Signet Armorlite Europe Limited

Report and Financial Statements

31 December 2015

Registered Number: 2108102

Directors
C J Stewart (Managing Director)
P Smith
J Smith

Secretary
C J Stewart

Auditors
Mazars LLP
45 Church Street
Birmingham
B3 2RT

Bankers
HSBC Bank plc
The Cross
Gloucester GL1 2AP

Solicitors
Harrison Clark Rickerbys Ltd
Ellenborough House
Wellington Street
Cheltenham
Gloucester GL50 1YD

Registered Office
Units 1-7 Apollo
Olympus Business Park
Quedgeley
Gloucester GL2 4NF

Strategic report

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

Principal activity and review of the business

The company's principal activity is the processing and distribution of ophthalmic lenses and associated products in the United Kingdom, Europe and other overseas markets.

Results and dividends

The company loss for the year, after taxation, amounted to £235,411 (2014 – loss of £623,826). No dividends were distributed during the year (2014 – £nil).

The company's key performance indicators during the year were as follows:

	2015	*2014*	*Change*
	£'000	*£'000*	*%*
Turnover	11,430	13,904	-17.8%
Operating (loss) / profit	(123)	375	-132.8%
Loss after tax	(235)	(624)	+62.3%
Shareholders' funds	2,402	2,638	-8.9%

Overall turnover decreased in 2015 by 17.8%. External turnover is expected to remain steady in 2016 compared with 2015, this will be achieved in a difficult market due to greater market penetration of existing product ranges together with the launch of new product ranges.

The Directors performed a review of the carrying value of the company's investment in its subsidiary Signet Armorlite Iberica SA. This resulted in a further impairment of the investment by £49,999.

The Directors performed a review of the carrying value of the company's investment in its subsidiary Signet Armorlite Europe (Holland) BV. This resulted in an impairment of the investment by £12,340.

Operating costs include depreciation charges of £222,199 (2014 – £365,437) and amortisation of intangibles of £646 (2014 – £1,392).

Net operating loss adjusted for depreciation, amortisation and impairment of the investments was a profit of £162,295 (2014 – profit of £741,976).

The Directors performed a review of the organisation's efficiency during the year and the decision was made to perform a limited redundancy exercise during quarter 4. This reorganisation resulted in a staff reduction of 29 employees and a restructuring expense of £511,461.

The net loss after taxation in 2015 was £235,411 (2014 – loss of £623,826).

Shareholders' funds have decreased year on year by £235,411.

Future developments

The directors aim to expand on the management policies which have resulted in the company's external sales growth in recent years. They consider that 2016 external sales from continuing operations will remain steady, particularly in sales within the United Kingdom and Europe.

Strategic report

Principal commercial risks and uncertainties

The directors continually review and evaluate the risks that the company is facing. The principal commercial risks and uncertainties facing the company are broadly grouped as competitive and legislative risks.

Competitive risks

Largely owing to the nature of the optical market in Europe, the company has faced very strong competition in recent years. The company puts strong emphasis on its excellent service levels, quality of its product and competitive pricing to its customer base to maintain its position within the market.

Legislative risks

Risk within the optical industry within Europe is controlled by the Medical Devices Regulations. Other industry specific recognised bodies provide good practice/standards to follow.

By order of the Board

C J Stewart
Secretary

Date: 27-04-2016

Directors' report

Directors of the company

The directors who served during the year were as follows:

C J Stewart (Managing Director)
P Smith
J Smith

Directors' and officers' liability insurance

During the year the company purchased and maintained liability insurance for its directors and officers as permitted by section 234 of the Companies Act 2006.

Principal financial risks and uncertainties

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Use of derivatives

The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency.

Exposure to price, credit, liquidity and cash flow risk

Price risk arises on inventory purchases but the company aims to minimise risk through effective management of inventory levels, monitoring stock turn and reviewing prices regularly.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses, and require that material deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in Note 13 to the financial statements.

The company limits individual trade debtor exposures and these limits are reviewed on a continual basis.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the company. The company is focussed on reducing debtor and inventory days. The company also manages liquidity risk via short term credit facilities and long term debt.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variability rate debt. The company manages this risk, where significant, by the use of its short term loan facilities.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Directors' report

Employee involvement

The directors support the participation of employees in the activities of the company, encourage employees to become involved in the pursuit of safety, efficiency and high performance, and provide employees with regular communication on the company's plans, performance and programmes.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s385 of the Companies Act 2006, a resolution to reappoint Mazars LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board

C J Stewart
Secretary

Date: 27-04-2016

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 period. 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 proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Signet Armorlite Europe Limited

We have audited the financial statements of Signet Armorlite Europe Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS101 "Reduced Disclosure Framework".

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the 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.

Independent auditors' report

to the members of Signet Armorlite Europe Limited (continued)

Matters on which we are required to report by exception

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

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

Paul Lucas (Senior statutory auditor)
for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

Date 27 April 2016

Statement of comprehensive income

for the year ended 31 December 2015

	Note	*2015* £	*2014* £
Turnover	2	11,429,565	13,903,619
Cost of sales		(7,870,419)	(10,182,274)
Gross profit		3,559,146	3,721,345
Distribution costs		(592,469)	(571,727)
Administrative expenses		(3,027,227)	(2,774,471)
Impairment of investment	11	(62,339)	-
Operating (loss) / profit	3	(122,889)	375,147
Gain on disposal of tangible fixed assets		340,147	-
Impairment of tangible fixed assets	10	-	(890,440)
Restructuring costs		(511,461)	-
Interest payable	6	(50,930)	(86,792)
Interest receivable	7	3,307	23,407
Loss on ordinary activities before taxation		(341,826)	(578,678)
Tax on loss on ordinary activities	8	106,415	(45,148)
Loss on ordinary activities after taxation		(235,411)	(623,826)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(235,411)	(623,826)

All amounts relate to continuing activities.

Statement of financial position

at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	9	2,630	3,276
Tangible assets	10	1,979,291	2,650,771
Investments	11	1,500,003	1,562,342
		3,481,924	4,216,389
Current assets			
Stocks	12	1,710,026	1,824,470
Debtors	13	2,683,901	2,428,599
Cash at bank and in hand		762,193	128,508
		5,156,120	4,381,577
Creditors: amounts falling due within one year	14	(2,631,282)	(3,368,825)
Net current assets		2,524,838	1,012,752
Total assets less current liabilities		6,006,762	5,229,141
Creditors: amounts falling due after more than one year	15	(3,604,605)	(2,591,573)
Net assets		2,402,157	2,637,568
Capital and Reserves			
Called up share capital	16	1,000	1,000
Profit and loss account		2,401,157	2,636,568
Total equity shareholder's funds		2,402,157	2,637,568

Approved by the Board

C Stewart
Director

Date: 27-04-2016

Statement of changes in equity

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015**

	Share capital £	*Retained earnings* £	*Total* £
At 1 January 2015	1,000	2,636,568	2,637,568
Comprehensive income for the year			
Loss for the year	-	(235,411)	(235,411)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	1,000	2,401,157	2,402,157
Total transactions with owners	-	-	-
At 31 December 2015	1,000	2,401,157	2,402,157

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014**

	Share capital £	*Retained earnings* £	*Total* £
At 1 January 2014	1,000	3,260,394	3,261,394
Comprehensive income for the year			
Loss for the year	-	(623,826)	(623,826)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	1,000	2,636,568	2,637,568
Total transactions with owners	-	-	-
At 31 December 2014	1,000	2,636,568	2,637,568

Notes to the financial statements

at 31 December 2015

1. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The Company is exempt from preparing group accounts under s400 of the Companies Act 2006 as, at 31 December 2015, its ultimate parent, Essilor International S.A., prepares and publishes consolidated accounts which include the results of the Company and are publicly available.

First time application of FRS 101

In the current year the group has adopted FRS100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year.

The following principal policies have been applied:

Financial Reporting Standard 101 – Reduced Disclosure Exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

For certain disclosure exemptions listed above, the equivalent disclosures are included in the consolidated financial statements of Essilor International S.A. which are available to the public and can be obtained as set out in note 21.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Going concern

On the basis of their assessment of the company's financial position, banking arrangements and current year forecasts, and of the enquiries made of the Directors of the company's parent Signet Armorlite Inc., the company's Directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future.

Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based upon prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Buildings	–	2.5% to 20%
Improvements to leasehold property	–	10% to 20% or lease term if shorter
Fixtures, fittings and equipment	–	10% to 33%
Motor vehicles	–	25%
Industrial vehicles	–	10% to 25%

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Goods for resale - purchase cost on a first-in, first-out basis.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or the right to pay less, tax in the future have occurred at the balance sheet date, with the following exception:

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

- Deferred tax assets are only recognised where, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which they can be recovered. Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, except where forward foreign currency contracts are committed to in order to hedge these assets and liabilities, when the contract rates are used. All differences are taken to the Statement of Comprehensive Income.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the Statement of Comprehensive Income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to Statement of Comprehensive Income on a straight line basis over the lease term.

Operating Leases

Rental costs under operating leases are charged to the Statement of Comprehensive Income in equal annual amounts over the period of the leases.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme. Once the contributions have been paid the Company has no further payments obligations. The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position.

Research and development

Research and development expenditure is written off in the period in which it is incurred.

Financial Instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Notes to the financial statements

at 31 December 2015

1. Accounting policies (continued)

Fair value through profit or loss

This category comprises only in-the-money derivatives. These are carried in the Statement of Financial Position at fair value with changes in fair value recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the Impaired receivable. Impairment losses are recognised within administrative expenses in profit or loss. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

This category comprises only out-of-the-money derivatives. These are carried in the Statement of Financial Position at fair value with changes in fair value recognised in profit or loss.

At amortised cost

Financial liabilities at amortised cost are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument, they are subsequently measured at amortised cost using the effective interest method.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. The turnover and pre-tax profit is entirely attributable to one continuing activity, the processing and distribution of ophthalmic lenses and associated products.

	2015	*2014*
	£	*£*
United Kingdom	8,373,317	9,279,717
Europe and Rest of the World	3,056,248	4,623,902
	11,429,565	13,903,619

Notes to the financial statements

at 31 December 2015

3. Operating loss

This is stated after charging/(crediting):		*2015*	*2014*
		£	*£*
Auditor's remuneration	– audit services	14,450	14,450
	– non audit services	-	-
Depreciation	– owned assets	222,199	365,437
Amortisation of patents and trademarks		646	1,392
Exchange loss		(16,165)	(3,991)
Operating lease rentals	– land and buildings	22,932	22,765
	– other	26,091	43,655

4. Directors' emoluments

	2015	*2014*
	£	*£*
Directors' emoluments		
Emoluments (including benefits in kind and excluding pension contributions)	150,936	342,578
Company contributions paid to money purchase pension scheme	36,559	104,506

	2015	*2014*
	No.	*No.*
Members of money purchase pension schemes	1	2

5. Staff costs

	2015	*2014*
	£	*£*
Wages and salaries	2,206,251	2,382,750
Social security costs	193,587	209,626
Other pension costs	116,966	104,510
	2,516,804	2,696,886

Average number of employees (including directors) during the year were:

	2015	2014
	No.	No.
Administration	11	11
Selling and marketing	31	31
Stores and distribution	12	14
Processing	46	48
	100	104

Notes to the financial statements
at 31 December 2015

6. Interest payable

	2015	*2014*
	£	*£*
Bank overdraft	787	1,709
Finance charges payable on bank loans	-	4,887
Interest payable to group undertakings	50,143	80,196
	50,930	86,792

7. Interest receivable

	2015	2014
	£	£
Interest receivable from group undertakings	1,614	23,407
Other interest	1,693	-
	3,307	23,407

8. Tax

(a) Analysis of tax charge in the year	*2015*	*2014*
	£	*£*
UK corporation tax	(107,000)	24,997
Adjustments in respect of prior periods	400	(874)
	(106,600)	24,123
Overseas tax	-	20,451
Adjustments in respect of prior periods	185	574
Total current tax (note 8(b))	(106,415)	45,148
Deferred taxation	-	-
Tax on loss on ordinary activities	(106,415)	45,148

Notes to the financial statements

at 31 December 2015

8. Tax (continued)

(b) Factors affecting tax charge for year

The tax assessed on the loss on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20.25% (2014 – 21.50 %). The differences are reconciled below:

	2015	*2014*
	£	*£*
Loss on ordinary activities before taxation	(341,826)	(578,678)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%)	(69,220)	(124,416)
Effects of:		
Expenses not deductible for tax purposes	13,849	193,246
Non-taxable income	(68,878)	-
Depreciation in excess of capital allowances	(3,018)	78,569
Other timing differences	20,267	11,933
Adjustments to tax charge in respect of previous periods	585	(300)
Utilisation of DI losses brought forward	-	(113,884)
Tax on loss on ordinary activities	(106,415)	45,148

(c) Factors that may affect future tax charge: the company has surplus trading losses carried forward of £715,700 (2014 – £386,425). A deferred tax asset of £143,140 (2014 – £81,149) has not been recognised in respect of these losses due to uncertainties as to the quantum of future suitable taxable profits.

9. Intangible fixed assets

	Patents / Trademarks	*Total*
	£	*£*
Cost:		
At 1 January 2015 and at 31 December 2015	22,673	22,673
Amortisation:		
At 1 January 2015	19,397	19,397
Amortisation in the year	646	646
At 31 December 2015	20,043	20,043
Net book value:		
At 31 December 2015	2,630	2,630
At 31 December 2014	3,276	3,276

Patent and trademark costs and goodwill are being written off in equal annual instalments over their estimated economic life of 10 years.

Notes to the financial statements

at 31 December 2015

10. Tangible assets

	Land and Buildings	*Fittings and equipment*	*Total*
	£	*£*	*£*
Cost:			
At 1 January 2015	4,710,917	4,847,240	9,558,157
Additions	-	133,593	133,593
Disposals	(2,065,123)	(2,520,085)	(4,585,208)
At 31 December 2015	2,645,794	2,460,748	5,106,542
Depreciation:			
At 1 January 2015	2,450,248	4,457,138	6,907,386
Charge for the year	85,061	137,138	222,199
Disposals	(1,564,098)	(2,438,236)	(4,002,334)
At 31 December 2015	971,211	2,156,040	3,127,251
Net book value:			
At 31 December 2015	1,674,583	304,708	1,979,291
At 31 December 2014	2,260,669	390,102	2,650,771

Notes to the financial statements

at 31 December 2015

11. Investments

	2015	*2014*
	£	*£*
Cost:		
At 1 January	1,562,342	1,562,342
Impairment	(62,339)	-
At 31 December	1,500,003	1,562,342

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows:

Name of companies Subsidiary undertakings:	*Country of registration/ incorporation*	*Proportion of voting rights and ordinary shares held*	*Nature of business*
Signet Armorlite Europe (Holland) BV	The Netherlands	100%	Distribution of ophthalmic lenses
Crossbows Optical Limited	Northern Ireland	100%	Manufacture of ophthalmic molds
Crossbows Training Limited *	Northern Ireland	100%	Dormant
Signet Amorlite Iberica SA	Spain	100%	Processing and distribution of ophthalmic lenses
Signet Armorlite Portugal Lda *	Portugal	100%	Distribution of ophthalmic lenses
CSO Madrid SA *	Spain	100%	Dormant
CSO Sevilla SA *	Spain	100%	Dormant
CSO Valencia SA *	Spain	100%	Dormant

* - Undertakings held indirectly by the company

12. Stocks

	2015	*2014*
	£	*£*
Raw materials	1,591	47,178
Work in progress	-	4,604
Goods for resale	1,708,435	1,772,688
	1,710,026	1,824,470

The difference between purchase price of stocks and their replacement cost is not material.

Notes to the financial statements

at 31 December 2015

13. Debtors

	2015	*2014*
	£	*£*
Trade debtors	1,853,411	1,629,039
Amounts owed by ultimate parent undertakings	27,920	-
Amounts owed by subsidiary undertakings	109,454	361,699
Amounts owed by other group companies	369,789	319,084
Other debtors	161,516	2,700
Prepayments	143,193	116,077
Corporation tax	18,618	-
	2,683,901	2,428,599

14. Creditors: amounts falling due within one year

	2015	*2014*
	£	*£*
Trade creditors	736,029	534,932
Amounts due to ultimate parent undertakings	69,146	800,000
Amounts due to immediate parent undertakings	12,986	104,558
Amounts due to subsidiary undertakings	115,700	-
Amounts due to other group companies	681,159	787,044
Other taxes and social security	224,608	226,697
Accruals	791,654	890,738
Corporation tax	-	24,856
	2,631,282	3,368,825

The bank overdraft is secured by a floating charge on the assets of the company and is repayable on demand. Group creditors are trade accounts repayable between 30 and 60 days following statement date.

15. Creditors: amounts falling due after more than one year

	2015	*2014*
	£	*£*
Amounts due to subsidiary undertakings between 2 and 5 years	3,604,605	2,591,573
	3,604,605	2,591,573

Interest is charged at the rate of 1.5% over UK base rate.

Notes to the financial statements

at 31 December 2015

16. Issued share capital

	2015	2014
Authorised, allotted, called up and fully paid:	£	£
1,000 Ordinary shares of £1 each	1,000	1,000

17. Other financial commitments

At the Statement of Financial Position date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		*Other*	
	2015	*2014*	*2015*	*2014*
	£	£	£	£
Operating leases which expire:				
- within one year	17,460	17,460	28,573	23,069
- between two and five years	68,000	68,000	23,518	12,440
- over five years	39,667	56,667	-	-
	125,127	142,127	52,091	35,509

18. Pensions

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are taken to the profit and loss account as they are incurred. There were no amounts accrued or prepaid at the year end.

19. Related party transactions

The company is a wholly owned subsidiary of Essilor International S.A and has taken advantage of the exemption conferred by the Financial Reporting Standard FRS 101 Reduced Disclosure Framework (FRS 101) not to disclose transactions with Essilor International S.A or its wholly owned subsidiaries.

20. Contingent liabilities

The company has entered into forward foreign exchange contracts with HSBC Bank Plc in order to protect its trading from adverse movements in foreign exchange rates.

21. Ultimate parent undertaking and controlling party

The company's immediate parent company as at 31 December 2015 is Signet Armorlite Inc., a company incorporated in the United States of America.

Signet Armorlite Inc. is a wholly owned subsidiary of Essilor International, a French company quoted on the Paris Stock Exchange. Copies of the financial statements of Essilor International, which is the largest group undertaking that the entity is included within, can be obtained from their head office at 147, Rue de Paris, 94227 Charenton Cedex, France.