

**Carl Zeiss Vision UK Limited**

**Annual report and financial  
statements**

**Registered number 02838963**

**For the year ended 30 September 2021**

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Carl Zeiss Vision UK Limited  
Annual report and financial statements  
For the year ended 30 September 2021

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## Directors and advisors

Directors	AP Leong-Son PA Green – resigned 31 December 2020 PT Bilsdorfer S Hermann JM Beale – appointed 31 December 2020 and resigned 30 April 2022 MJW Guilliatt – appointed 30 April 2022		
Secretary	Prism Cosec Ltd		
Auditor	Ernst & Young LLP One Colmore Square Birmingham B4 6HQ		
Bankers	National Westminster Bank 5 Ormskirk Street St Helens Merseyside WA10 1DR	Deutsche Bank 6 Bishopsgate London EC2P 2AT	Bank of Ireland 88 Lower Camden Street Dublin DO2 PY23 Ireland
Registered office	Deutsche Bank AG Sachsenstrasse 11 D-20097 Hamburg Germany  22 Gas Street Birmingham B1 2JT		

## Strategic report

The directors present their strategic report for the year ended 30 September 2021.

### Business review

The income statement of the Company is set out on page 13.

Whilst there has been a reduced impact of the COVID-19 pandemic on the Company's financial performance and its customers during the year, the environment continues to be a challenging one.

Despite this and leveraged by the Company's strategy of continuing to support its customers throughout the entire period of the pandemic, the Company has delivered another successful year.

Despite the ongoing pandemic, the closing position for the year ended 30 September 2021 reflected turnover amounting to £65,434,000 (2020: £50,484,000). This represents an increase of 29.6% although the results for the prior year were significantly affected by the pandemic.

When comparing turnover performance against that achieved in 2019 (pre-pandemic) of £54,843,000, this reflects significant growth, (increase of 19.3%).

The Company operates in a growing market sector, typically driven by the demographic of the UK and Global population. With further development of the demographics (requiring optical aids) anticipated, the indications are that this will continue for the foreseeable future. In addition, the Carl Zeiss AG group continues to deliver new and enhanced products to the market and expects further growth with its key strategic customers.

Administrative expenses incurred in the year was £10,066,000 (2020: £9,684,000), an increase of 3.9%. The Company has invested significantly during the year in to order to provide the best platform for financial growth and success in the future and in line with the Company's ambitions. The main themes for investment have been in personnel (to increase internal capabilities), in providing tailored and engaging customer marketing initiatives and most notably in the refurbishment of its Gas Street head office.

Operating profit year-on-year has increased from £6,947,000 to £7,969,000, an increase of 14.7% and despite the continued pandemic situation and BREXIT challenges in the early part of the year. Consequently, the directors consider the performance of the Company for the year as highly satisfactory.

The statement of financial position is set out on page 15 of the financial statements and shows an increase in net assets of £944,000 from £15,245,000 at 30 September 2020 to £16,189,000 at 30 September 2021. This increase reflects the total comprehensive income for the year of £5,744,000 less payment of a £4,800,000 dividend by the Company to its parent.

The American Optical Limited defined benefit pension scheme shows an accounting surplus of £3,885,000 (2020: £3,560,000) which is recognised on the balance sheet under FRS 101. This has been the result of significant cash contributions made by the Company over the time period and strong investment returns on the Scheme's assets. Further details are set out in note 19 to the financial statements.

The Group manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

### Future developments

The Carl Zeiss Vision group continues to be well placed to win in the market due to it leading technological innovation, providing winning solutions and by focusing on improving the consumers eye care experience. Accordingly, despite the highly competitive nature of the UK market the directors are optimistic of continued improvements in performance.

The #agenda25 strategy reinforces the ZEISS Group's ambition to become a global technology leader and market shaper. The strategy is made up of three focus fields, intended to provide a clear strategic direction and orientation (focused on shaping markets, building networks and creating impact for customer success). The ZEISS Group invests 13% of its revenue in research and development – this high level of expenditure has a long tradition at the ZEISS group and is also an investment in the future.

Being a member of the wider Carl Zeiss foundation gives the Company an excellent platform to meet this challenge, The Carl Zeiss Foundation is one of the oldest company-affiliated foundations in Germany. Its main duties are to permanently secure the future of the two foundation companies and advance science.

## Strategic report (continued)

### Principal risks and uncertainties

The ongoing future impact of the COVID-19 pandemic remains uncertain and continues to constitute an ongoing risk for the Company. It is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy. Further information on how this is considered can be found in the Directors' report in the section concerning Going Concern.

The UK's departure from the European Union (EU) on 1 January 2021 has brought additional risk to the Company's business environment.

The Company's risk analysis identified the key areas which are likely to be impacted. These included:

- our ability to provide continuous supply of our products to both UK and Ireland customers whilst maintaining our existing service promises;
- administrative burdens associated with shipping over the UK-EU border; and
- the additional direct and indirect costs associated with these such as duty costs.

The Company continues to closely monitor the implications post Brexit and set up a designated project team to provide focussed management during both the transitional and ongoing periods.

In view of the inherent complexities associated with the valuation of pension liabilities and the continued turbulence in global financial markets, the directors expect continued volatility in future valuations of the defined benefit scheme. This is further dealt with in note 19.

The Company is continuing a strategy of reducing the extent of its material purchases in foreign currencies; however, it continues to make significant raw material purchases in both Euros and US Dollars. The Company is therefore exposed to related prevailing market rate fluctuations. The Company takes advantage, where possible, of forward foreign exchange contracts management conducted by its parent for the collective benefit of the wider Group.

### Section 172 (1) Statement

The Board of Directors believe, both individually and as a collective, that they have acted in the best interests of the Company in the decisions taken during the year to 30 September 2021. This is achieved through regular contact with each other, both verbally and in writing. The views and recommendations of the UK and Ireland senior management team are additionally considered.

The Board is proud to be a subsidiary Company in the ZEISS Group, which recognises that business success is directly linked to corporate responsibility. The Company Carl Zeiss was founded in 1889 on the principles of the promotion of science and research, and the economic safeguarding of ZEISS and responsibility for employees – this culture underpins the ZEISS Code of Conduct and describes how the Board conducts its business and decision-making.

The Zeiss Group's #agenda25 strategic framework shapes and steers our priorities and principal business decisions. Our commitment to an ongoing professional development program, including compliance and governance training, ensures that Board members and members of the senior leadership team are equipped with the skills and understanding required to achieve our strategic and corporate responsibility goals.

Regular business reviews, conducted together with a member of the Zeiss Group Executive Board and all senior management representatives of the business segment, ensure that we retain focus on the required principal business decisions and governance topics required to achieve our strategic goals.

We define principal decisions as both those that are material to the Group, but also those that are significant to any of our key stakeholder groups.

In making the following principal decisions the Board considers the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards and business conduct and the need to act fairly between the members of the Company:

- **Dividend payments** – Dividend for the year determined as a payment of £4,800,000 by the Company to its parent.
- **Customer financing agreements** – During the reporting period the senior management team, in conjunction with the Executive Board, approved additional customer loan agreements.
- **Director appointment** – Shortly after the balance sheet date the Company appointed a new Finance Director and who will take up the position of legal director in due course.

## **Strategic report (continued)**

### **Section 172 (1) Statement (continued)**

#### **Stakeholder engagement**

As an important part of our long-term success strategy the Board recognises the value in building strong relationships with our key stakeholder groups. These are detailed below.

The #agenda25 forms the basis of the Group's five-year strategy, which shapes the Company's strategic priorities. The Board works collaboratively with management to ensure strategic priorities are effectively communicated and that the appropriate systems are in place to deliver these.

#### **Employees**

The Board recognises that all employees of the Company form a key part of its success and invests in attracting, developing and retaining talent.

A culture of feedback and trust is encouraged, and the Company actively involves employees in decision-making through working groups and surveys designed to facilitate employee engagement and empowerment.

The health and wellbeing of our employees is fundamentally important, particularly during the COVID-19 pandemic, and the Company has invested in ensuring that its employees are well supported (both for the benefit of the individual in terms of physical and mental wellbeing but also for the benefit of the wider organisation).

In addition, the Company has invested significantly in employee training programmes with the aim of optimising performance and effective ways of working to drive current and future business success as well as enabling and supporting individual development and growth.

The Company conducts monthly 'Town hall' meetings for all employees to ensure that everyone is kept up-to-date in terms of latest business performance, key ongoing activities and initiatives, identifying future challenges and providing an opportunity to celebrate success.

Based on our employees' feedback on the Trust Index Survey, the Company has earned the right to be recognized as a Great Place to Work Certified company.

Underpinning this, the Company continues to promote its core values across the organisation, namely those of Serve, Act, Empower and Win.

The ZEISS Code of Conduct describes the principles of how we behave and how we conduct our business.

#### **Customers**

The Company is focussed on meeting the changing needs of its customers in a dynamic market. It delivers this through new product innovations, dedicated customer service and account management, focused marketing campaigns and media and loyalty programmes and by ultimately placing the customer at the centre of everything that we do.

#### **Suppliers**

The Company places an emphasis on its business resilience, which has proved a strength during the COVID-19 pandemic and preparations for the UK leaving the EU. Our suppliers are actively managed at both the strategic and operational levels in a partnership approach.

In return the Company endeavours to pay its suppliers on time and in line with agreed payment terms.

#### **Community and Environment**

The Board engages with the local community and has a strong history in social responsibility, continuing to strive to conduct all its business in an ethical and sustainable manner.



**AP Leong-Son**  
Director

15 June 2022

## Directors' report

The directors present the annual report and the audited financial statements for the year ended 30 September 2021.

### Principal activities

The Company's principal activities are the distribution and sale of ophthalmic lenses and cleaning solutions and ophthalmic equipment to the retail optical market.

### Post balance sheet events

With respect to the ongoing COVID-19 pandemic and developments following the UK exit from the EU, the Company has assessed the potential impact on its business in the short-term to be manageable. This view is underpinned by business continuity planning, risk management and the internal control framework. Nonetheless, given continued uncertainty surrounding the outcome of the pandemic the directors acknowledge the long-term view remains a challenge and will continue to monitor developments and prepare accordingly.

The invasion of Ukraine by Russia on 24 February 2022 has led to significant sanctions against Russia.

Whilst the Company has no ongoing direct exposures to, or investments in, Russian-related interests, the conflict has seen a reduction in supply chain capacity making it difficult to consistently find routes out of Asia and at times adding up to two days to the inbound lead times into the UK and Ireland.

### Environment

The ZEISS Group aims to operate in a carbon-neutral way in its own activities worldwide by 2025. This supplements the company's existing goal of switching to green power at its sites worldwide by 2022. ZEISS is therefore striving to contribute to the global targets set in the Paris Agreement of limiting global warming to well below 2°C.

In order to continue improving the energy and emissions data collection process, ZEISS Group is currently implementing a global energy data platform. The platform is scheduled to collect data on all ZEISS sites worldwide with significant energy consumption by the end of 2022. This will create a solid foundation for successfully implementing the measures with the aim of switching to 100 per cent green energy.

In addition to purchasing green power, ZEISS Group has been investing in energy-efficient sites and its own systems for generating renewable energy, such as photovoltaics. Furthermore, the guidelines for business travel regulations and company cars have been revised in order to promote the use of sustainable mobility.

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities. The Company operates in accordance with Carl Zeiss AG Group policies. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

The Companies Act 2006 (Strategic Reporting and Directors' Reports) Regulations 2018 requires the Company to disclose its annual UK energy consumption and Greenhouse Gas (GHG) emissions from SECR regulated sources. Energy and GHG emissions have been calculated for the reporting period 1 October 2020 to 30 September 2021.

Reported energy and GHG emissions data is compliant with SECR requirements and has been calculated in accordance with the GHG Protocol and SECR guidelines. Energy and GHG emissions are reported from buildings and transport where operational control is held. This includes electricity and business travel in company hired cars. There is no supply of gas to the premises used by Carl Zeiss Vision UK Limited and therefore no disclosure is included in the report.

## Directors' report (*continued*)

### Environment (*continued*)

The table below details energy and GHG emission sources from the current reporting period.

Energy (Kwh)	2021	2020
Electricity (Kwh)	130,853	114,164
Transport (Kwh)	493,508	325,784
Total Energy (Kwh)	624,361	439,948
Emissions (CO <sub>2</sub> e)		
Electricity	30,507	26,616
Transport	82,105	54,201
Total (CO <sub>2</sub> e)	112,612	80,817
Intensity Metric		
SERC emissions per intensity metric (tCO <sub>2</sub> e / Turnover in £millions)	1.72	1.60

The Company attaches great importance to a sustainable and economical use of resources as well as protecting the climate and environment. Sustainability is a key consideration from the development and manufacture of its products, through to packaging, paper usage, shipment and disposal. There was an initiative to reduce paper usage by switching customers to paperless invoices and statements with 98% of customer now converted. The Executive Board of Carl Zeiss AG set clear targets for reducing energy consumption, carbon emissions, water consumption and waste.

In collating the information for the energy and carbon reporting in the table above the electricity meter readings have been provided by the energy supplier based on consumption and the CO<sub>2</sub>e conversion is based on HMRC guidance: UK electricity generated (managed assets) at a rate of 0.23314.

Fuel [kWh] regarding company cars business use have been obtained from the company Quartix tracker reporting, and the CO<sub>2</sub>e conversion is based on HMRC guidance: Cars (by size) – Medium at a rate of 0.16637.

The Company participates in an annual sustainability report in accordance with Carl Zeiss Vision Group policies which satisfies all the requirements of UK SECR legislation. A copy of this report can be found here <https://www.zeiss.com/corporate/int/about-zeiss/sustainability/new-sustainability-report-published-2020-2021.html>.

### Modern slavery and human trafficking

ZEISS does not tolerate any form of slavery, whether in production, in the supply chain or in any other area of its business. The group has made and continues to make considerable efforts to minimise the risk of slavery and to promote fair working conditions within its own business and its supply chain, and acknowledges that this work is an ongoing commitment.

ZEISS firmly believes that sustainable economic success and compliance with laws and internal standards go hand in hand. Since 2007, ZEISS has been using a Code of Conduct for all of its employees globally. It specifies and explains the general rules of behaviour for various aspects of its business activities and explicitly contains reference to a ban on all modern slavery and human trafficking. The Code of Conduct is signed by all the members of the ZEISS Executive Board and is freely accessible both on the Group's internal intranet site and on its external website.

The Company supports the aims of the Modern Slavery Act and publishes its own UK statement annually on its website [zeiss.co.uk](https://www.zeiss.co.uk).



## **Directors' report (*continued*)**

### **Employees**

Details of the number of employees and related costs can be found in note 6 to the financial statements.

The Company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters.

The Company and wider group strive to meet and exceed legislation concerning occupational health and has continued to invest in support of its Health and Wellbeing programme. The Company strives to provide good working conditions and an infrastructure upon which future development can be made.

### **Disabled employees**

The Company considers applications for employment from disabled persons where the requirements of the job can adequately be fulfilled by a disabled person. Where current employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### **Directors**

The directors who served during the year and subsequently were as follows:

AP Leong-Son

PA Green – resigned 31 December 2020

PT Bilsdorfer

S Hermann

JM Beale – appointed 31 December 2020 and resigned 30 April 2022

MJW Guilliatt – appointed 30 April 2022

### **Directors' indemnities**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Secretary**

Prism Cosec Ltd.

### **Dividend**

A dividend payment of £4,800,000 was made during the year (2020: £3,500,000).

The Directors are currently in discussion with Group colleagues to determine the value of the next dividend to be paid. There are various factors influencing this including future investment projects along with the local desire to ensure healthy reserves are maintained by the Company.

This decision, and subsequent dividend payment, will be concluded no later than 30 September 2022.

### **Going Concern**

The Company continues to have a strong balance sheet with net assets of £16,189,000 at 30 September 2021 and as in previous years it has continued to generate positive cash flows and has no third-party debt. The company also has access to a group cash pool facility.

In a challenging environment the company has demonstrated its strength and resilience by increasing revenues by 29.6% and gross profit by 9.8% versus the previous year although the latter was more significantly affected by the ongoing COVID-19 pandemic.

The directors have reviewed the adoption of the going concern assumption and have prepared detailed forecasts and projections to support their assessment. Allied with performance since the balance sheet date, and taking into account the additional risks and impact related to the ongoing COVID-19 pandemic and the war in Ukraine, these projections conclude that the Company will be able to pay its debts as they fall due for a period of not less than twelve months from the date of signing of these financial statements.

To support the Company as a going concern, Carl Zeiss AG has confirmed that it will provide such financial support and other support as necessary to enable the company to meet its liabilities for the next 12 months from the date that the accounts have been signed. As set out in note 21, Carl Zeiss AG is the ultimate parent Company and controlling

## **Directors' report (*continued*)**

party incorporated in Germany and is the largest group in which the results of the Company are consolidated. The directors have a reasonable expectation that the Carl Zeiss group has adequate resources and liquidity to continue in operational existence for the review period.

### **Going Concern (*continued*)**

Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing these financial statements.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, as far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they have taken all the steps that ought to have been taken as directors and made themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board:



**AP Leong-Son**  
Director

15 June 2022

## **Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the 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 Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Carl Zeiss Vision UK Limited**

### **Opinion**

We have audited the financial statements of Carl Zeiss Vision UK Limited for the year ended 30 September 2020 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 26, 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 101 "Reduced Disclosure Framework" (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 30 September 2021 and of its profit 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.

### **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 below. 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **Independent auditor's report to the members of Carl Zeiss Vision UK Limited** *(continued)*

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **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 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 or 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 7 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**

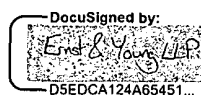
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee 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.

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

## **Independent auditor's report to the members of Carl Zeiss Vision UK Limited** *(continued)*

### **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.



**Adam Gittens (Senior statutory auditor)**  
**for and on behalf of Ernst & Young LLP**  
**Statutory Auditor**  
**Birmingham**

15 June 2022

Carl Zeiss Vision UK Limited  
Annual report and financial statements  
For the year ended 30 September 2021

**Income Statement**  
*for the year ended 30 September 2021*

	<i>Notes</i>	<b>2021</b> £000	<b>2020</b> £000
<b>Revenue</b>	<b>3</b>	<b>65,434</b>	<b>50,484</b>
<b>Cost of sales</b>		<b>(46,030)</b>	<b>(32,810)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>19,404</b>	<b>17,674</b>
<b>Distribution costs</b>		<b>(1,369)</b>	<b>(1,043)</b>
<b>Administrative expenses</b>		<b>(10,066)</b>	<b>(9,684)</b>
		<hr/>	<hr/>
<b>Operating profit</b>	<b>4</b>	<b>7,969</b>	<b>6,947</b>
<b>Interest receivable and similar income</b>	<b>7</b>	<b>173</b>	<b>169</b>
<b>Interest payable and similar charges</b>	<b>8</b>	<b>(921)</b>	<b>(496)</b>
		<hr/>	<hr/>
<b>Profit before tax</b>		<b>7,221</b>	<b>6,620</b>
<b>Tax</b>	<b>9</b>	<b>(1,405)</b>	<b>(1,149)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>5,816</b>	<b>5,471</b>
		<hr/>	<hr/>

All results are derived from continuing activities:

There is no difference between the profit before taxation and the profit for the year stated above and their historical cost equivalent.

The notes on pages 17 to 36 form part of these financial statements.

Carl Zeiss Vision UK Limited  
Annual report and financial statements  
For the year ended 30 September 2021

**Statement of comprehensive income**  
*for the year ended 30 September 2021*

	2021 £000	2020 £000
Profit for the financial year	5,816	5,471
<b>Other comprehensive income</b>		
Actuarial (losses)/gains on defined pension scheme under FRS101	(14)	156
Net deferred tax on actuarial (losses)/gains on defined pension scheme under FRS 101	3	(26)
Exchange differences on translation of foreign operations	(61)	32
<b>Other comprehensive (loss)/income for the year, net of income tax</b>	(72)	162
<b>Total comprehensive income for the year</b>	<b>5,744</b>	<b>5,633</b>

The notes on pages 17 to 36 form part of these financial statements.



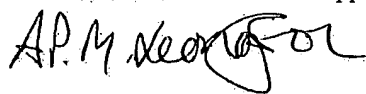
Carl Zeiss Vision UK Limited  
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For the year ended 30 September 2021

**Statement of financial position**  
*at 30 September 2021*

	Notes	2021 £000	£000	2020 £000	£000
<b>Non current assets:</b>					
Tangible assets	10	4,460		2,241	
Investments	12	-		-	
			4,460		2,241
<b>Current assets:</b>					
Stocks	13	1,901		1,198	
Debtors: Amounts falling due within one year	14	14,878		18,060	
Debtors: Amounts falling due after one year	14	5,112		5,730	
Cash at bank and in hand		6,382		1,322	
		28,273		26,310	
Creditors: Amounts falling due within one year	15	(17,451)		(15,489)	
<b>Net current assets</b>			10,882		10,821
<b>Total assets less current liabilities</b>			15,282		13,062
Creditors: Amounts falling due after one year	15	(2,492)		(1,034)	
Provision for liabilities	16	(486)		(343)	
Defined benefit pension scheme surplus	19	3,885		3,560	
<b>Net assets</b>			16,189		15,245
<b>Capital and reserves:</b>					
Called up share capital	18	3,378		3,378	
Profit and loss account		9,364		8,420	
Capital redemption reserve	22	3,447		3,447	
<b>Equity shareholder's funds</b>			16,189		15,245

The notes on pages 17 to 36 form part of these financial statements.

These financial statements were approved by the directors on 15 June 2022 and were signed by:



AP Leong-Son  
Director

Company number: 02838963

Carl Zeiss Vision UK Limited  
Annual report and financial statements  
For the year ended 30 September 2021

## Statement of Changes in Equity

	Called up Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2019	3,378	3,447	6,288	13,113
Profit for the year	-	-	5,471	5,471
Other comprehensive income	-	-	162	162
Total comprehensive income for the year	-	-	5,633	5,633
Transactions with owners, recorded directly in equity				
Dividends	-	-	(3,500)	(3,500)
Total contributions by and distributions to owners	-	-	(3,500)	(3,500)
Balance at 30 September 2020	3,378	3,447	8,420	15,245
Balance at 1 October 2020	3,378	3,447	8,420	15,245
Profit for the year	-	-	5,816	5,816
Other comprehensive loss	-	-	(72)	(72)
Total comprehensive income for the year	-	-	5,744	5,744
Transactions with owners, recorded directly in equity				
Dividends	-	-	(4,800)	(4,800)
Total contributions by and distributions to owners	-	-	(4,800)	(4,800)
Balance at 30 September 2021	3,378	3,447	9,364	16,189

## Notes to the financial statements

### 1 General Information

Carl Zeiss Vision UK Limited ('the company') distributes and sells ophthalmic lenses, equipment and associated products, either directly or indirectly, to the global retail optical industry.

The company is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is 22 Gas Street, Birmingham, B1 2JT.

### 2 Accounting policies

#### 2.1 Basis of preparation

The financial statements of Carl Zeiss Vision UK Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards) but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

On 31 December 2020, EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. In preparing these financial statements in accordance with FRS 101, the Company Financial Statements transitioned to UK-adopted international accounting standards (as described above) on 1 January 2021. There is no impact on recognition, measurement or disclosure in the period reported as a result of this change.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.24.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.

## Notes (continued)

### 2.1 Basis of preparation (continued)

- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

### 2.2 Going concern

The Company continues to have a strong balance sheet with net assets of £16,189,000 at 30 September 2021 and as in previous years it has continued to generate positive cash flows and has no third-party debt. The company also has access to a group cash pool facility.

In a challenging environment the company has demonstrated its strength and resilience by increasing revenues by 29.6% and gross profit by 13.2% versus the previous year although the latter was more significantly affected by the ongoing COVID-19 pandemic.

The directors have reviewed the adoption of the going concern assumption and have prepared detailed forecasts and projections to support their assessment. Allied with performance since the balance sheet date, and taking into account the additional risks and impact related to the ongoing COVID-19 pandemic and the war in Ukraine, these projections conclude that the Company will be able to pay its debts as they fall due for a period of not less than twelve months from the date of signing of these financial statements.

To support the Company as a going concern, Carl Zeiss AG has confirmed that it will provide such financial support and other support as necessary to enable the company to meet its liabilities for the next 12 months from the date that the accounts have been signed. As set out in note 21, Carl Zeiss AG is the ultimate parent Company and controlling party incorporated in Germany and is the largest group in which the results of the Company are consolidated. The directors have a reasonable expectation that the Carl Zeiss group has adequate resources and liquidity to continue in operational existence for the review period. Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing these financial statements.

### 2.3 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 30 September 2021 that have a material impact on the company's financial statements.

### 2.4 Consolidation

The Company is a wholly owned subsidiary of Carl Zeiss AG which is its ultimate parent. It is included in the consolidated financial statements of Carl Zeiss AG, which are publicly available. Therefore the company is exempt, by virtue of section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is Carl-Zeiss-Strasse 22, 73447, Oberkochen, Germany.

These financial statements are separate financial statements.

## Notes (continued)

### 2.5 Foreign currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'interest payable/receivable'.

### 2.6 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost could also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

- Building & structures – 2 to 50 years
- Technical Equipment & machinery – 2 to 21 years
- Furniture, fittings and equipment 2–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount (see note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Administrative expenses' in the income statement.

### 2.7 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 2.8 Investment in Subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

### 2.9 Impairment of financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## Notes (continued)

### 2.9 Impairment of financial assets (continued)

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables – see note 2.12.

### 2.10 Derivative financial instruments and hedging activities

The company has not applied hedge accounting, and all derivatives are measured at fair value through profit and loss.

### 2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.12 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

### 2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the Statement of Financial Position, bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

### 2.14 Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

### 2.16 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates

## Notes (continued)

### 2.16 Current and deferred tax (continued)

positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.17 Employee Benefits

The company operates various post-employment obligation schemes, including both defined benefit and defined contribution schemes or plans.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The surplus recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The amount charged or credited to finance costs is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past service costs are recognised immediately in the income statement.

### 2.18 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised where:

- the company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the amount has been reliably estimated.

## Notes (continued)

### 2.18 Provisions (continued)

Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

### 2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when performance obligations have been satisfied and for the company this is when the goods have been transferred to the customer and the customer has control of these. The company's activities are described in detail below. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The company manufactures and sells a range of eyeglass lenses and ophthalmic instruments to the consumer market. Sales are recognised when control of the products has transferred, being when the products are delivered to the retailer, the retailer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the retailer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the retailer, and either the retailer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

Revenue comprises the consideration earned by the Company in respect of the output of its ordinary activities, which include the sale of lenses and ophthalmic instruments. Revenue is measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties, and net of volume discounts, settlement discount, rebates, and sales incentives.

The Company considers its primary customers to be National Chains and Independent Opticians.

Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Revenue for the sale of lenses and ophthalmic instruments is recognised when control transfers to the customer, which is typically upon when we have invoiced the customer.

This is further driven by the existence of the contract in place with a customer which confirms the presence of an approved agreement between two parties with identified payment terms, clear obligations, and an expectation over the probability of the collection of the consideration.

### 2.20 Interest income/(expense)

Interest income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

### 2.21 Leases

The company leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.



## Notes (continued)

### 2.21 Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the company under residual value guarantees;
- the exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the company uses that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Information about critical accounting judgements in the application of lease accounting is disclosed in note 2.24.

## Notes (continued)

### 2.22 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

### 2.23 Rounding of amounts

All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pound, unless otherwise stated.

### 2.24 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### a) Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment and note 2.6 for the useful economic lives for each class of assets.

#### b) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on several factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 19 for the disclosures of the defined benefit pension scheme.

### 2.25 Critical judgements in applying the entity's accounting policies

#### a) Lease accounting

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, retail stores and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in vehicles leases have not been included in the lease liability because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

## Notes (continued)

### 2.25 Critical judgements in applying the entity's accounting policies (continued)

#### b) Defined benefit pension scheme

The American Optical UK Limited defined benefit pension scheme is currently in surplus because of a well-managed asset and investment strategy and the significant additional one-off contributions over recent years. The surplus is potentially subject to adverse change resulting from movements in the actuarial assumptions underlying the calculation of the plan assets and liabilities, including the impact of discount rates and the increasing longevity of scheme members, as well as declines in the market value of scheme investments.

At the time of approving these financial statements, continued economic instability and stock market volatility may have an impact on the level of the pension scheme asset or liability which needs to be recognised in the financial statements. In turn, this may have an impact on the level of future funding. Significant adverse changes in the market value of scheme investments and other actuarial assumptions could materially impact on the Company's net assets. In the current circumstances of rapid change in economic markets it is not possible or practicable to assess the future impact of these changes.

The scheme is accounted for using methods that rely on actuarial assumptions to estimate costs and liabilities for inclusion in the financial statements. These actuarial assumptions include discount rates, assumed rates of return, salary increases and mortality rates.

#### c) Valuation of stock

The company has a formal policy for making provisions for stock to ensure they are stated at the lower of cost and net realisable value.

#### d) Recoverability of amounts owed by external trade debtors

The recoverability of amounts owed by external trade debtors is assessed at each balance sheet date. Appropriate provision is made where recoverability is not deemed probable.

Customer loans are assessed at half year end and balance sheet date to ensure that events haven't occurred which could have significant impact on the expected future cash flows of the financial asset. If this is found to be the case an impairment will be considered on an individual loan basis.

## 3 Turnover

	2021 £000	2020 £000
Sales of goods	65,434	50,484
Total turnover	65,434	50,484
By geographical market:		
United Kingdom	45,258	32,715
Rest of Europe	11,150	9,320
Rest of World	9,026	8,449
	65,434	50,484

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**Notes (continued)**

**4 Operating profit**

	2021 £000	2020 £000
<i>Included in profit and loss are the following</i>		
Depreciation of tangible fixed assets:		
Owned	194	237
Right of use assets	387	560
Net change in fair value of foreign exchange contracts	(109)	207
	<hr/>	<hr/>
Auditor's remuneration:		
Audit of these financial statements	50	45
	<hr/>	<hr/>

**5 Directors' remuneration**

	2021 £000	2020 £000
Directors' emoluments	566	449
Contributions to defined contribution pension scheme	11	11
Compensation for loss of office	167	-
	<hr/>	<hr/>
Total emoluments	744	460
	<hr/>	<hr/>
<i>Highest paid director</i>		
Directors' emoluments	397	297
	<hr/>	<hr/>
Total emoluments	397	297
	<hr/>	<hr/>

At the year end, retirement benefits are accruing to one director (2020: two) under the Company's defined contribution pension scheme and no directors (2020: none) under the Company's defined benefit scheme.

Two of the directors did not receive remuneration for their qualifying services specifically to the company. Emoluments for this period are paid by Carl Zeiss Vision International GmbH.

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**Notes (continued)**

**6 Staff numbers and costs**

The average number of persons employed by the Company (including directors) during the year was as follows:

	Number of employees	
	2021	2020
Administration	83	75
Technical services	45	41
	<u>128</u>	<u>116</u>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	7,032	5,899
Social security costs	760	680
Contributions to defined contribution plans	480	437
	<u>8,272</u>	<u>7,016</u>

**7 Interest receivable and similar income**

	2021 £000	2020 £000
Interest on deposits held with fellow subsidiary undertakings	1	6
Interest income from financial assets with 3rd parties	172	163
	<u>173</u>	<u>169</u>

**8 Interest payable and similar charges**

	2021 £000	2020 £000
Net interest on net defined benefit plan liability	149	155
Foreign exchange	496	37
Interest expenses from finance leases 3rd parties	71	52
Impairment - financial instruments IFRS 9	192	248
Other interest payable	13	4
	<u>921</u>	<u>496</u>

## Notes (continued)

### 9 Taxation

#### Recognised in the profit and loss account

	2021 £000	2020 £000
<i>UK corporation tax</i>		
Current tax on profit for the year	1,260	1,234
Adjustment in respect of prior periods	(58)	(155)
Total current tax	1,202	1,079
<i>Deferred tax</i>		
Origination and reversal of temporary differences	86	35
Remeasurement of deferred tax for changes in tax rates	117	35
Total deferred tax	203	70
Total tax	1,405	1,149

#### Recognised in other comprehensive income

	2021 £000	2020 £000
Re-measurement of defined benefit asset	3	(26)
	3	(26)

#### Reconciliation of effective tax rate

The current tax charge for the year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
<i>Current tax reconciliation</i>		
Profit before tax	7,221	6,620
Tax using the UK corporation tax rate of 19% (2020: 19%)	1,372	1,258
Non-deductible expenses	10	53
Adjustment in respect of prior periods	(58)	(155)
Remeasurement of deferred tax for changes in tax rates	117	35
Foreign PE exemption	(36)	(51)
Other	-	9
Total tax expense	1,405	1,149

#### Factors that may affect future, current and total tax charges

The normal rate of corporation tax is 19% for the financial year beginning 1 April 2021 with a rate change to 25% effective from 1 April 2022. This increase was substantively enacted prior to the year end and therefore this rate has been considered in the deferred tax calculation.

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**Notes** (continued)

**10 Tangible fixed assets**

	Right of use Land & Buildings assets £000	Right of use Plant & Machinery assets £000	Land & Buildings £000	Plant & Machinery assets £000	Total tangible fixed assets £000
<i>Cost</i>					
At beginning of year	1,700	390	-	4,203	6,293
Additions	1,809	27	996	189	3,021
Disposals	-	(221)	-	-	(221)
At the end of the year	3,509	196	996	4,392	9,093
<i>Depreciation</i>					
At beginning of year	445	101	-	3,506	4,052
Depreciation charge for the year	320	67	-	194	581
At the end of the year	765	168	-	3,700	4,633
<i>Net book value</i>					
At 30 September 2021	2,744	28	996	692	4,460
At 1 October 2020	1,255	289	-	697	2,241

## Notes (continued)

### 11 Leases

The company has lease contracts for various items of plant, machinery, vehicles and property used in its operations. Leases of property and plant and machinery generally have lease terms between 3 and 15 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

Details of the assets recognised because of these leases are detailed in note 10 – Tangible fixed assets, while details of the overall accounting policy and standards applied under IFRS 16 are detailed in note 2:21 – Leases.

#### 1. Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

	2021 £000	2020 £000
Less than one year	496	518
One to five years	1,742	947
More than five years	750	87
	<hr/>	<hr/>
<b>Total Lease Liabilities</b>	<b>2,988</b>	<b>1,552</b>
	<hr/>	<hr/>

#### 2. Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2021 £000	2020 £000
Interest expense	71	52
Expense related to short term leases	4	3
Expense relating to leases of low value assets	3	3
	<hr/>	<hr/>
	<b>78</b>	<b>58</b>
	<hr/>	<hr/>

The total cash outflow for leases was £538,000 (2020: £591,000)

### 12 Investments

Shares in group  
undertakings  
£000

Cost and net book value at 1 October 2020 and 30 September 2021

-

The Company has the following investments in subsidiaries:

	Principal activity	Country of incorporation	Class of shares held	Ownership	
				2021	2020
SILS Limited 22 Gas Street Birmingham B1 2JT	Distributor of ophthalmic lenses	England and Wales	Ordinary	100%	100%



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**Notes (continued)**

**13 Stocks**

	2021 £000	2020 £000
Finished goods and goods for resale	1,901	1,198

**14 Debtors: Amounts falling due within one year**

	2021 £000	2020 £000
Trade debtors	11,390	12,832
Amounts owed by parent undertakings	1,238	3,469
Amounts owed by subsidiary undertakings	58	55
Amounts owed by other group undertakings	784	440
Other debtors	5,998	6,289
Prepayments and accrued income	266	438
Corporation tax refund	147	-
Fair value of forward exchange contracts (see note 20)	109	267
	<u>19,990</u>	<u>23,790</u>
Due within one year	14,878	18,060
Due after more than one year	5,112	5,730

**15 Creditors**

	2021 £000	2010 £000
Amounts falling due within one year		
Trade creditors	3,791	4,006
Amounts owing to subsidiary undertaking	98	419
Amounts owing to other Group undertakings	6,988	3,855
Other taxes and social security costs	1,189	1,336
Corporation tax	-	742
Accruals	4,691	4,554
Fair value of forward exchange contracts (see note 20)	198	59
Liabilities from leases (see note 11)	496	518
	<u>17,451</u>	<u>15,489</u>

	2021 £000	2020 £000
Amounts falling due after one year		
Liabilities from leases (see note 11)	2,492	1,034
	<u>2,492</u>	<u>1,034</u>

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**Notes (continued)**

**16 Provisions for liabilities**

	2021 £000	2020 £000
Deferred tax (see note 17)	485	343
	<u>485</u>	<u>343</u>

**17 Deferred tax asset and liabilities**

*Recognised deferred tax assets and (liabilities)*

Deferred tax assets and (liabilities) are attributable to the following:

	Assets 2021 £000	2020 £000	Liabilities 2021 £000	2020 £000	Net 2021 £000	2020 £000
Tangible fixed assets	176	131	-	-	176	131
Employee benefits	-	-	(971)	(676)	(971)	(676)
Short term timing differences	310	202	-	-	310	202
	<u>486</u>	<u>333</u>	<u>(971)</u>	<u>(676)</u>	<u>(485)</u>	<u>(343)</u>
Tax assets/(liabilities)	486	333	(971)	(676)	(485)	(343)
	<u>486</u>	<u>333</u>	<u>(971)</u>	<u>(676)</u>	<u>(485)</u>	<u>(343)</u>

**18 Share capital**

	2021 £000	2020 £000
<i>Allotted, called up and fully paid:</i>		
3,378,380 ordinary shares of £1 each	3,378	3,378
	<u>3,378</u>	<u>3,378</u>

## Notes (continued)

### 19 Pension commitments

#### *Defined benefit schemes*

The Company operates a defined benefit scheme, the American Optical UK Limited Pension Scheme ("the Scheme"), which is funded by the payment of contributions to a separately administered trust fund. From 1 October 2013 the scheme has no contributing members. The Scheme currently has a sole Independent Trustee, who has a number of responsibilities, including the payment of benefits from the Trust to members in accordance with the Scheme's Trust Deed and Rules.

The Company historically sponsored three fully insured defined benefit pension arrangements. Two of these arrangements are fully insured with Scottish Widows and the other fully insured with Legal and General and to this extent there are no circumstances under which the Company has any further obligation in respect of these arrangements. In particular, should the assets held by Scottish Widows or Legal and General be insufficient to meet the benefits promised, Scottish Widows or Legal and General would be required to make good the shortfall. Given these arrangements are fully insured, the Company has not included the full disclosure information required for defined benefit reporting under FRS 101.

As set out in Note 2 to the financial statements, pension costs are accounted for in accordance with the principles set out in FRS 101. The FRS 101 valuation of the Scheme's deficit or surplus is different to the valuation methodology used by the Scheme's Trustee in evaluating the deficit or surplus for meeting the requirements of the pension regulations, the "technical provisions" basis. The technical provisions basis is the same basis as used in the formal triennial valuation.

The contributions to the Scheme are determined on the basis of triennial valuations. The most recent funding valuation was that conducted with an effective date of 31st March 2021 which used the Projected Unit Method of valuation. The results of this valuation showed the Scheme to be in deficit, and in light of this, the Company and Trustee agreed to continue making contributions into the Scheme to recover the shortfall.

There have been no Scheme amendments, curtailments or settlements over the year to 30 September 2021.

	2021 £000	2020 £000
Fair value plan assets	17,414	16,864
Defined benefit obligation	(13,529)	(13,304)
Net asset for defined benefit obligations	3,885	3,560

## Notes (continued)

### 19 Pension commitments (continued)

#### Movements in net defined benefit liability/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset/(liability)	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Opening balance	(13,304)	(13,304)	16,864	16,338	3,560	3,034
Included in profit or loss						
Interest (cost)/income	(210)	(237)	269	294	59	57
Scheme expenses	-	-	(207)	(212)	(207)	(212)
Past service cost	(1)	-	-	-	(1)	-
	(211)	(237)	62	82	(149)	(155)
Remeasurements (loss)/gain:						
Actuarial (loss)/gain arising from						
- Changes in demographic Assumptions	(44)	(61)	-	-	(44)	(61)
- Change in financial assumptions	(346)	(27)	-	-	(346)	(27)
- Experience adjustment	10	23	-	-	10	23
- Return on plan assets excluding interest income	-	-	366	221	366	221
Other						
Contributions paid by the employer	-	-	488	525	488	525
Benefits paid in respect of settlements	366	302	(366)	(302)	-	-
Balance at 30 September	13,529	(13,304)	17,414	16,864	3,885	3,560

#### Plan assets

	2021 £000	2020 £000
Equities	3,589	3,355
Corporate Bonds	-	-
Government Bonds	13,793	13,392
Cash/current assets	32	117
Total plan assets	17,414	16,864

Scheme assets do not include any of the Company's own financial instruments, or any property occupied by the Company.

The expected contributions by the Company to the Scheme for the year 1 October 2021 to 30 September 2022 are £254,000 (£141,000 in respect of expense contributions and £113,000 in respect of voluntary contributions).

## Notes (continued)

### 19 Pension commitments (continued)

#### Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2021 %	2020 %
Discount rate at 30 September	2.05	1.60
Future pension increases	3.50	2.90
RPI Inflation assumption	3.50	2.90
CPI Inflation assumption	2.70	1.90

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22.3 years (male), 24.6 years (female).
- Future pensioner (currently aged 45) upon reaching 65: 23.6 years (male), 25.7 years (female).

#### Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) because of a change in the respective assumptions by 0.5%.

	2021 £000	2020 £000
Discount rate (-0.5% p.a.)	c1,300	c1,400
Inflation (RPI, CPI) (+0.5% p.a.)	c1,200	c1,300

In valuing the liabilities of the pension fund at 30 September 2020, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the value of the reported liabilities at 30 September 2021 would have increased by £600,000 before deferred tax.

The above sensitivities are based on the average duration of the benefit obligation determined at the end of the reporting period (c.20 years) and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the Scheme, it does provide an approximation to the sensitivity of the assumptions shown.

At the time of approving these financial statements, changes in the general economic climate and stock market volatility may have an impact on the level of the pension scheme surplus or deficit required to be booked in the financial statements, and also on the level of future funding. Significant adverse changes in the market value of scheme investments and other actuarial assumptions could materially impact on the Company's reported results and net assets. In the current circumstances of rapid change in economic markets it is not possible or practicable to assess the impact of these changes. The next valuation for financial statement purposes will take place at 30 September 2022.

## Notes (continued)

### 20 Financial instruments

#### *Fair value of financial instruments*

The following financial instruments are measured at fair value through the profit and loss:

	Fair value 2021 £000	Fair value 2020 £000
Forward foreign exchange contracts – (liability)/asset	(89)	208

The company operates a policy of taking out forward exchange contracts, through a group facility to cover future forecasted payments to suppliers in Euros and US Dollars. These contracts are set up to cover monthly cash flows up to 12 months in advance and whilst they are intended to reduce the exchange risk of forecasted purchases, they are not designated as hedge relationships and are consequently measured at fair value through the profit and loss account.

The fair value of financial assets and liabilities are determined as follows:

Class of financial instruments measured at fair value	Valuation technique
----------------------------------------------------------	---------------------

Forward exchange contracts	Fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).
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The following tables indicate the periods in which the cash flows associated with cash flow hedging instruments are expected to affect profit or loss:

	Expected cash flows £000	1 year or less £000	2021		
			1 to <2 years £000	2 to <5 years £000	5 years and over £000
<b>Forward exchange contracts:</b>					
Assets	12,607	12,607	-	-	-
	Expected cash flows £000	1 year or less £000	2020		
			1 to <2 years £000	2 to <5 years £000	5 years and over £000
<b>Forward exchange contracts:</b>					
Assets	11,739	11,739	-	-	-

### 21 Ultimate parent company and controlling party

The immediate parent undertaking is Carl Zeiss Vision International GmbH.

Carl Zeiss AG is the ultimate parent Company and controlling party, incorporated in Germany and is the smallest and largest group in which the results of the Company are consolidated. The consolidated financial statements of this group are available to the public and may be obtained from Carl-Zeiss - Strasse 22, 73447, Oberkochen, Germany.

### 22 Capital Redemption Reserve

This reserve represents the nominal value of shares cancelled.