

# Optical Express Limited

## FINANCIAL STATEMENTS

for the year ended

31 December 2022

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COMPANIES HOUSE

# Optical Express Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

D Mouldsdaie  
S Mein  
S Hannan

### SECRETARY

G Murdoch

### REGISTERED OFFICE

200 St Vincent Street  
Glasgow  
Scotland  
G2 5SG

### AUDITORS

RSM UK Audit LLP  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

# Optical Express Limited

## STRATEGIC REPORT

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### Review of the business

The Optical Express Group is a global leader of ophthalmic services and vision correction, through and including refractive surgery, sight tests and eye health assessments, spectacles and contact lenses.

The directors' strategy is to grow turnover, market share and profitability whilst being committed to delivering the highest level of clinical outcomes, patient satisfaction and safety.

To do this, the directors employ a number of KPI's to monitor the performance of the company on a daily, weekly and monthly basis. The principle KPI's employed by the company is turnover and EBITDA before exceptional.

	2022 £'000	2021 £'000	Change £'000
Turnover	109,098	120,978	(11,880)
EBITDA (before exceptional items)	28,142	42,174	(14,032)

The directors are pleased to report that the business continues to trade strongly in a competitive market and at the same time control its cost base to allow the company to generate significant profit.

### Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. Risks are reviewed by management and the board and appropriate processes are put in place to monitor and mitigate them.

The principal risks and uncertainties facing the group are:

#### Economic risk

There is a risk of increasing unemployment and a reduction in patient spending levels in the different countries that the group operates in as patient's disposable income reduces as a result of increasing taxes, interest rates on borrowing, energy and living costs. The groups commercial skills and ability to respond quickly to any changing patient demand is highly developed and proven to be effective in the past.

#### Competition

The markets in which the group operates in are highly competitive and the actions of competitors could adversely affect the group. The group's strategy is to continue to capitalise on Optical Express's market position, our strong brand and the trust that our patients have in the ophthalmic services that we provide.

#### Other risks

Further to the above principal risks, the Board of Directors has also considered the exposure of the group to financial price, credit, liquidity and cash flow risk. The board of directors has determined that the exposure of the group to these risks is such that they are not considered principal risks for the purpose of this strategic report.

### Streamlined Energy and Carbon Reporting (SECR) Quantification and reporting methodology

The company has followed the 2019 UK Government Environmental Reporting Guidelines to ensure that the SECR requirements were met.

# Optical Express Limited

## STRATEGIC REPORT

The energy data was collated from books and records and some benchmarking where bills were not obtainable for electricity and gas usage. The energy data was then converted to carbon emissions using the 2020 UK Government GHG Conversion Factors for Company Reporting.

The associated emissions have been split into:

- Scope 1: Combustion of fuels and the operation of facilities
- Scope 2: Purchased electricity, heating and cooling
- Scope 3: In-direct emissions that occur as a result of company activities

### Energy Efficiency Action

The Board of Directors and management of the company are committed to reducing its energy consumption and in turn the carbon footprint resulting from its business activities and has implemented the following:

- Last man out switches have been installed in the majority of our clinic estate to ensure all non-essential systems are switched off when the clinics are not in use
- All new clinics are fitted with LED lighting and energy efficient air conditioning systems. As maintenance is required at each clinic there is a program in place to replace all lighting to LED's and upgrade to energy efficient air conditioning systems
- Where possible we purchase furniture that has been made from recycled material
- Head office monitors electricity and gas usage at each clinic to track excessive consumption/unnecessary appliances being left on
- We encourage the use of public transport where possible for travel between all clinics and offices

Reported emissions	2022 tonnes CO2e	2021 tonnes CO2e
<b>Total gross emissions (scope 1, 2 and 3)</b>	1,101.9	1,526.0
Total direct and indirect emissions (scope 1 and 2)	972.9	1,427.2
Total direct emissions (scope 1)	242.1	323.8
Gaseous and other fuel combustion	242.1	323.8
Total indirect emissions (scope 2)	730.7	1,103.4
Grid supplied electricity	730.7	1,103.4
Total other indirect emissions (scope 3)	129.1	98.8
Employee owned vehicles where company purchases the fuel	129.1	98.8

Energy Consumption	2022 kWh	2021 kWh
<b>Total energy consumption used to calculate emissions</b>	<b>5,689,501</b>	<b>6,910,735</b>
Energy consumption, combustion of gas	1,345,202	1,761,123
Energy consumption, grid electricity	3,821,605	4,732,924
Energy consumption, employee owned vehicles where company purchases the fuel	522,694	416,688

Intensity ratio	2022	2021
<b>tonnes CO2e divided by floor area SqFt</b>	<b>0.004</b>	<b>0.004</b>

# Optical Express Limited

## STRATEGIC REPORT

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### Section 172

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making. The directors continue to have regard to the interests when making decisions, including the impact of its activities on the community, environment and the company's reputation.

Acting in good faith and fairly, the directors consider what is most likely to promote the success of the company for its members in the long term. Whilst the importance of giving due consideration to our stakeholders is not new, this explains in more detail this year how the Board engages with stakeholders and setting out how directors have discharged this duty.

All directors are aware of their statutory duties. The company's key stakeholders are its employees, customers, and suppliers. The following key points are important in the assessment of the compliance with the requirements of the s172 Statement:

1. The directors are all actively involved in the day to day running of the company and are in close contact with senior management teams across the business allowing good communication and feedback at a local level.
2. The directors receive regular reports on the performance of the company which enables them to be fully appraised that the interests of all stakeholders are being met.
3. The directors regularly consider the principal stakeholders and how they engage with them. The directors continually consider the needs and priorities of each stakeholder group during its discussions and as part of their decision making.
4. The long-term strategy of the company is monitored regularly to ensure this aligns with the vision of the group. The resulting assessment of future development helps inform the directors decision making and the balance between short term and long-term measures and actions.
5. The directors continue to enhance the methods of engagement with the workforce through regular internal communications which are delivered by the management teams.
6. The group's policies on a wide range of business and ethics related practices are regularly reviewed and updated as necessary to ensure continued compliance with legal and regulatory requirements and good industry practice. The directors monitor the group's policies through the ordinary course of business to ensure the policies are being adhered to.
7. The directors will continue to keep engagement methods under review to ensure that they remain effective.

### Outlook

The group has continued to generate significant profit from trading in 2022. The group has prepared forecasts and these show that the group has more than sufficient reserves going forward to withstand any future downturn in trading.

As the UK/Ireland market leader, Optical Express continues to perform the majority of refractive surgery procedures through its extensive clinic network. The business is therefore well placed to capitalise on consumer confidence in refractive surgery and as new refractive surgery procedures are introduced to the market.

By order of the board



G Murdoch  
Company Secretary

Date: 17 July 2023

# Optical Express Limited

## DIRECTORS' REPORT

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The directors submit their report and financial statements of Optical Express Limited for the year ended 31 December 2022.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was ophthalmic refractive surgery and opticians.

### DIRECTORS

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

D Mouldsdale  
S Mein  
S Hannan

### DIRECTORS' INDEMNITY

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Report of Directors.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 11.

No ordinary dividends were paid and the directors do not recommend payment of a final dividend.

### FUTURE DEVELOPMENTS

The company does not envisage any significant changes to the nature or scope of its future operations.

### 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.

### GOING CONCERN

The group has continued to generate significant profit from trading in 2022. The group has prepared forecasts and these show that the group has more than sufficient reserves going forward to withstand any future downturn in trading and will remain profitable and cash positive for at least a period of twelve months from the date of signing these financial statements.

As a result of this the directors consider that there will be appropriate cash within the group to pay all liabilities as they fall due.

# Optical Express Limited

## DIRECTORS' REPORT

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### DONATIONS

During the year the group made the following contributions:

	31 December 2022	1 January 2022
	£'000	£'000
Charitable	<u>81</u>	<u>-</u>

### AUDITOR

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



G Murdoch  
Company Secretary

Date: 17 July 2023

# Optical Express Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing 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. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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

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## Opinion

We have audited the financial statements of Optical Express Limited (the 'company') for the year ended 31 December 2022 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

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

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However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and engaging an internal tax specialist to review the tax computations.

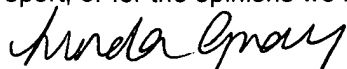
The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to government regulatory standards for healthcare providers and General Optical and Medical Council requirements. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations, we documented management's processes to ensure compliance, including the work of the internal compliance team, and reviewed the results of inspections by regulatory authorities.

The audit engagement team identified the risk of management override of controls and completeness and cut-off of revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in relation to management override of internal controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed in relation to completeness and cut-off of revenue included but were not limited to the use of data analytics to analyse store income by day and completed surgery listings to ensure revenue was appropriately recognised and test of detail work to test revenue near and subsequent to the year end to ensure recorded in the correct period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

## Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed



LINDA GRAY (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Third Floor, Centenary House

69 Wellington Street

Glasgow

G2 6HG

Date: 20/7/23

# Optical Express Limited

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2022

		Year ended 31 December 2022 £'000	Year ended 1 January 2022 £'000
	Notes		
TURNOVER	2	109,098	120,978
Cost of sales		(15,911)	(18,528)
Gross profit		93,187	102,450
Administrative expenses		(67,190)	(63,459)
Other operating income	3	1,104	1,019
OPERATING PROFIT	4	27,101	40,010
Analysed as :			
Before exceptional items		26,647	41,165
Exceptional items	4	454	(1,155)
Interest receivable		-	4
		27,101	40,014
Interest payable and similar charges	7	(1)	(3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		27,100	40,011
Taxation	8	(5,612)	(7,335)
PROFIT FOR THE FINANCIAL YEAR		21,488	32,676

# Optical Express Limited

## STATEMENT OF FINANCIAL POSITION

### 31 December 2022

		Year ended 31 December 2022 £'000	Year ended 1 January 2022 £'000
	Notes		
<b>FIXED ASSETS</b>			
Intangible assets	9	5	7
Negative goodwill	9	(22)	(128)
Tangible assets	10	13,901	9,262
		<u>13,884</u>	<u>9,141</u>
<b>CURRENT ASSETS</b>			
Stocks	11	2,976	3,133
Debtors	12	51,263	30,434
Cash at bank and in hand		1,622	3,795
		<u>55,861</u>	<u>37,362</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	(27,037)	(25,930)
<b>NET CURRENT ASSETS</b>		<u>28,824</u>	<u>11,432</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>42,708</u>	<u>20,573</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(1,327)	(934)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	16	(1,355)	(296)
Other provisions	17	(1,837)	(2,642)
<b>NET ASSETS</b>		<u><u>38,189</u></u>	<u><u>16,701</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	22	-	-
Share premium account	23	745	745
Revaluation reserve	23	-	1
Profit and loss account	23	37,444	15,955
		<u><u>38,189</u></u>	<u><u>16,701</u></u>

The financial statements on pages 11 to 28 were approved by the board of directors and authorised for issue on 17 July 2023 and are signed on their behalf by:



D Mouldsdales  
Director

# Optical Express Limited

## STATEMENT OF CHANGES IN EQUITY

### 31 December 2022

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
<b>Balance at 26 December 2020</b>	-	745	3	(16,723)	(15,975)
Transfer to the profit and loss account	-	-	(2)	2	-
Profit for the year	-	-	-	32,676	32,676
<b>Balance at 1 January 2022</b>	-	745	1	15,955	16,701
Transfer to the profit and loss account	-	-	(1)	1	-
Profit for the year	-	-	-	21,488	21,488
<b>Balance at 31 December 2022</b>	-	745	-	37,444	38,189

# Optical Express Limited

## ACCOUNTING POLICIES

### for the year ended 31 December 2022

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#### GENERAL INFORMATION

Optical Express Limited ('the company') is a private company limited by shares and is registered, domiciled and incorporated in Scotland.

The registered office address of the company is 200 St Vincent Street, Glasgow, Scotland, G2 5SG.

The company's principal activity is as disclosed in the Directors' Report.

#### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### REDUCED DISCLOSURES

The company has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the income statement and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the company are consolidated in the financial statements of Lorena Investments Limited. The consolidated financial statements of Lorena Investments Limited are available from its registered office, The Ca'd'oro, 45 Gordon Street, Glasgow, G1 3PE.

#### GOING CONCERN

The group has continued to generate significant profit from trading in 2022. The group has prepared forecasts and these show that the group has more than sufficient reserves going forward to withstand any future downturn in trading and will remain profitable and cash positive for at least a period of twelve months from the date of signing these financial statements.

As a result of this the directors consider that there will be appropriate cash within the group to pay all liabilities as they fall due.

#### TURNOVER

Turnover represents amounts invoiced during the year, exclusive of Value Added Tax.

#### RENTAL INCOME

Rental income for the company is recognised on a straight line basis over the term of the lease.

# Optical Express Limited

## ACCOUNTING POLICIES

for the year ended 31 December 2022

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### GOVERNMENT GRANTS

Each grant is recognised at fair value when there are reasonable assurances they will be received, and any qualifying conditions have been complied with. The grants are subsequently presented in the income statement on a systematic basis in the period that the expenses, for which the grants are compensating, are recognised.

### GOODWILL

Goodwill representing the excess of the consideration for an acquired undertaking, or acquired trade and assets, compared with the fair value of net assets acquired is capitalised and written off evenly over 10 and 20 years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Negative goodwill arises when the fair value of the consideration for an acquired undertaking, or acquired trade and assets, is less than the fair value of the separable net assets. The amount up to the value of the non-monetary assets acquired is credited to the income statement in the period in which those non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the income statement in the periods expected to benefit.

### 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 and 20 years

Negative goodwill is being amortised over the period in which the non-monetary assets are released.

### FIXED ASSETS

All fixed assets are initially recorded at cost.

Chartered Surveyors, Montagu Evans, have revalued certain freehold property to the open market valuation.

### 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 & 25% reducing balance
Fixtures and fittings	- 15% reducing balance
Equipment	- 10% & 15% reducing balance and over 20 years
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.



# Optical Express Limited

## ACCOUNTING POLICIES

for the year ended 31 December 2022

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### IMPAIRMENT OF FIXED ASSETS

Financial assets, other than those held at fair value through the statement of comprehensive income, are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised.

The impairment reversal is recognised in the statement of comprehensive income.

### 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 income statement on a straight line basis.

### FINANCE LEASE AGREEMENTS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the statement of financial position as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the company income statement on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

### 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 operates a defined contribution pension scheme for employees. The assets of these schemes are held separately from those of the company. The contributions are charged to the income statement.

### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

# Optical Express Limited

## ACCOUNTING POLICIES

for the year ended 31 December 2022

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### TAXATION (Contd.)

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### PROVISIONS

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present the unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

### EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# Optical Express Limited

## ACCOUNTING POLICIES

for the year ended 31 December 2022

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### **Financial assets**

#### *Trade, group and other debtors*

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of comprehensive income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the statement of comprehensive income.

### **Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

#### *Trade, group and other creditors*

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

# Optical Express Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

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### 1 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The items in the financial statements where the judgements and estimations have been made include:

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

In determining depreciation rates, management must consider and make judgements on the residual value of the asset and their useful life to set depreciation rates.

Management make judgements on the whether there is significant changes in valuation of leasehold property.

In calculating the provision for onerous contracts, management make judgements on the best estimate of the consideration to settle the present obligation.

### 2. TURNOVER

An analysis of the company's turnover is given below:

#### Turnover analysed by class of business

	31 December 2022 £'000	1 January 2022 £'000
Ophthalmic services	108,762	120,978
Sale of goods	336	-
	<u>109,098</u>	<u>120,978</u>

#### Turnover analysed by geographical market

	31 December 2022 £'000	1 January 2022 £'000
United Kingdom	105,489	116,358
Europe	3,609	4,620
	<u>109,098</u>	<u>120,978</u>

**Optical Express Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2022

**3 OTHER OPERATING INCOME**

	31 December 2022 £'000	1 January 2022 £'000
Rent and rates receivable	240	246
Other operating income	405	575
Government grants	-	198
R&D credits	459	-
	<u>1,104</u>	<u>1,019</u>

The company received government grants in relation to the job retention scheme in the prior year in order to retain the workforce during the restrictions on working practices to support optician businesses.

**4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging / (crediting):

	31 December 2022 £'000	1 January 2022 £'000
Amortisation	(104)	(139)
Depreciation of owned fixed assets	1,584	1,104
Depreciation of assets held under hire purchase and finance agreements	15	44
Loss on disposal of fixed assets	189	273
Auditor's remuneration		
- as auditor	32	49
Operating lease costs:		
Plant and equipment	665	1,134
Land and buildings	<u>9,647</u>	<u>9,914</u>

The exceptional items in the current year relate to the release of the provisions for onerous lease contracts, legal fees incurred in relation to the recovery of VAT owing to the company and losses from the write off of closed stores assets.

The exceptional items in the prior year related to the release of the provisions for onerous lease contracts, legal fees incurred in relation to the recovery of VAT owing to the company, losses from the write off of closed stores assets and the write off of intercompany debt.

**5 PARTICULARS OF EMPLOYEES**

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

	31 December 2022 No	1 January 2022 No
Office management	4	3
Other	<u>701</u>	<u>660</u>
	<u>705</u>	<u>663</u>

# Optical Express Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 5 PARTICULARS OF EMPLOYEES (Contd.)

The aggregate payroll costs of the above were:

	31 December 2022 £'000	1 January 2022 £'000
Wages and salaries	20,577	19,124
Social security costs	2,014	1,743
Pension costs	337	308
	<u>22,928</u>	<u>21,175</u>

### 6 DIRECTORS' REMUNERATION

For the year ended 31 December 2022 and preceding year, all costs of employment of directors who are considered to be Key Management Personnel, were borne by Optical Express (Westfield) Limited and are disclosed in the accounts of that company.

### 7 INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 2022 £'000	1 January 2022 £'000
Other interest and similar charges payable	-	1
Interest payable to group companies	1	2
	<u>1</u>	<u>3</u>

### 8 TAXATION ON ORDINARY ACTIVITIES

	31 December 2022 £'000	1 January 2022 £'000
Analysis of charge in the year		
Current tax:		
Corporation tax	3,944	7,034
Group relief	225	15
Adjustment in respect of prior periods	384	(10)
Total current tax	<u>4,553</u>	<u>7,039</u>
Deferred tax:		
Origination and reversal of timing differences	980	290
Adjustments in respect of prior periods	79	6
Total deferred tax	<u>1,059</u>	<u>296</u>
	<u>5,612</u>	<u>7,335</u>
Tax on profit on ordinary activities		

**Optical Express Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2022

**8 TAXATION ON ORDINARY ACTIVITIES (Contd.)**

Factors affecting the tax charge for the year.

The tax assessed for the year is higher (2021 – lower) than the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are explained below:

	31 December 2022 £'000	1 January 2022 £'000
Profit on ordinary activities before taxation	27,100	40,011
Profit on ordinary activities by rate of tax	5,149	7,602
Expenses not deductible in determining taxable profits	12	26
Fixed asset differences	(158)	(66)
Adjustments in respect of prior periods	464	20
Amounts relating to change in tax rates	235	71
Deferred tax not recognised	-	(291)
Non taxable income	(90)	(2)
Group relief	-	(25)
Tax expense	5,612	7,335

**9 INTANGIBLE FIXED ASSETS**

	Negative Goodwill £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2022	(2,098)	511	(1,587)
Additions	-	-	-
At 31 December 2022	(2,098)	511	(1,587)
Amortisation			
At 1 January 2022	(1,970)	504	(1,466)
Charge/(credit) for the year	(106)	2	(104)
At 31 December 2022	(2,076)	506	(1,570)
Net book value			
At 31 December 2022	(22)	5	(17)
At 1 January 2022	(128)	7	(121)

# Optical Express Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2022

### 10 TANGIBLE FIXED ASSETS

	Equipment £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Short Leasehold Property £'000	Freehold Property £'000	Total £'000
<b>Cost</b>						
At 1 January 2022	16,864	15,885	55	976	-	33,780
Additions	3,186	1,780	38	64	1,493	6,561
Disposals	(455)	(2,243)	(25)	(68)	-	(2,791)
Transfers	(228)	110	(41)	-	-	(159)
At 31 December 2022	<u>19,367</u>	<u>15,532</u>	<u>27</u>	<u>972</u>	<u>1,493</u>	<u>37,391</u>
<b>Depreciation</b>						
At 1 January 2022	11,880	11,827	11	800	-	24,518
Charge for the year	801	758	7	33	-	1,599
On disposals	(395)	(2,066)	(8)	(65)	-	(2,534)
Transfers	(112)	20	(1)	-	-	(93)
At 31 December 2022	<u>12,174</u>	<u>10,539</u>	<u>9</u>	<u>768</u>	<u>-</u>	<u>23,490</u>
<b>Net book value</b>						
At 31 December 2022	<u>7,193</u>	<u>4,993</u>	<u>18</u>	<u>204</u>	<u>1,493</u>	<u>13,901</u>
At 1 January 2022	<u>4,984</u>	<u>4,058</u>	<u>44</u>	<u>176</u>	<u>-</u>	<u>9,262</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 £18K (2021 - £18K).

#### Hire purchase and finance agreements

Included within the net book value of £13,901K is £138K (2021 - £302K) relating to assets held under hire purchase and finance agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £15K (2021 - £44K).

If leasehold properties were stated on a historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	31 December 2022 £'000
<b>Historical cost:</b>	
At 1 January 2022	18
Disposals	-
At 31 December 2022	<u>18</u>
<b>Depreciation:</b>	
At 1 January 2022	18
Charge for year	-
Disposals	-
At 31 December 2022	<u>18</u>
<b>Net historical cost value:</b>	
At 31 December 2022	-
At 1 January 2022	-



**Optical Express Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2022

**11 STOCKS**

	31 December 2022 £'000	1 January 2022 £'000
Finished goods	<u>2,976</u>	<u>3,133</u>

The amount of stock recognised as an expense during the year was £14,724K (2021: £16,379K).

**12 DEBTORS**

	31 December 2022 £'000	1 January 2022 £'000
Trade debtors	595	649
Amounts owed by group undertakings	45,095	25,320
Corporation tax	238	20
Other debtors	1,741	1,387
Prepayments and accrued income	3,594	3,058
	<u>51,263</u>	<u>30,434</u>

**13 CREDITORS: Amounts falling due within one year**

	31 December 2022 £'000	1 January 2022 £'000
Trade creditors	4,025	3,596
Amounts owed to group undertakings	14,262	12,886
Other taxation and social security	1,065	772
Hire purchase and finance lease agreements	17	17
Other creditors	4,877	5,524
Accruals and deferred income	2,791	3,135
	<u>27,037</u>	<u>25,930</u>

**14 CREDITORS: Amounts falling due after more than one year**

	31 December 2022 £'000	1 January 2022 £'000
Accruals and deferred income	1,327	934
	<u>1,327</u>	<u>934</u>

**Optical Express Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2022

**15 COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS**

Future commitments under hire purchase and finance lease agreements are as follows:

	31 December 2022 £'000	1 January 2022 £'000
Amounts payable within 1 year	17	17
Amounts payable between 1 and 2 years	-	-
Amounts payable between 3 and 5 years	-	-
	<u>17</u>	<u>17</u>
Less interest and finance charges relating to future periods	-	-
	<u>17</u>	<u>17</u>

Hire purchase agreements are analysed as follows:

Current obligations	17	17
Non-current obligations	-	-
	<u>17</u>	<u>17</u>

**16 DEFERRED TAX**

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

	31 December 2022 £'000	1 January 2022 £'000
Provision brought forward	296	-
Profit and loss account movement arising during the year	1,059	296
Provision carried forward	<u>1,355</u>	<u>296</u>

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

	31 December 2022 £'000	1 January 2022 £'000
Excess of taxation allowances over depreciation on fixed assets	<u>1,355</u>	<u>296</u>

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is an analysis of the unrecognised deferred tax for financial reporting purposes.

	31 December 2022 £'000	1 January 2022 £'000
Excess of taxation allowances over depreciation on fixed assets	-	-
Other timing differences	-	-
Losses carried forward	-	-
	<u>-</u>	<u>-</u>

At Budget 2021, the government announced that the Corporation Tax main rate for the year starting 1 April 2021 and 2022 would remain at 19%. Finance Bill 2021 has been enacted and therefore the Corporation Tax main rate will change to 25% starting 1 April 2023. Deferred tax has therefore been measured using 25% for relevant timing differences expected to reverse on or after 1 April 2023.

**Optical Express Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2022

**17 PROVISION FOR LIABILITIES AND CHARGES**

Onerous contract	31 December 2022 £'000	1 January 2022 £'000
At 1 January 2022	2,642	3,562
Additional provision	55	11
Reversed	(70)	(187)
Utilised	(790)	(744)
	<u>1,837</u>	<u>2,642</u>

The Onerous Contract provision represents the remaining obligations in respect of property leases which the company is no longer deriving benefit from, net of any anticipated rental income to be received from sub-letting or assigning this lease to a third party.

**18 COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2022 the company had future minimum lease payments under non-cancellable operating leases as set out below.

	31 December 2022		1 January 2022	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within 1 year	6,969	228	7,970	551
Within 2 to 5 years	15,558	107	18,283	320
After more than 5 years	10,908	-	10,755	-
	<u>33,435</u>	<u>335</u>	<u>37,008</u>	<u>871</u>

**19 CAPITAL COMMITMENTS**

As at 31 December 2022 the company had contracted to purchase assets amounting to £806K (2021 £6,610K).

**20 RETIREMENT BENEFIT SCHEME**

The Company operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Company in an independently administered fund. The contributions payable by the Company charged to profit or loss amounted to £337K (2021: £308K). Contributions totalling £82K (2021: £75K) were payable to the fund at the year end and are included in creditors.

# Optical Express Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2022

### 21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by paragraph 33.1A of Financial Reporting Standard 102 not to disclose transactions with other wholly owned group companies.

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

Related Party	Relationship	Transaction	Amount £'000	Balance due (to)/from At 31/12/2022 £'000
Bridgewater Clinic Limited	Common Control	Balance paid	(92)	-
120PR Limited	Common Control	Property costs Payments	(46) 46	-
DCM Classics Limited	Common Control	Purchases on behalf of	14	14

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

Related Party	Relationship	Transaction	Amount £'000	Balance due (to)/from At 1/1/2022 £'000
Bridgewater Clinic Limited	Common Control	Purchases	(53)	92
120PR Limited	Common Control	Rents Paid	43	-

### 22 SHARE CAPITAL

	31 December 2022 £'000	1 January 2022 £'000
Allotted, called up and fully paid:		
198 Ordinary share of £1 each	-	-
1 Deferred share of £1 each	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

#### *Ordinary shares*

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

#### *Deferred shares*

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.

**Optical Express Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2022

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**23 RESERVES**

*Share premium*

Consideration received for shares issued above their nominal value net of transaction costs.

*Revaluation reserve*

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in the statement of comprehensive income.

*Profit and loss account*

Cumulative profit and loss net of distributions to owners.

**24 ULTIMATE PARENT COMPANY**

The immediate controlling party is DCM (Optical Holdings) Limited, a company incorporated in Scotland.

The ultimate parent company is Lorena Investments Limited, a company incorporated in Scotland. Group financial statements are available at The Ca'd'oro, 45 Gordon Street, Glasgow, G1 3PE.