

Optical Express Limited

ABBREVIATED ACCOUNTS

for the year ended

27 December 2008



Optical Express Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Mouldsdaie
S Mein
J Stewart

SECRETARY

G Murdoch

REGISTERED OFFICE

The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Optical Express Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Optical Express Limited for the year ended 27 December 2008.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS

The company has again had another strong year of performance increasing both its turnover and profitability.

The company is planning the launch of a number of Shared Venture Partnerships later in the year. The directors are confident that the investment made in the business over the last few years and the initiatives planned for 2009 will allow the company to continue to grow its turnover and profitability.

Competition and the decline in consumer confidence and the economic climate in the countries which the company operates continues to be the main risk facing the business. The directors are confident that by constantly monitoring and reviewing business performance and actively managing its competitive strategy it will continue to be proactive in mitigating these risks.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

D Mouldsdale	
S Mein	(appointed 29 May 2008)
J Stewart	(appointed 29 May 2008)

DISABLED EMPLOYEES

The policies and training programmes operated by the company have been developed to attract and retain the best people on the basis of their skills and abilities. This ensures that the company offers people with disability the same opportunities for training and career progression as other employees.

EMPLOYEE INVOLVEMENT

The company operates employment policies designed to ensure that the company is able to attract and retain the highest calibre of employees from all sections of the community.

The company values diversity in the workplace and is committed to providing the equality of opportunity to all employees and potential employees. It actively encourages training and skills development throughout the company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as the directors are aware, that there is no relevant information of which the auditors are unaware. Each of the directors have confirmed that they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Optical Express Limited

DIRECTORS' REPORT

AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the Annual General Meeting.

By order of the board



G Murdoch

Company Secretary

Optical Express Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 year. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 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 requirements of the Companies Act 1985. The directors are 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPTICAL EXPRESS LIMITED

We have examined the abbreviated accounts set out on pages 6 to 18, together with the financial statements of Optical Express Limited for the year ended 27 December 2008 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Baker Tilly UK Audit Ltd
BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

25/6/09

Optical Express Limited
PROFIT AND LOSS ACCOUNT
for the year ended 27 December 2008

	<i>Notes</i>	2008 £	2007 £
Gross profit		17,068,357	16,251,562
Administrative expenses		14,096,263	13,690,832
Other operating income	1	(17,847)	(25,676)
OPERATING PROFIT	2	2,989,941	2,586,406
Interest payable and similar charges	4	357,502	276,776
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,632,439	2,309,630
Taxation	5	849,182	1,532,694
PROFIT FOR THE FINANCIAL YEAR		<u>1,783,257</u>	<u>776,936</u>

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Optical Express Limited

NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 27 December 2008

	2008 £	2007 £
Profit on ordinary activities before taxation	2,632,439	2,309,630
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	13,716	13,716
Historical cost profit on ordinary activities before taxation	<u>2,646,155</u>	<u>2,323,346</u>
Historical cost profit for the year after taxation	<u>1,796,973</u>	<u>790,652</u>

Optical Express Limited

BALANCE SHEET

27 December 2008

	Notes	2008 £	2007 £
FIXED ASSETS			
Intangible assets	6	291,579	319,335
Tangible assets	7	3,737,988	4,036,340
		<u>4,029,567</u>	<u>4,355,675</u>
CURRENT ASSETS			
Stocks	8	1,071,581	1,253,052
Debtors	9	3,604,805	2,411,528
Cash at bank and in hand		3,458,145	2,947,240
		<u>8,134,531</u>	<u>6,611,820</u>
CREDITORS			
Amounts falling due within one year	10	5,644,877	6,274,479
NET CURRENT ASSETS		<u>2,489,654</u>	<u>337,341</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,519,221</u>	<u>4,693,016</u>
CREDITORS			
Amounts falling due after more than one year	11	102,030	-
		<u>6,417,191</u>	<u>4,693,016</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	13	553,483	612,565
		<u>5,863,708</u>	<u>4,080,451</u>
CAPITAL AND RESERVES			
Called up equity share capital	16	199	199
Share premium account	17	744,668	744,668
Revaluation reserve	18	105,172	118,888
Profit and loss account	19	5,013,669	3,216,696
SHAREHOLDERS' FUNDS	20	<u>5,863,708</u>	<u>4,080,451</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

The abbreviated financial statements on pages 6 to 18 were approved by the board of directors and authorised for issue on 25 June 09 and are signed on their behalf by:



S Mein
Director

Optical Express Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

TURNOVER

Turnover for the company's laser vision correction business represents amounts recognised on the completion of customer consultations before surgery is undertaken and on completion of surgery. For other optical business, turnover represents amounts invoiced during the year, exclusive of Value Added Tax.

AMORTISATION

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 10 & 20 years
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FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Short leasehold properties/revaluations	- Over the term of the lease
Leasehold improvements	- 15% reducing balance
Fixtures and fittings	- 15% reducing balance
Equipment	- 10% & 15% reducing balance
Motor vehicles	- 20% reducing balance
Lease premiums	- Over the term of the lease

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.

STOCKS

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

HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Optical Express Limited

ACCOUNTING POLICIES

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

PENSION COSTS

The company made contributions into employees' private pension schemes during the year. The assets of these schemes are held separately from those of the company. The contributions are charged to the profit and loss account.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Optical Express Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

1 OTHER OPERATING INCOME

	2008	2007
	£	£
Rents receivable	<u>17,847</u>	<u>25,676</u>

2 OPERATING PROFIT

Operating profit is stated after charging:	2008	2007
	£	£
Amortisation	27,756	27,756
Depreciation of owned fixed assets	578,869	497,041
Depreciation of assets held under hire purchase agreements	4,884	-
Loss on disposal of fixed assets	126	31,024
Auditor's remuneration		
- as auditor	9,732	9,600
Operating lease costs:		
Plant and equipment	612,843	356,940
Land and buildings	<u>2,501,503</u>	<u>2,446,055</u>

3 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

	2008	2007
	No	No
Production staff	19	27
Other	<u>274</u>	<u>326</u>
	<u>293</u>	<u>353</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	5,233,349	4,751,826
Social security costs	515,421	467,680
Other pension costs	37,365	56,175
	<u>5,786,135</u>	<u>5,275,681</u>

Optical Express Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable on bank borrowing	357,309	274,702
Finance charges	193	2,074
	<u>357,502</u>	<u>276,776</u>

5 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008	2007
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 28% (2007 - 30%)	851,497	110,572
Group relief	-	1,087,346
Adjustments in respect of previous years	56,777	16,698
Total current tax	<u>908,274</u>	<u>1,214,616</u>
Deferred tax:		
Origination and reversal of timing differences	(59,092)	318,078
Tax on profit on ordinary activities	<u>849,182</u>	<u>1,532,694</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2007 - 30%).

	2008	2007
	£	£
Profit on ordinary activities before taxation	<u>2,632,439</u>	<u>2,309,630</u>
Profit/(loss) on ordinary activities by rate of tax	737,083	692,889
Expenses not deductible for tax purposes	25,036	18,595
Capital allowances in excess of depreciation	74,117	(274,709)
Group relief for consideration in excess of standard rate	-	761,143
Adjustments in respect of previous years	56,777	16,698
Rate differences	15,261	-
Total current tax (note 6(a))	<u>908,274</u>	<u>1,214,616</u>

Optical Express Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

6 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 29 December 2007 and 27 December 2008	<u>511,000</u>
Amortisation	
At 29 December 2007	191,665
Charge for the year	<u>27,756</u>
At 27 December 2008	<u>219,421</u>
Net book value	
At 27 December 2008	<u>291,579</u>
At 29 December 2007	<u>319,335</u>

7 TANGIBLE FIXED ASSETS

	Equipment £	Fixtures & Fittings £	Motor Vehicles £	Short Leasehold Property £	Lease premiums £	Total £
Cost or valuation						
At 29 Dec 2007	3,076,442	4,268,996	114,650	367,583	12,500	7,840,171
Additions	162,496	109,778	-	13,253	-	285,527
Disposals	-	(207)	-	-	-	(207)
At 27 Dec 2008	<u>3,238,938</u>	<u>4,378,567</u>	<u>114,650</u>	<u>380,836</u>	<u>12,500</u>	<u>8,125,491</u>
Depreciation						
At 29 Dec 2007	1,659,559	1,827,752	90,891	217,286	8,343	3,803,831
Charge for the year	159,554	377,880	4,752	41,567	-	583,753
On disposals	-	(81)	-	-	-	(81)
At 27 Dec 2008	<u>1,819,113</u>	<u>2,205,551</u>	<u>95,643</u>	<u>258,853</u>	<u>8,343</u>	<u>4,387,503</u>
Net book value						
At 27 Dec 2008	<u>1,419,825</u>	<u>2,173,016</u>	<u>19,007</u>	<u>121,983</u>	<u>4,157</u>	<u>3,737,988</u>
At 29 Dec 2007	<u>1,416,883</u>	<u>2,441,244</u>	<u>23,759</u>	<u>150,297</u>	<u>4,157</u>	<u>4,036,340</u>

The leasehold properties were revalued on 7th March 2000 on an open market valuation by Montagu Evans, Chartered Surveyors. The historical cost of the revalued short leasehold properties is £107,635 (2007 - £107,635).

Hire purchase agreements

Included within the net book value of £3,737,988 is £125,367 (2007 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £4,884 (2007 - £Nil).

Optical Express Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

8	STOCKS	2008	2007
			£
	Stock	<u>1,071,581</u>	<u>1,253,052</u>

9	DEBTORS	2008	2007
		£	£
	Trade debtors	399,990	588,040
	Amounts owed by group undertakings	1,656,175	385,210
	Other debtors	142,317	126,517
	VAT recoverable	182,190	184,891
	Prepayments and accrued income	<u>1,224,133</u>	<u>1,126,870</u>
		<u>3,604,805</u>	<u>2,411,528</u>

The Group is currently in dispute with HM Revenue and Customs in relation to the proportion of recoverable input tax as a result of the partial exemption method adopted by the Group. Following a VAT tribunal in February 2006, despite the tribunal being sympathetic to the Group's stance, it refused the Group's appeal. As a result of this decision the Group appealed to the Court of Session. This appeal was heard in June 2007 and the Court of Session remitted the case back to the Tribunal with the direction to reconsider the original appeal. At the date of approval of the accounts the Group has had its appeal heard at a VAT Tribunal however it has yet to receive the tribunal's decision. Due to the dispute, HM Revenue and Customs have stopped making any repayments of VAT due to the Group and the above amount of £182,190 (2007 £184,891) is regarded as fully recoverable by the Directors based on the advice they have received from their external advisors.

10	CREDITORS: Amounts falling due within one year	2008	2007
		£	£
	Trade creditors	676,895	978,442
	Amounts owed to group undertakings	3,313,028	3,899,283
	Corporation tax	1,018,846	747,520
	Other taxation and social security	175,473	168,316
	Hire purchase agreements	51,015	-
	Other creditors	136,243	150,457
	Accruals and deferred income	<u>273,377</u>	<u>330,461</u>
		<u>5,644,877</u>	<u>6,274,479</u>

11	CREDITORS: Amounts falling due after more than one year	2008	2007
		£	£
	Hire Purchase agreements	<u>102,030</u>	<u>-</u>

12 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2008	2007
	£	£
Amounts payable within 1 year	51,015	-
Amounts payable between 1 and 2 years	<u>102,030</u>	<u>-</u>
	153,045	-
Less interest and finance charges relating to future periods	<u>-</u>	<u>-</u>
	<u>153,045</u>	<u>-</u>

Optical Express Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

13 DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2008 £	2007 £
Provision brought forward	612,565	294,487
Profit and loss account movement arising during the year	(59,082)	318,078
Provision carried forward	<u>553,483</u>	<u>612,565</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2008 £	2007 £
Excess of taxation allowances over depreciation on fixed assets	<u>553,483</u>	<u>612,565</u>

If the revalued assets were sold at the values stated in note 8 the estimated tax payable on that individual transaction would amount to £54,000. No provision has been made as it is unlikely that any amount will become payable in the foreseeable future given the company's current intentions.

14 COMMITMENTS UNDER OPERATING LEASES

At 27 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within 1 year	63,660	-	70,725	-
Within 2 to 5 years	357,450	515,460	230,075	507,980
After more than 5 years	1,884,818	-	1,852,520	-
	<u>2,305,928</u>	<u>515,460</u>	<u>2,153,320</u>	<u>507,980</u>

Optical Express Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

15 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 3c of the 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	Transaction	Amount £	Balance due (to)/from At 27/12/2008 £
Moulsdale Properties	Common control	Rents paid on properties owned by	706,100	Nil

The company's other related party transactions during the prior period were as follows:

Related Party	Relationship	Transaction	Amount £	Balance due (to)/from At 29/12/2007 £
Moulsdale Properties	Common control	Rents paid on properties owned by	646,639	Nil

16 SHARE CAPITAL

	2008 £	2007 £
Authorised:		
999 Ordinary shares of £1 each	999	999
1 Deferred share of £1 each	1	1
	<u>1,000</u>	<u>1,000</u>
	2008 £	2007 £
Allotted and called up:		
198 Ordinary share of £1 each	198	198
1 Deferred share of £1 each	1	1
	<u>199</u>	<u>199</u>

The rights attaching to the deferred share are as follows:

On a return of assets on a liquidation or otherwise, the assets of the company remaining after the payment of its liabilities will be applied firstly, in paying the holders of the £1 Ordinary Shares a sum equal to the balance of such assets up to a maximum of £100,000,000 and secondly, in distributing the balance of such assets among the holders of the Deferred Share.

The holder of the Deferred Share shall be entitled to receive notice of and attend at general meetings but shall not be entitled to vote.

17 SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

Optical Express Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 27 December 2008

18 REVALUATION RESERVE

	2008	2007
	£	£
At 29 December 2007	118,888	132,604
Transfer to the profit and loss account on realisation	(13,716)	(13,716)
At 27 December 2008	<u>105,172</u>	<u>118,888</u>

19 PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
At 29 December 2007	3,216,696	2,626,044
Retained profit for the financial year	1,783,257	776,936
Equity dividend paid	-	(200,000)
Transfer from revaluation reserve	13,716	13,716
At 27 December 2008	<u>5,013,669</u>	<u>3,216,696</u>

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit for the financial year	1,783,257	776,936
Equity dividend paid	-	(200,000)
Opening shareholders' funds	<u>4,080,451</u>	<u>3,503,515</u>
Closing shareholders' funds	<u>5,863,708</u>	<u>4,080,451</u>

21 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The bank holds an unlimited inter company cross guarantee between the company and the other group companies.

At the 27 December 2008 the other companies' loans and overdrafts totalled £40,828,882 (2007: £35,925,888) excluding those of the company.

22 ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is DCM (Optical Holdings) Limited, a company incorporated in Scotland. A copy of that company's accounts is available from Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB. The company is controlled by D Mouldsdales.