360,038	-
	<u>360,038</u>	<u>-</u>
<b>Closing shareholders' funds</b>	<u>523,019</u>	<u>360,038</u>

## 19 Called up share capital

	1997		1996	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary share capital of £1	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<b>Allotted called up and fully paid</b>				
Ordinary share capital of £1	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

## OPTICAL EXPRESS (CENTRAL) LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 1997

## 20 Revaluation reserve

	1997 £
1 January 1997	-
Surplus on revaluation	90,000
31 December 1997	<u>90,000</u>

## 21 Profit and loss account

	1997 £
1 January 1997	359,938
Retained profit for the year	72,981
31 December 1997	<u>432,919</u>

## 22 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 1998.

	1997 Land and Buildings £	1997 Plant & Other £	1996 Land and Buildings £	1996 Plant & Other £
Expiring				
Within one year	-	1,926	-	-
Within two to five years	41,500	-	-	-
After five years	843,600	-	377,675	-
	<u>885,100</u>	<u>1,926</u>	<u>377,675</u>	<u>-</u>

The company has given an unlimited inter company cross guarantee between David Mouldsdale (Holdings) Limited, Optical Express (Southern) Limited, Optical Express (Northern) Limited, Optical Express (Gyle) Limited, Optical Express (Westfield) Limited, Optical Express (Aberdeen) Limited, Optical Express (Leith) Limited, Optical Express (Ayr) Limited, Optical Express (Forge) Limited, Optical Express (Holdings) Limited and Total Eyecare Limited which is supported by a bond and floating charge and debenture over the whole company assets.

At the 31st December 1997 the above companies loans and overdrafts totalled £6,111,350 (1996 £3,035,978).

## 23 Ultimate parent undertaking

The company's ultimate parent company is David Mouldsdale (Holdings) Limited, a company incorporated in Scotland. A copy of that company's accounts are available from Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB. This company is controlled by David Mouldsdale.

## OPTICAL EXPRESS (CENTRAL) LIMITED

## NOTES ON FINANCIAL STATEMENTS

31 December 1997

## 24 Related parties

The company has taken advantage of the exemption granted by paragraph 3c of Financial Reporting Standard 8 not to disclose transactions with other group companies. The company's other related party transactions during the year were as follows:

RELATED PARTY	RELATIONSHIP	TRANSACTIONS	AMOUNT £	BALANCE DUE (TO)/ FROM AT 31/12/97 £
David Moulsdale	Director	Payments to	16,022	122,304
		Rents payable on properties owned personally	91,000	
		Directors loan account transferred to Optical Express (Central) Limited from Optical Express:-		
		Southern	11,000	
		Westfield	202,500	
		Gyle	19,919	
		Aberdeen	3,432	
		Ayr	26,973	
		Forge	52,156	
		Salary not drawn	90,600	
		Payments on behalf of the company	51,140	
		Payments on behalf of the director	2,535	