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Oakley (UK) Limited

Annual Report and Financial Statements

Financial Year Ended 31 December 2015

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors

J Williams
E Flamini
M Favagrossa

Solicitors

Foreman Laws
25 Bancroft
Hitchin
Hertfordshire
SG5 1JW
United Kingdom

Secretary

Pennsec Limited
125 Wood Street
London
EC2V 7AW
United Kingdom

Registered Office

Verulam Point
Station Way
St. Albans
Hertfordshire
AL1 5HE
United Kingdom

Registered number: 01310079

Bankers

Citibank
1st Floor Mayflower Court
Mayflower ST.
London
SE16 4JL
United Kingdom

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

STRATEGIC REPORT

The Directors present their strategic report on the Company for the year ended 31 December 2015.

Review of business
Oakley (UK) Limited is a wholly owned subsidiary of Oakley Inc., a company incorporated in the United States of America. Oakley Inc. was acquired by Luxottica Group S.p.A on 14 November 2007.

The Company continued to distribute Oakley branded products and support the launch of new and exciting products during the year. It also continues to operate Oakley retail stores throughout the UK and the European E-Commerce activities as part of the Company's operations.

During the year there was a decision taken to restructure the Oakley wholesale territories across the EMEA region to further integrate the business within the Luxottica group. This resulted in the termination of Oakley UK's wholesale distribution rights agreements on 30 June 2015. The company ceased its wholesale trading activities from that date.

Review of developments and future prospects
There were no research and development costs during the year.

The Company intends to continue its retail and e-commerce activities for the foreseeable future.

Principal risks and uncertainties
Commercial risk
The continued difficult economic conditions resulted in increased competitive pressure in the UK wholesale and retail markets for 2015 and it is anticipated that this will continue in the retail and e-commerce markets in 2016.

Price risk
The Company does not have direct exposure to commodity price risk. The Company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk
The Company is exposed to foreign exchange risk in the normal course of business. The Company's foreign exchange risk is managed according to group risk policy approved by the Luxottica Group SpA board. The risk policy contemplates the use of hedges to minimise exposure to foreign exchange risk.

Credit risk
The Company's principal financial assets are the bank and debtor balances. The amount of debtors presented in the balance sheet is net of allowances for doubtful debts. The Company has no significant concentration of credit risk.

Liquidity risk
Working capital requirements are funded principally from retained profits. The Company holds no external loans.

The Company is a participant in the Luxottica zero balance cash pooling arrangement that allows the Company to manage liquidity.

Interest rate and cash flow risk
The Company has both interest bearing assets and interest bearing liabilities. Cash balances and loans from Group companies pay interest at both a fixed and variable rate. The Directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Environment
The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and implements policies to reduce any damage that it might cause.

STRATEGIC REPORT - continued

Results and dividends

The results for the year are set out on page 10. As shown in the Profit and Loss account, revenue for the year ended 31 December 2015 was £16,866,027 compared with £21,446,882 for the prior year, a 21.4% decrease year on year. This was mainly due to the wholesale sales territory being sold to Oakley Sports International S.a.r.l.

Gross margin for the year was up 7.5%, 51.4% compared to 43.9% in the prior year. This increase in margin is due to the elimination of wholesale sales which would have lower margins than web or retail sales, in the last six months of the year.

Administrative expenses decreased (£7,801,846 compared to £8,660,619 in the prior year) and can be attributed to a drop in advertising and marketing expenses and also the staffing costs of sales reps in 2015. Restructuring costs of £316k were incurred and proceeds of £1.6m from the sale of promoter rights were received, as a result of the decision to restructure the business and cease wholesale trading activities. The profit before taxation in 2015 was £1,944,221 compared with £858,089 in the prior year.

The Directors do not recommend payment of a dividend. No dividend was paid in 2015 (2014: £Nil).

Details of the number of employees and related costs can be found in note 8 on page 23 of the financial statements.

Transition to FRS 102

The directors note the transition to FRS 102 in the current year and are satisfied that this did not have a material impact to the financial statements or the recorded result.

Employee analysis

As of the 31 December 2015 see below for a breakdown of employees in Oakley (UK) Limited:

Male	39
Female	31
Total	70

1 employee of Oakley (UK) Limited is a director of the company. Of the total number of male employees, one member is a senior manager.

Signed on behalf of the Board:

Director

Date: 20 December 2016

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the financial year ended 31 December 2015.

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102; 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 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.

Accounting records

The measures taken by the directors to secure compliance with the company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records where kept at 2nd Floor, Block E, Central Park, Mountainview, Leopardstown, Dublin 18. From 1 April 2016, the accounting records are kept at the Luxottica European Shared Services Centre at Via Valcozzena 10-32021, Agordo, Italy.

Review of the business and the Principal risks and uncertainties

Please refer to the Strategic report for information.

Post balance sheet events

There were no significant events that occurred post balance sheet date.
There were no material differences between the amounts accrued at year end in respect of the restructuring plan and the related actual outcomes post year end, nor were there any significant additional liabilities arising.

DIRECTORS' REPORT - continued

Directors
The present membership of the board and all the Directors who served during the year and up to the date of signing the financial statements are set out below:

Paolo Cimbri	(appointed 15 September 2015, resigned 31 October 2016)
John Williams	
Emilia Flamini	(appointed 1 April 2016)
Marcello Favagrossa	(appointed 1 November 2016)
Paul Flynn	(appointed 15 September 2015, resigned 31 March 2016)
Jan Saegner	(appointed 19 January 2015, resigned 31 August 2015)
Josee Perreault	(resigned 1 July 2015)

Directors' and secretary's interest
The Directors and Secretary who held office at 31 December 2015 had no interests in the share capital of the Company at the beginning date of their appointment or at the end of the year.

Statement of disclosure to auditor
In the case of each of the persons who are Directors at the time when the Directors' report is approved, the following applies:

(a) So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
(b) The Directors 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 the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Auditors
PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the AGM,

Signed on behalf of the Board:

Director

Date: 20 December 2016

pwc

Independent auditors' report to the members of Oakley (UK) Limited

Report on the financial statements

Our opinion

In our opinion, Oakley UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

What we have audited

The financial statements, included within the Directors' Report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

pwc

Independent auditors' report to the members of Oakley (UK) Limited - continued

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

pwc

Independent auditors' report to the members of Oakley (UK) Limited - continued

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

A. Hayden

Alisa Hayden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin

21 December 2016

STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2015

	Notes	2015 £	2014 £
Turnover:			
- Continuing operations		9,604,049	10,142,558
- Discontinued operations		7,261,978	11,304,324
Total turnover	5	16,866,027	21,446,882
Cost of sales:			
- Continuing operations		(3,845,218)	(3,032,665)
- Discontinued operations		(4,346,815)	(8,993,435)
Gross profit			
- Continuing operations		5,758,831	7,109,893
- Discontinued operations		2,915,163	2,310,889
Administrative expenses:			
- Continuing operations		(5,481,928)	(6,631,444)
- Discontinued operations		(2,319,918)	(2,029,175)
Other operating income/(expenses):			
- Continuing operations	6	(313,066)	119,543
- Discontinued operations		1,712,135	-
- Discontinued operations – restructuring costs		(316,532)	-
Operating profit/(loss):			
- Continuing operations		(36,163)	597,992
- Discontinued operations		1,990,848	281,714
Profit on ordinary activities before interest and taxation		1,954,685	879,706
Interest payable and similar charges	9	(10,464)	(21,616)
Profit on ordinary activities before taxation	10	1,944,221	858,090
Taxation on profit on ordinary activities	11	(325,814)	(325,476)
Profit on ordinary activities after taxation		1,618,407	532,614
Other comprehensive income for the financial year		-	-
Total comprehensive income for the financial year		1,618,407	532,614

There are no recognised gains and losses in the current year and the prior year other than those dealt with in the statement of comprehensive income.

The notes to these accounts form an integral part of the financial statements.

BALANCE SHEET
As at 31 December 2015

	Notes	2015 £	2014 £
Non-current assets			
Tangible fixed assets	12	622,969	679,773
Current assets			
Stocks	13	789,621	1,048,389
Debtors (amounts falling due within one year)	14	4,157,206	3,393,362
Cash at bank and in hand		209,247	415,891
		5,156,074	4,857,642
Creditors (amounts falling due within one year)	16	(2,089,146)	(3,465,925)
Net current assets		3,066,928	1,391,717
Total assets less current liabilities		3,689,897	2,071,490
Net assets		3,689,897	2,071,490
Capital and reserves			
Called-up share capital - presented as equity	18	1,000	1,000
Profit and loss account		3,688,897	2,070,490
Total equity		3,689,897	2,071,490

Signed on behalf of the Board:

Director

Date: 20 December 2016

Registered number: 01310079

STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2015

	Called-up share capital presented as equity £	Share premium £	Profit and loss account £	Total £
Balance at 1 January 2014	1,000	-	1,537,876	1,538,876
Profit for the financial year	-	-	532,614	532,614
Other comprehensive income for the financial year	-	-	-	-
Total comprehensive income for the financial year	-	-	532,614	532,614
Proceeds from shares issued	-	-	-	-
Dividends	-	-	-	-
Transfer to profit and loss account	-	-	-	-
Total transactions recognised directly in equity	-	-	-	-
Balance at 31 December 2014	1,000	-	2,070,490	2,071,490
Balance at 1 January 2015	1,000	-	2,070,490	2,071,490
Profit for the financial year	-	-	1,618,407	1,618,407
Other comprehensive income for the financial year	-	-	-	-
Total comprehensive income for the financial year	-	-	1,618,407	1,618,407
Proceeds from shares issued	-	-	-	-
Dividends	-	-	-	-
Transfer to profit and loss account	-	-	-	-
Total transactions recognised directly in equity	-	-	-	-
Balance at 31 December 2015	1,000	-	3,688,897	3,689,897

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Oakley UK Limited is a trading company, incorporated by shares in the United Kingdom. The address of its registered office is Verulam Point, Station Way, St. Albans, Hertfordshire, AL1 5HE, United Kingdom. The company ceased its wholesale trading activities on 30 June 2015 upon the termination of its primary distribution rights agreements however it is continuing with its retail and E-Commerce business streams for the foreseeable future.

The company's principal activities comprised the selling of Oakley products from its retail stores within the UK and through web sales across Europe, Africa and the Middle East.

The company is a wholly owned subsidiary of Oakley Inc., a company incorporated in the United States of America. Luxottica Group S.p.A, a company incorporated in Italy is the parent undertaking of the largest group in which the company is consolidated. Financial statements of Luxottica Group S.p.A can be obtained from Via Cantù 2, 20123 Milano, Italy.

2 Statement of compliance

The entity financial statements have been prepared on a going concern basis and in accordance with UK GAAP (accounting standards issued by the Financial Reporting Council of the UK and the Companies Act 2006). The entity financial statements comply with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Companies Act 2006.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated. The company has adopted FRS102 for the first time in these entity financial statements. Details of the transition to FRS102 are disclosed in note 24.

(a) Basis of preparation

The entity financial statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities (forward exchange contracts) at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at end of the financial year. It also requires the directors to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 4.

(b) Going concern

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore these entity financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(c) Disclosure exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company is a wholly owned subsidiary of Oakley Inc. and of its ultimate parent, Luxottica SpA. It is included in the consolidated financial statements of Luxottica SpA which are publicly available.

As the company is consolidated in the Luxottica SpA financial statements, the company is a qualifying entity and has taken advantage of the below available disclosure exemptions for qualifying entities:

(i) Exemption from the requirement of FRS 102 paragraph 4.12(a)(iv) to disclose a reconciliation of the number of shares outstanding at the beginning and end of the year.

(ii) Exemption from the requirements of Section 7 of FRS 102 and Section 3 paragraph 3.17(d) of FRS 102 to present a statement of cash flows.

(iii) Exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 providing the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(iv) Exemption from the requirement of FRS 102 paragraph 33.7 to disclose key management personnel compensation in total.

(d) Foreign currency

(i) Functional and presentation currency

The company's functional and presentation currency is pounds sterling, denominated by the symbol "£".

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial year foreign currency monetary items are translated to Pounds using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable and similar income' or 'interest payable and similar charges' as appropriate. All other foreign exchange gains and losses are presented in the profit and loss account.

(e) Revenue recognition

(i) Turnover

Turnover is the amount of revenue derived from the provision of goods and services falling within the company's ordinary activities after deduction of trade discounts and value-added tax. The revenue streams of Oakley (UK) Limited consist of sales eyewear and apparel, footwear and accessories through the following channels:

- Wholesale sales within the UK
- Sales from retail stores within the UK
- Web sales across Europe, Middle East and Africa territories

The terms and conditions for wholesale and web sales are free on board shipping and are settled net 30 – 90 days.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(e) Revenue recognition - continued

(i) Turnover - continued

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The company bases its estimate of returns, discounts and rebates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The company recognises turnover when (a) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (b) the company retains no continuing managerial involvement or effective control over the goods; (c) the amount of turnover and costs can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the each of company's sales channels have been met, as described below.

Sale of goods – wholesale

The company sells and distributes a range of Oakley products, including eyewear and apparel, footwear and accessories. Sales of goods are recognised on delivery to the wholesaler, when the wholesaler has full discretion over the channel and price to sell the product and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the product. Delivery occurs when the goods have been shipped to the location specified by the wholesaler, the risks of obsolescence or loss have been transferred to the wholesaler, the wholesaler 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.

Goods sold to wholesalers are often sold with volume rebates and also with the provision for the wholesale customer to return faulty goods. Sales are measured at the prices specified in the sale contract, net of estimated volume rebates and returns. Volume rebates are assessed based on anticipated annual purchases and historical experience.

Sales are normally made with a credit term of 60-90 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

Sale of goods – retail

The company operates retail shops for the sale of Oakley products, including eyewear and apparel, footwear and accessories. Sales of goods are recognised on sale to the customer, which is considered the point of delivery. Retail sales are usually by cash, credit or debit card.

Sales are made to retail customers with a right to return within 28 days, subject to certain conditions regarding the usage.

Sale of goods – internet based transactions

The company sells goods via its website for delivery to the customer. Turnover is recognised when the risks and rewards of the stock is passed to the customer.

(f) Employee benefits

The company provides a range of benefits to employees, including short term employee benefits such as annual bonus arrangements and paid holiday arrangements and post-employment benefits (in the form of defined contribution pension plans).

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(f) Employee benefits - continued

(i) Short term employee benefits

Short term employee benefits, including wages and salaries, paid holiday arrangements and other similar non-monetary benefits, are recognised as an expense in the financial year in which employees render the related service. The company operates an annual bonus plan for employees. An expense is recognised in the statement of comprehensive income when the company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits - Defined contribution plan

The company operates a defined contribution plan for certain employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The assets of the plan are held separately from the company in independently administered funds. The contributions to the defined contribution plan are recognised as an expense when they are due. Amounts not paid are included in accruals in the balance sheet.

(g) Income tax

Income tax expense for the financial year comprises current and deferred tax recognised in the financial year. Income tax expense is presented in the same component of total comprehensive income or equity as the transaction or other event that resulted in the income tax expense.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. A current tax liability is recognised where appropriate and measured on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the end of each financial year with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial year end and that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(h) Tangible fixed assets

Tangible fixed assets are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

(i) Leasehold improvements, Displays and fixtures & fittings

Leasehold improvements, Displays and fixtures & fittings are carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation and residual values

Depreciation on fixed assets is calculated, using the straight-line method over their estimated useful lives, as follows:

Leasehold improvements	Over the term of the lease (if the assets are integral to the premises) otherwise over 5 years
Displays	4 years
Motor vehicles	5 years
Fixtures and fittings	7 years (included in fixtures and fittings is computer equipment which is being depreciated over 4 years, excluding laptops which are depreciated over 3 years)
Assets under construction	Are not depreciated

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

(iii) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably. The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(iv) Assets in the course of construction

Assets in the course of construction are carried at cost. These assets are not depreciated until they are available for use.

(v) Derecognition

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of comprehensive income.

(i) Leased assets

(i) Operating leases

Operating leases do not transfer substantially all the risks and rewards of ownership to the company. Payments under operating leases are recognised in the Statement of comprehensive income on a straight-line basis over the term of the lease.

(ii) Lease incentives

Incentives received to enter into an operating lease are recognised as a reduction of the operating lease expense on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(j) Impairment of non-financial assets

At the end of each financial year non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash-generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash-generating unit) is estimated.

The recoverable amount of the asset (or cash-generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value in use pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current risk-free market rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount of the asset (or cash-generating unit) the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in profit or loss.

If an impairment loss reverses (the reasons for the impairment loss have ceased to apply), the carrying amount of the asset (or asset's cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior financial years. A reversal of an impairment loss is recognised in the profit and loss account.

(k) Stocks

Stocks are measured on a weighted average cost basis at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the financial year in which the related revenue is recognised.

Cost comprises the purchase price, including taxes and duties and transport and handling costs directly attributable to bringing the stock to its present location and condition.

At the end of each financial year, stocks are assessed for impairment. If an item of stock is impaired, the identified stock is measured at its selling price less costs to complete and sell and the resulting impairment loss is recognised in profit or loss. Where a reversal of the impairment loss is recognised the impairment loss is reversed, up to the original impairment loss, and is recognised in profit or loss.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are initially measured at transaction price and subsequently measured at amortised cost.

Bank deposits which have original maturities of more than three months are not cash and cash equivalents and are presented as current asset investments.

(m) Provisions and contingencies

(i) Provisions

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(m) Provisions and contingencies - continued

(i) Provisions - continued

Provisions are measured at the present value of the best estimate of the amount 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 liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

In particular:

Restructuring provisions are recognised when the company has a legal or constructive obligation at the end of the financial year to carry out the restructuring. The company has a constructive obligation to carry out a restructuring when there is a detailed, formal plan for the restructuring and the company has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected.

(ii) Contingencies

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(n) Financial instruments

The company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents, short-term deposits and investments in corporate bonds, are initially recognised at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents, investments in corporate bonds and financial assets from arrangements which constitute financing transactions are subsequently measured at amortised cost using the effective interest method.

At the end of each financial year financial assets measured at amortised cost are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired an impairment loss is recognised in profit or loss. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(n) Financial instruments - continued

(i) Financial assets - continued

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Trade and other creditors, bank loans, loans from fellow group companies, preference shares and financial liabilities from arrangements which constitute financing transactions are subsequently carried at amortised cost, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Derivatives

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

The company does not apply hedge accounting for its forward foreign exchange contracts. The company did not have any other financial instruments classified as derivatives that are fair valued through profit or loss.

(iv) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Summary of significant accounting policies - continued

(o) Share capital presented as equity
Equity shares issued are recognised at the proceeds received and presented as share capital and share premium. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Distributions to equity shareholders
Dividends and other distributions to the company's equity shareholders are recognised as a liability in the financial statements in the financial year in which the dividends and other distributions are approved by the company's shareholders.

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgement in applying the entity's accounting policies
There were no critical judgements made by the directors that had a significant effect on the amounts recognised in the financial statements.

(b) Critical accounting estimates and assumptions
The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. 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:

(i) Useful economic lives of tangible fixed assets
The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed 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 12 for the carrying amount of the tangible fixed assets, and note 3(h) for the useful economic lives for each class of tangible fixed assets.

(ii) Impairment of stocks
It is necessary to consider the recoverability of the carrying amount of stock at the end of each financial year. In calculating the stock provisions, the company reviews all stock and in particular any stock on hand over one year and determines an appropriate provision having regard to product quality, potential obsolescence and market demand. The determination of an appropriate provision is based on all information available to management at the time. See note 13 for the net carrying amount of the stocks and impairment loss recognised in the financial year.

(iii) Impairment of debtors
The directors make an assessment at the end of each financial year of whether there is objective evidence that a trade or other debtor is impaired. When assessing impairment of trade and other debtors, the directors consider factors including the current credit rating of the debtor, the age profile of outstanding invoices, recent correspondence and trading activity, and historical experience of cash collections from the debtor. See note 14 for the net carrying amount of the debtors and provision for impairment recognised at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimation uncertainty - continued

(b) Critical accounting estimates and assumptions - continued

(vi) Restructuring transactions/provisions

The decision to restructure the Oakley business in the EMEA region as part of its continuing integration within the Luxottica Group led to a number of significant non-recurring transactions within Oakley Icon Limited, most of which were finalised and settled during the year, including:

- Early termination of the primary distribution rights of the company which resulted in the receipt of an early settlement payment
- Under a new agreement with Oakley Sports International, the company was appointed as promoter for the UK territory and subsequently sold those promotion rights to Luxottica Northern Europe Limited, which gave rise to a large gain on disposal based on an assigned value that was set out in the related sale agreement
- The decision to cease the wholesale trading activity has led to a headcount reduction with some employees transferring to the retail business or other group companies and some being made redundant. This resulted in large severance costs being incurred. The element of restructuring costs that have not been paid by the year end have been accrued and are in line with the restructuring plan that was implemented during the year.

5 Turnover

	2015	2014
	£	£

All turnover is derived from the principal activity of the company.

Geographical market (destination):

	2015 £	2014 £
United Kingdom	12,672,983	17,540,099
Rest of EU	3,450,619	3,190,813
Outside of EU	742,425	715,970
	16,866,027	21,446,882

All discontinued operations were in relation to wholesale sales in the UK territory.

6 Other operating income/(expenses)

	2015 £	2014 £
Net fair value losses on forward foreign exchange contracts	(212,042)	(194,291)
Exceptional income from sale of wholesale distribution and promoter rights	1,714,885	-

7 Transactions with directors

There were no transactions with Directors in financial year 2015 (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Information regarding directors and employees

	2015	2014
	£	£
(i) Directors' remuneration		
Aggregate emoluments for qualifying services	30,667	-
Company pension contributions to money purchase schemes	1,333	-
	32,000	-
Remuneration disclosed above includes the following amounts to the highest paid director:		
Emoluments for qualifying services	30,667	-
Company pension contributions to money purchase schemes	1,333	-

There is one director for whom retirement benefits are accruing under money purchase pension schemes.

	2015	2014
	Number	Number
Average number of persons employed		
Wholesale	-	42
Retail	70	41
	70	83

	2015	2014
	£	£
Staff costs during the year		
Wages and salaries	1,961,572	2,149,677
Social insurance costs	185,465	229,867
Other retirement benefit costs	76,444	81,868
	2,223,481	2,461,412

The actual pension employer contributions for the year are £76,444.

In addition to the above costs, severance costs of £316,532 were incurred as part of the restructuring programme.

No staff costs have been capitalised into stocks or tangible fixed assets. All staff costs have been treated as an expense in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Interest expense

	2015 £	2014 £
(a) Interest receivable and similar income		
Bank interest	-	4
Interest on short term deposits	505	-
Fair value gains on derivative financial instruments	1,995	-
Total interest receivable and similar income	2,500	4
(b) Interest payable and similar expense		
Interest payable on overdrafts and bank loans	(45)	(22)
Interest payable on loans from group undertakings	-	(8,849)
Fair value losses on derivative financial instruments	(12,919)	(12,749)
Total interest payable and similar income	(12,964)	(21,620)
(c) Net interest expense		
Interest receivable and similar income	2,500	4
Interest payable and similar charges	(12,964)	(21,620)
Net interest expense	(10,464)	(21,616)

10 Operating expenses

The following operating expenses have been recognised:

	2015 £	2014 £
Restructuring costs	316,532	-
Depreciation	386,277	453,726
Impairment loss - trade debtors	245,363	99,710
Impairment loss - stock (included in 'cost of sales')	56,393	224,945
Operating lease rentals - other assets	1,282,824	1,466,008

Auditors' remuneration

Remuneration (including expenses) for the statutory audit and other services carried out for the company by the company's auditors' is as follows:

	2015 £	2014 £
Auditors' remuneration:		
- audit fees	22,000	24,000
- other assurance services	-	-
- tax advisory services	-	-
- other non-audit services	-	-

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Taxation

	2015 £	2014 £
(a) *Tax expense included in profit or loss*		
Current tax:		
United Kingdom corporation tax on profit for the financial year	42,560	132,616
Prior year adjustment	65,223	-
Current tax expense for the financial year	107,783	132,616
Deferred tax:		
Origination and reversal of timing differences	218,031	192,860
Deferred tax expense for the financial year	-	-
Tax on profit on ordinary activities	325,814	325,476

(b) Reconciliation of tax expense

Tax assessed for the financial year is lower (2014: higher) than the standard rate of corporation tax in the United Kingdom for the financial year ended 31 December 2015 of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before taxation	1,944,221	858,090
Profit multiplied by the standard rate of tax in the United Kingdom for the financial year ended 31 December 2015 of 20.25% (2014: 21.5%)	393,705	184,489
Effects of:		
Other timing differences	195,247	192,860
Capital allowances in excess of depreciation	(17,087)	(55,384)
Non-taxable income	(324,113)	-
Expenses not deductible for tax purposes	12,839	58,016
Adjustments in respect of prior financial years	65,223	(54,505)
Tax on profit on ordinary activities	325,814	325,476

NOTES TO THE FINANCIAL STATEMENTS - continued

12 Tangible fixed assets

	Leasehold improvements £	Displays £	Fixtures and fittings £	Total £
At 1 January 2014				
Cost	1,994,967	448,727	643,360	3,087,054
Accumulated depreciation	(1,605,678)	(234,230)	(488,756)	(2,328,664)
Carrying amount	389,289	214,497	154,604	758,390
Financial year ended 31 December 2014				
Opening carrying amount	389,289	214,497	154,604	758,390
Additions	-	321,543	53,566	375,109
Disposals	-	(129,871)	-	(129,871)
Transfer	-	-	-	-
Depreciation on disposal	-	129,871	-	129,871
Depreciation charge for year	(257,240)	(132,452)	(64,034)	(453,726)
Carrying amount	132,049	403,588	144,136	679,773
At 31 December 2014				
Cost	1,994,967	640,399	696,926	3,332,292
Accumulated depreciation	(1,862,918)	(236,811)	(552,790)	(2,652,519)
Carrying amount	132,049	403,588	144,136	679,773
At 1 January 2015				
Cost	1,994,967	640,399	696,926	3,332,292
Accumulated depreciation	(1,862,918)	(236,811)	(552,790)	(2,652,519)
Carrying amount	132,049	403,588	144,136	679,773
Financial year ended 31 December 2015				
Opening carrying amount	132,049	403,588	144,136	679,773
Additions	-	177,503	1,808	179,311
Disposals	-	(476,588)	(87,264)	(563,852)
Adjustment in respect of prior years	518,682	-	-	518,682
Transfer	-	-	-	-
Depreciation on disposal	-	163,547	31,785	195,332
Depreciation charge for year	(236,678)	(109,346)	(40,253)	(386,277)
Carrying amount	414,053	158,704	50,212	622,969
At 31 December 2015				
Cost	2,513,649	341,314	611,470	3,466,433
Accumulated depreciation	(2,099,596)	(182,610)	(561,258)	(2,843,464)
Carrying amount	414,053	158,704	50,212	622,969

Disposal

During the financial year, tangible fixed assets with a carrying amount of £368,520 were disposed of. The loss on the disposal of these tangible fixed assets was £2,750 (2014: £nil).

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Stocks

	2015	2014
	£	£
Finished goods and goods for resale	789,621	1,048,389

There are no material differences between the replacement cost of stock and the balance sheet amounts.

Stock is stated after a provision for impairment of £nil (2014: £98,223).

14 Debtors (amounts falling due within one year)

	2015	2014
	£	£
Trade debtors	87,727	1,388,693
Amounts owed by fellow group companies	3,120,006	882,360
Other debtors	-	10,942
Prepayments and accrued income	455,788	457,229
Corporation tax recoverable	197,877	-
VAT receivable	-	140,299
Deferred tax asset (note 15)	295,808	513,839
	4,157,206	3,393,362

Amounts owed by fellow group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Trade debtors are stated after a provision for impairment of £nil (2014: £nil).

15 Deferred tax asset

	2015	2014
	£	£
Brought forward	513,839	706,699
Charge for year	(218,031)	(192,860)
Balance at 31 December	295,808	513,839

The deferred tax asset which has been recognised is primarily in respect of timing differences between depreciation and qualifying capital allowances.

The directors consider that the company will generate sufficient taxable profits in the foreseeable future against which the deferred tax asset above can be utilised. This is based on current plans and expectations.

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Creditors (amounts falling due within one year)

	2015 £	2014 £
Trade creditors	69,844	105,834
Amounts owed to fellow group companies	932,460	2,670,297
Other taxes and social insurance	496,460	61,215
Accruals	590,382	628,579
	2,089,146	3,465,925

Amounts owed to fellow group companies are unsecured, interest free and are repayable on demand.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

Other taxes and social insurance comprise:	2015 £	2014 £
Corporation tax	-	52,178
National insurance	30,484	9,038
VAT payable	465,976	-
	496,460	61,215

17 Financial instruments

The company has the following financial instruments:

	Notes	2015 £	2015 £	2014 £	2014 £
Financial assets at fair value through profit and loss			-		-
Financial assets that are debt instruments measured at amortised cost					
- Trade debtors	14	87,727		1,388,693	
- Amounts owed by group undertakings	14	3,120,006		882,360	
- Other debtors	14				
		455,788		468,171	
			3,663,521		2,739,224
Cash at bank and in hand			209,247		415,891
Financial assets that are equity instruments measured at cost less impairment			-		1,938

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Financial instruments - continued

	Notes	2015 €	2015 €	2014 €	2014 €
Financial liabilities measured at fair value through profit or loss					
- Derivative financial instruments			-		60,227
Financial liabilities measured at amortised cost					
- Bank loans and overdrafts	16	-		-	
- Trade creditors	16	69,844		105,834	
- Amounts owed to group undertakings	16	932,460		2,670,297	
- Other creditors	16	590,382		628,579	
			1,592,686		3,404,710

The Company entered into forward foreign exchange contracts with Luxottica Trading and Finance Limited (a related entity) to hedge Euro and USD foreign currency exposures. Forward foreign exchange contracts are initially recorded at their fair value and re-measured at fair value at subsequent reporting dates. The fair value of the open contracts are calculated using valuation techniques that utilise observable inputs, by reference to the difference between the contracted rate and the rate required to close out the contracts on the reporting date.

Realised and movements in unrealised gains and losses on forward foreign exchange contracts are included in the Statement of comprehensive income under "Other operating expenses". At 31 December 2015, the net nominal value of the forward foreign exchange contracts was £0 (2013: £3,287,639) and the fair value included under amounts owed to group undertakings in the balance sheet was a net liability of £0 (2014: net liability of £60,227). There were no outstanding contracts at the balance sheet date. All contracts that were outstanding in the prior year, matured during the current year.

18 Share capital and reserves

	2015 £	2014 £
Authorised		
10,000 ordinary equity shares of £1 each	10,000	10,000
Allotted, called up and fully paid - presented as equity		
1,000 ordinary shares of £1 each	1,000	1,000

A description of each reserve within equity is outlined below:

Profit and loss account
Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years, less dividends paid.

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Financial commitments

Future minimum lease payments under non-cancellable operating leases at the end of the financial year were:

	Land and buildings	
	2015	2014
	£	£
Payments due:		
- within one year	1,401,887	1,052,843
- between two and five years	2,904,635	3,000,860
- after five years	-	-
	4,306,522	4,053,703

20 Capital commitments

At 31 December 2015 capital commitments were nil (2014:nil). There were no other off-balance sheet arrangements.

21 Related party transactions

The Company has taken advantage of the exemption in FRS 102 from disclosing transactions with other members of the Group, which are wholly owned subsidiaries of the Group, headed by Luxottica Group SpA and which are eliminated upon consolidation.

Transactions with Directors of the Company are disclosed in note 7.

22 Subsequent events

There have been no events subsequent to the balance sheet date requiring disclosure in the financial statements.

23 Credit facility

There is a credit facility with the bank as at the 31st of December 2015. The assets of the Company are held as security resulting in restricted cash of £150,000 (2014:£150,000).

24 Transition to FRS 102

This is the first financial year for which the company has presented financial statements complying with FRS 102. The last financial statements under UK GAAP were for the financial year ended 31 December 2014. The company's date of transition to FRS 102 is 1 January 2014. The policies applied under UK GAAP are not materially different to FRS 102 and there were no material measurement differences arising from the company's transition to FRS 102. Therefore, the profit for the financial year ended 31 December 2014 and total equity as at 1 January 2014 and 31 December 2014 remains consistent under UK GAAP as previously reported and FRS 102.

NOTES TO THE FINANCIAL STATEMENTS - continued

25 Approval of financial statements

These financial statements were approved by the directors on 20 December 2016.