

Optical Express (Westfield) Limited

FINANCIAL STATEMENTS

for the year ended

28 December 2013

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COMPANIES HOUSE

Company Registration No. SC161695

Optical Express (Westfield) Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Mouldsdaie
S Mein

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 (Westfield) Limited

STRATEGIC REPORT

REVIEW OF THE BUSINESS

The Company has continued its significant investment programme during this financial year, investing in new IT systems, equipment and technologies to ensure that the Company has the appropriate infrastructure to support the other companies within the Group.

In 2013 the Directors continued their strategic review of the Group and agreed to consolidate the retail store portfolio further via a restructuring of loss making subsidiary DCM Optical Clinic PLC on 10th October 2013 and buying back the business and assets through another subsidiary, Optical Express Limited.

As a result of the consolidation of the store portfolio in 2012 and 2013 and the continued significant economic slowdown on the high street and in consumer confidence turnover reduced to £18.6M.

Competition and the decline in consumer confidence and the economic climate in the countries which the Group operates continue to be the main risks 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.

OUTLOOK

The outlook for the Company remains very positive. The Group has reduced its cost base significantly over the last 2 years and has opened 52 refractive consultation clinics across the UK to support patient referrals.

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.

Signed by



G Murdoch

Company Secretary

1/9/14

Optical Express (Westfield) Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Optical Express (Westfield) Limited for the year ended 28 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was to act as a central buying agent for other group and associated companies.

DIRECTORS

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

D Mouldsdaie
S Mein

DONATIONS

During the year the Company made the following contributions:

	28 December 2013	29 December 2012
	£	£
Charitable	<u>18,671</u>	<u>46,691</u>

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 they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Signed by



G Murdoch

Company Secretary

1/5/14

Optical Express (Westfield) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 (WESTFIELD) LIMITED

We have audited the financial statements on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

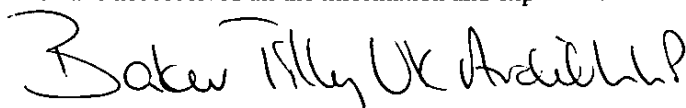
Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



ALAN AITCHISON (Senior Statutory Auditor)
For and behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

Date 02/01/14

Optical Express (Westfield) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 28 December 2013

	Notes	28 December 2013 £	29 December 2012 £
TURNOVER	1	18,592,240	22,409,428
Cost of sales		18,591,513	22,397,259
Gross profit		727	12,169
Administrative expenses		(19,999)	13,164,676
OPERATING PROFIT/(LOSS)	2a)	20,726	(13,152,507)
Analysed as :			
Before exceptional items		20,726	1,394,915
Exceptional items	2b)	-	14,547,422
Interest payable and similar charges	5	-	28,243
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		20,726	(13,180,750)
Taxation	6	22,093	(4,838)
LOSS FOR THE FINANCIAL YEAR		(1,367)	(13,175,912)

The operating loss 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 (Westfield) Limited

BALANCE SHEET

28 December 2013

	Notes	28 December 2013 £	29 December 2012 £
FIXED ASSETS			
Tangible assets	7	<u>5,818,398</u>	<u>5,953,824</u>
CURRENT ASSETS			
Stocks	8	1,554,162	2,642,047
Debtors	9	24,057,013	39,721,202
Cash in hand		500	500
		<u>25,611,675</u>	<u>42,363,749</u>
CREDITORS			
Amounts falling due within one year	10	44,204,276	60,777,171
NET CURRENT LIABILITIES		<u>(18,592,601)</u>	<u>(18,413,422)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(12,774,203)</u>	<u>(12,459,598)</u>
CREDITORS			
Amounts falling due after more than one year	11	14,594	37,181
		<u>(12,788,797)</u>	<u>(12,496,779)</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	13	45,075	335,726
		<u>(12,833,872)</u>	<u>(12,832,505)</u>
CAPITAL AND RESERVES			
Called up equity share capital	16	100	100
Profit and loss account	17	(12,833,972)	(12,832,605)
SHAREHOLDERS' FUNDS	18	<u>(12,833,872)</u>	<u>(12,832,505)</u>

The financial statements on pages 6 to 16 were approved by the board of directors and authorised for issue on 11.12.14 and are signed on their behalf by:


D Mouldsdaie
Director

Optical Express (Westfield) Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and on a going concern basis, which is reliant on the continuing support of the other group companies and the group's lenders.

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

The turnover shown in the profit and loss account represents amounts invoiced during the year.

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:

Leasehold improvements	- Over the term of the lease
Fixtures & Fittings	- 15% reducing balance
Equipment	- 10% or 15% reducing balance or over 4 years
Motor vehicles	- 20% reducing balance

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.

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.

Optical Express (Westfield) Limited

ACCOUNTING POLICIES

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 (Westfield) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2013

1 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the Company.

An analysis of turnover is given below:

	28 December 2013	29 December 2012
	£	£
United Kingdom	18,205,384	21,627,168
Europe	386,856	782,260
	<u>18,592,240</u>	<u>22,409,428</u>

2 OPERATING PROFIT/(LOSS)

a) Operating profit/(loss) is stated after charging:

	28 December 2013	29 December 2012
	£	£
Depreciation of owned fixed assets	895,797	954,990
Depreciation of assets held under hire purchase agreements	35,918	36,106
(Profit)/Loss on disposal of fixed assets	(17,508)	920
Auditor's remuneration		
- as auditor	18,063	11,074
Operating lease costs:		
Plant and equipment	94,389	97,939
Land and buildings	<u>317,574</u>	<u>264,556</u>

b) Exceptional costs in 2012 related to restructuring and write off of intercompany debt.

3 PARTICULARS OF EMPLOYEES

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

	28 December 2013	29 December 2012
	No	No
Production staff	41	39
Office and management	418	427
Other	9	9
	<u>468</u>	<u>475</u>

The aggregate payroll costs of the above were:

	28 December 2013	29 December 2012
	£	£
Wages and salaries	9,988,915	10,364,002
Social security costs	917,433	920,660
Pension costs	52,487	56,207
	<u>10,958,835</u>	<u>11,340,869</u>

Optical Express (Westfield) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2013

4 DIRECTORS EMOLUMENTS

The directors aggregate emoluments in respect of qualifying services were:

	28 December 2013	29 December 2012
	£	£
Emoluments receivable	<u>626,148</u>	<u>615,019</u>

Emoluments of highest paid director:

	£	£
Total emoluments (excluding pension contributions)	<u>500,737</u>	<u>500,798</u>

Emoluments receivable, as above, include Benefits In Kind.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	28 December 2013	29 December 2012
	£	£
Finance charges	-	21,877
Other interest charges	-	6,366
	<u>-</u>	<u>28,243</u>

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	28 December 2013	29 December 2012
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 23.25% (2012 – 24.5%)	-	-
Group relief	311,922	26,386
Adjustments in respect of previous periods – Corporation tax	823	-
Total current tax	<u>312,745</u>	<u>26,386</u>
Deferred tax:		
Origination and reversal of timing differences	61,108	(31,224)
Adjustments in respect of previous periods – Deferred tax	(351,760)	-
Tax on profit on ordinary activities	<u>22,093</u>	<u>(4,838)</u>

Optical Express (Westfield) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2013

6 TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK at 23.25% (2012 – 24.5%).

	28 December 2013 £	29 December 2012 £
(Loss)/profit on ordinary activities before taxation	20,726	(13,180,750)
Profit on ordinary activities by rate of tax	4,819	(3,228,921)
Expenses not deductible for tax purposes	370,844	3,328,310
Depreciation in excess of capital allowances	(63,741)	8,232
Adjustments in respect of previous periods	823	-
Group Relief	-	(81,235)
Total current tax (note 6(a))	312,745	26,386

7 TANGIBLE FIXED ASSETS

	Equipment £	Fixtures & Fittings £	Motor Vehicles £	Leasehold Improvements £	Total £
Cost					
At 30 December 2012	12,185,866	1,393,349	1,105,042	21,217	14,705,474
Additions	644,071	170,056	9,208	-	823,335
Disposals	(882)	-	(103,205)	-	(104,087)
Transfer	(154)	154	-	-	-
At 28 December 2013	12,828,901	1,563,559	1,011,045	21,217	15,424,722
Depreciation					
At 30 December 2012	6,887,028	1,050,183	797,060	17,379	8,751,650
Charge for the year	815,696	53,781	61,149	1,089	931,715
On disposals	(158)	-	(76,883)	-	(77,041)
Transfer	(157)	155	2	-	-
At 28 December 2013	7,702,409	1,104,119	781,328	18,468	9,606,324
Net book value					
At 28 December 2013	5,126,492	459,440	229,717	2,749	5,818,398
At 29 December 2012	5,298,838	343,166	307,982	3,838	5,953,824

Hire purchase agreements

Included within the net book value of £5,818,398 is £203,534 (2012 - £239,453) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £35,918 (2012 - £36,106).

Optical Express (Westfield) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2013

8 STOCKS

	28 December 2013	29 December 2012
	£	£
Stock	<u>1,554,162</u>	<u>2,642,047</u>

9 DEBTORS

	28 December 2013	29 December 2012
	£	£
Amounts owed by group undertakings	30,689	15,104,513
Other debtors	381,409	240,095
VAT recoverable	22,642,615	23,080,092
Prepayments and accrued income	<u>1,002,300</u>	<u>1,296,502</u>
	<u>24,057,013</u>	<u>39,721,202</u>

The Optical Express Group of companies continues to be in dispute with HM Revenue and Customs in relation to the recoverability of input tax and to the Group's tax treatment of sales discounts, however the Directors are of the view this will be settled positively.

In 2010 the Group received a written decision from the tribunal hearing agreeing a revised version of our proposed special method. HM Revenue and Customs have since appealed this decision. The Group have also appealed the tribunal decision not to agree the full special method proposed. The appeals are currently postponed to allow discussions to take place between both parties. These discussions have resulted in both parties informally agreeing to a new special method for the recovery of input tax. The Group expects to have formal agreement to the new special method in the short term. This new method has been reflected in the accounts at the year end and has resulted in HM Revenue and Customs repaying input tax to the Group in 2014.

The above amount of £22,642,615 (2012 £23,080,092) 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

	28 December 2013	29 December 2012
	£	£
Bank loans and overdrafts	24,403	2,680,689
Trade creditors	6,567,626	7,637,771
Amounts owed to group undertakings	36,176,773	47,931,084
Corporation tax	499	176,667
Other taxation and social security	209,827	229,984
Hire purchase agreements	19,459	39,511
Accruals and deferred income	<u>1,205,689</u>	<u>2,081,465</u>
	<u>44,204,276</u>	<u>60,777,171</u>

11 CREDITORS: Amounts falling due after more than one year

	28 December 2013	29 December 2012
	£	£
Hire purchase agreements	14,594	34,052
Other creditors	-	3,129
	<u>14,594</u>	<u>37,181</u>

Optical Express (Westfield) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2013

12 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	28 December 2013	29 December 2012
	£	£
Amounts payable within 1 year	22,081	46,724
Amounts payable between 1 and 2 years	16,560	22,081
Amounts payable between 3 and 5 years	-	16,560
	<u>38,641</u>	<u>85,365</u>
Less interest and finance charges relating to future periods	(4,588)	(11,802)
	<u>34,053</u>	<u>73,563</u>
Hire purchase agreements are analysed as follows:		
Current obligations	19,459	39,511
Non-current obligations	14,594	34,052
	<u>34,053</u>	<u>73,563</u>

13 DEFERRED TAXATION

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

	28 December 2013	29 December 2012
	£	£
Provision brought forward	335,726	366,950
Profit and loss account movement arising during the year	(290,651)	(31,224)
Provision carried forward	<u>45,075</u>	<u>335,726</u>

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

	28 December 2013	29 December 2012
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>45,075</u>	<u>335,726</u>

14 COMMITMENTS UNDER OPERATING LEASES

At 28 December 2013 the Company had annual commitments under non-cancellable operating leases as set out below

	28 December 2013		29 December 2012	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within 1 year	21,632	-	21,632	-
Within 2 to 5 years	297,600	24,480	297,600	24,480
After more than 5 years	-	-	-	-
	<u>319,232</u>	<u>24,480</u>	<u>319,232</u>	<u>24,480</u>

Optical Express (Westfield) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2013

15 RELATED PARTY TRANSACTIONS

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

Related Party	Relationship	Transaction	Amount	Balance due (to)/from at 28/12/2013
			£	£
Mouldsdale Properties	Common Control	Rents paid on properties owned by	(235,610)	Nil
Related Party	Relationship	Transaction	Amount	Balance due (to)/from at 29/12/2012
			£	£
Mouldsdale Properties	Common Control	Rents paid on properties owned by	(243,550)	Nil

16 SHARE CAPITAL

	28 December 2013	29 December 2012
	£	£
Allotted and called up: 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

17 PROFIT AND LOSS ACCOUNT

	28 December 2013	29 December 2012
	£	£
At 30 December 2012	(12,832,605)	343,307
Retained profit/(loss) for the financial year	<u>(1,367)</u>	<u>(13,175,912)</u>
At 28 December 2013	<u>(12,833,972)</u>	<u>(12,832,605)</u>

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	28 December 2013	29 December 2012
	£	£
Profit/(loss) for the financial year	(1,367)	(13,175,912)
Opening shareholders' funds	<u>(12,382,505)</u>	<u>343,407</u>
Closing shareholders' funds	<u>(12,383,872)</u>	<u>(12,382,505)</u>

19 GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Pacific Shelf 1741 Ltd holds an unlimited intercompany cross guarantee between the company and the other group companies.

At 28 December 2013 the other group companies' loans and overdrafts totalled £29,086,034 (29 December 2012: £27,228,325), excluding those of the Company.

Optical Express (Westfield) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2013

20 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, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF. The Company is controlled by D Mouldsdale.