

# **EMNUK Limited**

Registered number: 02108102

## **Annual Report and Financial Statements**

**For the year ended 31 December 2020**



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**EMNUK LIMITED**

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**COMPANY INFORMATION**

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|----------------------------|---|
| <b>Directors</b>           | J Smith<br>B Deegan<br>L Henry (Resigned 1 March 2020)<br>A Chupin (Appointed 1 March 2020)         |
| <b>Company Secretary</b>   | Velocity Company Secretarial Services Limited   |
| <b>Registered number</b>   | 02108102  |
| <b>Registered office</b>   | 1 - 7 Apollo<br>Olympus Park Business Centre<br>Quedgeley<br>Gloucester<br>GL2 4NF                  |
| <b>Independent auditor</b> | Mazars LLP<br>Chartered Accountants & Statutory Auditor<br>90 Victoria Street<br>Bristol<br>BS1 6DP |
| <b>Banker</b>              | HSBC Bank Plc<br>The Cross<br>Gloucester<br>GL1 2AP   |
| <b>Solicitor</b>           | Thrings Solicitors<br>The Paragon<br>Counterslip<br>Bristol<br>BS1 6BX                              |

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**EMNUK LIMITED**

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## EMNUK LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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The directors present their report and financial statements of the Company for the year ended 31 December 2020.

#### 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.

#### Business review

The Company's profit for the year, after taxation, amounted to £1,889,000k (2019 – profit £1,569,000). No dividends were distributed during the year (2019 – £nil). In 2019, the trade and assets of 5 subsidiary companies were transferred into EMNUK Limited (Wholesale Lens Corporation, United Optical, Sinclair Optical, Horizon Optical and Leicester Optical). Turnover in 2020 reflects a full year of the combined trade from these entities. The company's performance was impaired as a result of the Covid 19 pandemic and reorganisation costs of £559,000 were recognized which were partly attributable to the closure of the Horizon Optical site. Dividend income of £4,244,000 was received from subsidiary undertaking Crossbows during the year which was offset against an inter-company loan balance owed to that undertaking.

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

|                     | 2020    | 2019    | Change |
|---------------------|---------|---------|--------|
|                     | £'000   | £'000   | %      |
| Turnover            | 18,937  | 12,464  | 52%    |
| Operating (loss)    | (2,804) | (1,276) | (123%) |
| Profit after tax    | 1,970   | 1,569   | 20.3%  |
| Shareholders' funds | 1,270   | (701)   | 268%   |

Operating costs include depreciation charges of £374,000 (2019: £176,000). The increase is due to the financial statements for the year ended 31 December 2020 reflecting a full year charge in respect of trade and assets which were transferred into EMNUK Limited during the year ended 31 December 2019.

#### Future developments

The directors aim to leverage product developments within the business to allow growth within the key channel of business, which is the direct independent channel.

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**EMNUK LIMITED**

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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.

**Covid 19**

The Covid 19 pandemic led to a period of significantly reduced activity within the business during 2020. EMNUK Limited's customers work in the field of Optics, and their business, other than for emergency activity, was suspended between March and June 2020. As a result production facilities were closed between March and June. In order to preserve cashflow and job retention during this time, the company utilised the Government's Coronavirus Job retention scheme. As the lockdown was eased, production facilities were put back into operation and business returned quickly. EMNUK Limited is part of an international group, and therefore well supported from a working capital perspective. The group is well equipped to deal with such risk, as it is a global organisation, and able to leverage its assets across all continents. We continued to pay our suppliers, and collected monies from our customers during this time, and we have not seen a significant change in our debt ledger ageing, as our customers have also supported us.

The lockdown in December 2020 has also impacted results into 2021 however, we are confident that the business will be able to trade successfully through and beyond the current Covid 19 Pandemic.

The financial statements have been prepared on the going concern basis.

This report was approved by the board on Sep 16, 2021 2021 and signed on its behalf.

  
J Smith (Sep 16, 2021 12:35 GMT+1)

**J Smith**  
Director

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## **EMNUK LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

#### **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 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 accounting estimates that are reasonable and prudent;
- 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 to 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.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,889,000 (2019 profit £1,569,000).

#### **Directors**

The directors who served during the year were:

B Deegan

J Smith

A Chupin

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**EMNUK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Future developments**

The directors aim to expand on the management policies and they consider that 2020 external sales from continuing operations will rebound after the impact of Covid 19 in 2020 and early 2021.

**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 inventory turnover 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 17 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 focused 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 within the group.

**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. The Company has a staff committee, who are able to raise any issues to the leadership team. Formal meetings, run by the staff committee, take place each month, with output and actions fully minuted from each meeting. Supporting all elements of employees Safety and wellbeing is also at the heart of the Business. All employees are engaged with Health and Safety matters, with in house training supported by external qualifications, ensuring a proactive approach to Health and Safety.

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**EMNUK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

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**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' 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.

**Brexit risk**

Several contingency plans were developed to ensure that Brexit did not adversely affect the company or its customers. The ability to leverage our group's wider supply chain was a key advantage in managing such contingency plans. We also took steps to strengthen both our Information Technology systems, and our relationships with our freight forwarding partners to reduce risk at the border for importing product. The Brexit transition has so far been smooth and any impact on our business will continue to be monitored going forward.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Post balance sheet events**

The site in Quedgeley, Gloucester was announced for closure in June 2021. This resulted in the redundancy of 30 heads. The trade activities were moved internally within EMNUK, to two of the other sites. The freehold property will be marketed for sale.



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**EMNUK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on Sep 16, 2021 2021 and signed on its behalf.



J Smith (Sep 16, 2021 12:35 GMT+1)

**J Smith  
Director**

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**EMNUK LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMNUK LIMITED**

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**Opinion**

We have audited the financial statements of EMNUK Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes of equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMNUK LIMITED (CONTINUED)**

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

We have nothing to report in this regard.

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

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

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

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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

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

**Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMNUK LIMITED (CONTINUED)

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, specifically impairment of investments, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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**EMNUK LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMNUK LIMITED (CONTINUED)**

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

**Use of the audit report**

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



Jon Barnard (Sep 16, 2021 14:49 GMT+1)

Jonathan Barnard (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

90 Victoria Street

Bristol

BS1 6DP

Date: Sep 16, 2021

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**EMNUK LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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|  | Note     | 2020<br>£000   | 2019<br>£000   |
|--|----------|----------------|----------------|
| Turnover                               | 3        | 18,937         | 12,464         |
| Cost of sales                          |          | (13,304)       | (9,072)        |
| <b>Gross profit</b>                    |          | <b>5,633</b>   | <b>3,391</b>   |
| Distribution costs                     |          | (2,215)        | (1,069)        |
| Administrative expenses                |          | (6,510)        | (3,491)        |
| Other operating income                 |          | 848            | -              |
| Restructuring costs                    |          | (560)          | (105)          |
| <b>Operating loss</b>                  | <b>4</b> | <b>(2,804)</b> | <b>(1,276)</b> |
| Interest receivable and similar income | 9        | 3              | 2              |
| Net gain on intercompany loan waivers  | 12       | -              | 2,557          |
| Interest payable and expenses          | 10       | (129)          | (97)           |
| Dividend income                        | 11       | 4,244          | -              |
| <b>Profit before tax</b>               |          | <b>1,314</b>   | <b>1,186</b>   |
| Tax on profit                          | 12       | 656            | 382            |
| <b>Profit for the financial year</b>   |          | <b>1,970</b>   | <b>1,569</b>   |

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income. All activities relate to continuing operations.

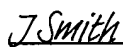
There was no other comprehensive income for 2020 (2019: £nil).

The notes on pages 13 to 30 form part of these financial statements

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

|   | Note | 2020<br>£000   | 2019<br>£000  |
|---|------|----------------|---------------|
| <b>Fixed assets</b>                                     |      |                |               |
| Intangible assets                                       | 13   | 370            | 370           |
| Tangible assets   | 14   | 2,114          | 2,404         |
| Investments   | 15   | -              | -             |
|   |      | <u>2,484</u>   | <u>2,773</u>  |
| <b>Current assets</b>                                   |      |                |               |
| Stocks  | 16   | 2,834          | 2,897         |
| Debtors: amounts falling due after more than one year   | 17   | 99             | 138           |
| Debtors: amounts falling due within one year            | 17   | 5,855          | 6,545         |
| Cash and cash equivalents                               | 18   | 4,573          | 3,059         |
|   |      | <u>13,361</u>  | <u>12,639</u> |
| Creditors: amounts falling due within one year          | 19   | (14,378)       | (11,693)      |
| <b>Net current (liabilities)/ assets</b>                |      | <u>(1,017)</u> | <u>946</u>    |
| <b>Total assets less current liabilities</b>            |      | <u>1,467</u>   | <u>3,720</u>  |
| Creditors: amounts falling due after more than one year | 20   | (197)          | (4,420)       |
| <b>Net assets/ (liabilities)</b>                        |      | <u>1,270</u>   | <u>(700)</u>  |
| <b>Capital and reserves</b>                             |      |                |               |
| Called up share capital                                 | 2    | 1              | 1             |
| Profit And Loss Account                                 | 2    | 1,269          | (701)         |
|   |      | <u>1,270</u>   | <u>(700)</u>  |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
Sep 16, 2021

  
J Smith (Sep 16, 2021 12:35 GMT+1)  
**J Smith**  
Director

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**EMNUK LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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|  | <b>Called up<br/>share<br/>capital<br/>£000</b> | <b>Profit &amp;<br/>loss<br/>account<br/>£000</b> | <b>Total<br/>equity<br/>£000</b> |
|--|---|---|----------------------------------|
| At 1 January 2020                        | 1   | (701)   | (700)                            |
| <b>Comprehensive income for the year</b> |   |   |                                  |
| Profit for the year                      | -   | 1,970   | 1,970                            |
| Total comprehensive income for the year  | -   | 1,970   | 1,970                            |
| At 31 December 2020                      | <u>1</u>  | <u>1,269</u>                                      | <u>1,270</u>                     |

|  | <b>Called up<br/>share<br/>capital<br/>£000</b> | <b>Profit &amp;<br/>loss<br/>account<br/>£000</b> | <b>Total<br/>equity<br/>£000</b> |
|--|---|---|----------------------------------|
| At 1 January 2019                        | 1   | (2,270)   | (2,269)                          |
| <b>Comprehensive income for the year</b> |   |   |                                  |
| Profit for the year                      | -   | 1,569   | 1,569                            |
| Total comprehensive income for the year  | -   | 1,569   | 1,569                            |
| At 31 December 2019                      | <u>1</u>  | <u>(701)</u>                                      | <u>(700)</u>                     |

The notes on pages 13 to 37 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**1. General information**

EMNUK Limited is a company limited by shares, incorporated in England and Wales. Its registered office is Units 1 - 7 Apollo, Olympus Business Park, Quedgeley, Gloucester, GL2 4NF.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and 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 judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

**2.2 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 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 and 18A 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 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2.3 Exemption from preparing consolidated financial statements**

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**2.4 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 Essilor International SA, the company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The directors have confirmed that adequate financial support will be available from the Company's Group undertakings for a period of at least 12 months from the date of approval of these financial statements, should it be required; and that sufficient cash reserves are available for use by the Company. Accordingly, the directors believe that it is appropriate to prepare these financial statements on a going concern basis.

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

**2.5 Leased Assets**

The lease contracts identified within the company fall under the following categories:

- Land and buildings: office buildings, factory and warehouse
- Vehicles

The company has retained the exemption for low-value assets (i.e. new assets with a cost lower than EUR 5,000). Thus, the defined scope does not include small office or IT equipment, mobile phones or other small equipment, which all correspond to low-value equipment. Short-term contracts (i.e. less than 12 months without purchase option) are also exempted under the standard. In this case for example, for occasional vehicle or accommodation rentals.

**Rental obligation**

At the inception date of the lease, the company recognises the lease liabilities, measured at the present value of the lease payments to be made over the term of the lease. The present value of payments is calculated using the marginal borrowing rate at the contract starting date. Rental payments include fixed payments (net of rental incentives receivable), variable payments based on an index or rate and amounts that should be paid under residual value guarantees. The simplification allowing not to split service components has not been elected by the company. Therefore, only the rents are taken into account in the lease payments. Lease payments also include, when applicable, the exercise price of a purchase option reasonably certain to be exercised by the company and the payment of penalties for the termination of a lease, if the term of the lease takes into account the fact that the company has exercised the termination option. Variable lease payments that are not dependent on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2.5 Leased Assets (continued)**

After the start date of the contract, the amount of rental obligations is increased to reflect the increase in interest and reduced for lease payments made. In addition, the carrying amount of the lease liabilities is revalued in the event of a reassessment or modification in the lease (e.g. change in the term of the lease, change in lease payments, application of annual indexation, etc).

**Right-of-use assets**

The company accounts for the assets related to the right-of-use on the start date of the lease (i.e. The date on which the underlying asset is available). Assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for the revaluation of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities, initial direct costs incurred and lease payments made on or before the effective date, minus lease inducements received. Unless the company is reasonably certain that it will become the owner of the leased asset at the end of the lease term, the recorded right-of-use assets are depreciated using the linear method over the shortest period of time between estimated life of the underlying asset and the duration of the lease.

**Determining the duration of contracts**

The land and buildings have durations of up to 5 years. Vehicles are generally contracted between 3 and 5 years. Some of the company's land and building contracts allow for termination of contracts in break clauses. Others do not allow this. Thus, in determining the length of time to be used to calculate the rental obligation, the company determines the enforceable duration of the contract (maximum term) and takes into account break clause options if the company is not reasonably certain that they will extend the contract beyond the option date.

**2.6 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

At each period end foreign currency monetary items are translated 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2.7 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

**Sale of goods**

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**Rendering of services**

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

**2.8 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.9 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.10 Borrowing costs**

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2.11 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**2.12 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.13 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

**2.14 Patents, trademarks and goodwill**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Goodwill is carried in the balance sheet at cost. It is tested annually for impairment

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2.15 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                                  |               |
|----------------------------------|---------------|
| Buildings                        | - 2.5% to 20% |
| Fixtures, fittings and equipment | - 10% to 33%  |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

**2.16 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.17 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss. A general provision for slow moving stock is in place based on the Group guide for provisioning

**2.18 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2.19 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.20 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**

Financial assets are recognised in the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

All financial assets are classified as financial assets at amortised cost if the assets comprise assets held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

After initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on financial assets at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2.21 Impairment of trade receivables and other receivables**

The company makes an estimate of the recoverable value of trade receivables and other receivables. When assessing impairment of trade and other receivables, management considers factors including the ageing profile of receivables and historical experience. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables.

**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.

**At amortised cost**

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

**2.22 Creditors**

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

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

**2.23 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**2.24 Government Grants**

During the year the company took advantage of the Government's Coronavirus job retention scheme. Amounts claimed were recognised through the Other operating income line in the profit and loss account in the period to which the claim related.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**2.25 Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements in conformity with generally accepted accounting principles requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the directors believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

**Depreciation and residual values**

The directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

**Provisions and accruals**

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it can't be guaranteed that additional costs will not be incurred beyond the amounts accrued.

**Impairment of stock**

The company holds levels of stock to be able to support its principle activity. The result of this is the potential for items to become obsolete as a result of having no target market or being significantly aged.

The directors have reviewed the expected selling price of all stock items and provided for items, which in their judgements may be obsolete.

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**EMNUK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**3. 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.

Analysis of turnover by country of destination:

|                              | <b>2020</b>  | <b>2019</b>  |
|------------------------------|--------------|--------------|
|                              | <b>£000</b>  | <b>£000</b>  |
| United Kingdom               | 17,946       | 11,533       |
| Europe and Rest of the World | 991          | 931          |
|                              | <hr/> 18,937 | <hr/> 12,464 |

**4. Operating profit/(loss)**

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

|   | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
|   | <b>£000</b> | <b>£000</b> |
| Depreciation of tangible fixed assets       | 374         | 176         |
| Exchange differences                        | (2)         | 28          |
| Defined contribution pension cost           | 174         | 79          |
| Reorganisation & employee termination costs | 560         | 234         |

**5. Staff costs**

|                       | <b>2020</b> | <b>2019</b> |
|-----------------------|-------------|-------------|
|                       | <b>£000</b> | <b>£000</b> |
| Wages and salaries    | 3,808       | 2,557       |
| Social security costs | 394         | 192         |
| Other pension costs   | 174         | 79          |
|                       | <hr/> 4,376 | <hr/> 2,828 |

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**EMNUK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**6. Auditor's remuneration**

|   | <b>2020</b> | <b>2019</b> |
|---|-------------|-------------|
|   | <b>£000</b> | <b>£000</b> |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | <u>32</u>   | <u>30</u>   |
| Fees payable to the Company's auditor and its associates in respect of:   |             |             |
| All other services  | <u>-</u>    | <u>1</u>    |

**7. Employee numbers**

The average monthly number of employees, including the directors, during the year was as follows:

|                | <b>2020</b> | <b>2019</b> |
|----------------|-------------|-------------|
|                | <b>No.</b>  | <b>No.</b>  |
| Administration | 93          | 64          |
| Production     | <u>103</u>  | <u>26</u>   |
|                | <u>196</u>  | <u>90</u>   |

**8. Directors' remuneration**

During the year retirement benefits were accruing to nil director (2019 - nil) in respect of defined contribution pension schemes. During the year, no director received any emoluments. The directors were remunerated by another group company, Essilor Limited, and the proportion of their time relating to EMNUK Limited is considered to be such that any apportionment of salary costs would be trivial.

**9. Interest receivable**

|                           | <b>2020</b> | <b>2019</b> |
|---------------------------|-------------|-------------|
|                           | <b>£000</b> | <b>£000</b> |
| Other interest receivable | <u>3</u>    | <u>2</u>    |
|                           | <u>3</u>    | <u>2</u>    |

**10. Interest payable**

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>£000</b> | <b>£000</b> |
| Bank interest payable                  | 78          | 33          |
| Lease interest under IFRS 16           | 3           | 2           |
| Interest payable to group undertakings | <u>48</u>   | <u>63</u>   |
|  | <u>81</u>   | <u>97</u>   |

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**EMNUK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**11. Taxation**

## Corporation tax

|  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
|  | <b>£000</b>  | <b>£000</b>  |
| Current tax on losses for the year         | -            | (206)        |
| Adjustments in respect of previous periods | (79)         | 131          |
| <b>Total current tax</b>                   | <b>(79)</b>  | <b>(75)</b>  |
| <b>Deferred tax</b>                        |              |              |
| Current year                               | (541)        | (170)        |
| Adjustments in respect of prior years      | -            | (156)        |
| Changes to tax rates                       | (36)         | 18           |
| <b>Total deferred tax</b>                  | <b>(577)</b> | <b>(307)</b> |

**Factors affecting tax credit for the year**

The tax assessed for the year is lower than (2019 – lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

|  | <b>2020</b>  | <b>2019</b>  |
|--|--------------|--------------|
|  | <b>£000</b>  | <b>£000</b>  |
| Profit on ordinary activities before tax   | 1,314        | 1,173        |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | 249          | 223          |
| <b>Effects of:</b>   |              |              |
| Expenses not deductible for tax purposes   | 14           | 18           |
| Tax rate changes   | (36)         | 18           |
| Income not taxable   | (806)        | (492)        |
| Losses transferred in group relieved for payment   | -            | (54)         |
| Adjustments to tax charge in respect of prior periods  | (79)         | (24)         |
| Other differences leading to an increase / (decrease) in the tax charge                                    | 2            | -            |
| Transfer of trade  | -            | (71)         |
| <b>Total tax credit for the year</b>   | <b>(656)</b> | <b>(382)</b> |

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**EMNUK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Factors that may affect future tax charges**

The company has surplus trading losses carried forward of £3,722,000 (2019: £715,700).

The corporation tax rate for the year ended 31 December 2020 was 19%. The Corporation Tax rate of 19% was enacted with effect from 1 April 2017 and the Finance Act 2016 legislated the UK Corporation tax rate to decrease to 17% from 1 April 2020. However, on the 17th March 2020, using the Provisional Collection of Taxes Act 1968, the UK Government cancelled the proposed drop in Corporation Tax rate to 17%.

The tax rate has since been proposed to be increased to 25% from 1 April 2023.

**12. Gain on cancellation of debt**

In 2019 five wholly owned subsidiaries of the Essilor group transferred their trade and net assets in to EMNUK Limited for their book value. These transactions occurred on the below dates and the results of these acquired businesses' performance post transfer were recognised in the EMNUK Statement of Comprehensive Income. The transfer of the trade and net assets was financed via an intercompany loan with the transferee company. The net assets/liabilities acquired were recognised in accordance with the accounting policies disclosed in pages 13 to 21. The resultant intercompany loans were subsequently waived/written off on 31/12/2019 which resulted in a net gain of £2,557, 992.

| Name of Business Transferred | Date of Transfer | PPE     | Intangibles | Debtors   | Stock     | Cash        | Creditors   | TOTAL NET ASSETS | TOTAL INTERCOMPANY LOAN |
|------------------------------|------------------|---------|-------------|-----------|-----------|-------------|-------------|------------------|-------------------------|
| Wholesale Lens Corporation   | 01/10/2019       | 69,756  | 370,000     | 2,649,009 | 1,935,533 | 2,042,563   | (2,107,217) | 4,959,644        | (4,959,644)             |
| United Optical               | 01/09/2019       | 107,472 | -           | 527,914   | 95,806    | 134,043     | (1,234,952) | (369,716)        | 369,716                 |
| Sinclair Optical             | 01/12/2019       | 116,903 | -           | 3,132,771 | 106,603   | (2,569,524) | (1,674,078) | (887,325)        | 887,325                 |
| Horizon Optical              | 01/12/2019       | 101,478 | -           | 619,239   | 29,407    | 183,121     | (2,297,342) | (1,364,097)      | 1,364,097               |
| Leicester Optical            | 01/12/2019       |         |             | 219,487   |           |             |             | 219,487          | (219,487)               |
| NET WAIVED LOAN AND GAIN     |                  |         |             |           |           |             |             |                  | (2,557,992)             |

**13. Intangible assets****Goodwill**

|                                |             |
|--------------------------------|-------------|
| <b>Cost and net book value</b> | <b>£000</b> |
| 1 January and 31 December 2020 | 370         |

On the 01/10/2019, the trade, assets and liabilities of Wholesale Lens Corporation Limited, a fellow subsidiary, were acquired by EMNUK Limited. The acquisition was financed via an intercompany loan with Wholesale Lens Corporation Limited. On 31/12/2019, the loan was waived resulting in a gain as detailed in Note 12.

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**EMNUK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**14. Tangible fixed assets**

|                         | Right of use<br>asset | Land and<br>buildings | Fixtures,<br>fittings &<br>equipment | Total  |
|-------------------------|-----------------------|-----------------------|--------------------------------------|--------|
|                         | £000                  | £000                  | £000                                 | £000   |
| <b>Cost / Valuation</b> |                       |                       |                                      |        |
| At 1 January 2020       | 608                   | 3,891                 | 6,591                                | 11,090 |
| Additions               | 59                    | 8                     | 19                                   | 86     |
| Disposals               | (202)                 | -                     | (86)                                 | (288)  |
| At 31 December 2020     | 465                   | 3,899                 | 6,524                                | 10,888 |
| <b>Depreciation</b>     |                       |                       |                                      |        |
| At 1 January 2020       | 226                   | 2,213                 | 6,248                                | 8,687  |
| Charge for the year     | 175                   | 100                   | 98                                   | 373    |
| Disposals               | (202)                 | -                     | (84)                                 | (286)  |
| At 31 December 2020     | 199                   | 2,313                 | 6,262                                | 8,774  |
| <b>Net book value</b>   |                       |                       |                                      |        |
| At 31 December 2019     | 382                   | 1,678                 | 343                                  | 2,403  |
| At 31 December 2020     | 266                   | 1,586                 | 262                                  | 2,114  |

The net book value of land and buildings includes £325,000 (2019 – £325,000) for land which is not depreciated.

**15. Fixed asset investments**

|                                   | Investments<br>in<br>subsidiary<br>company<br>£000 |
|-----------------------------------|--|
| <b>Cost</b>                       |  |
| At 1 January and 31 December 2020 | 1,500  |
| <b>Impairment</b>                 |  |
| At 1 January and 31 December 2020 | (1,500)  |
| <b>Net Book</b>                   |  |
| At 1 January and 31 December 2020 | -  |

Fixed asset investments represent a 100% holding in Crossbows Optical Limited, incorporated in Northern Ireland. (Registered address: Unit 1 Halfpenny Valley, Industrial Estate, Portadown Road, Lurgan, Craigavon, BT66 8TP).

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**EMNUK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**16. Stocks**

|                                     | <b>2020</b>  | <b>2019</b>  |
|-------------------------------------|--------------|--------------|
|                                     | <b>£000</b>  | <b>£000</b>  |
| WIP                                 | 48           | 41           |
| Finished goods and goods for resale | 2,786        | 2,856        |
|                                     | <u>2,834</u> | <u>2,897</u> |

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

**17. Debtors**

|                                     | <b>2020</b>  | <b>2019</b>  |
|-------------------------------------|--------------|--------------|
|                                     | <b>£000</b>  | <b>£000</b>  |
| <b>Due after more than one year</b> |              |              |
| Other debtors                       | <u>99</u>    | <u>138</u>   |
| <b>Due within one year</b>          |              |              |
|                                     | <b>2020</b>  | <b>2019</b>  |
|                                     | <b>£000</b>  | <b>£000</b>  |
| Trade debtors                       | 4,343        | 5,187        |
| Amounts owed by group undertakings  | 438          | 561          |
| Other debtors                       | 114          | 59           |
| Prepayments                         | 75           | 242          |
| Corporation tax recoverable         | -            | 189          |
| Deferred taxation                   | 885          | 308          |
|                                     | <u>5,855</u> | <u>6,545</u> |

**18. Cash and cash equivalents**

|                          | <b>2020</b>  | <b>2019</b>  |
|--------------------------|--------------|--------------|
|                          | <b>£000</b>  | <b>£000</b>  |
| Cash at bank and in hand | <u>4,573</u> | <u>3,059</u> |

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**EMNUK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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**19. Creditors: Amounts falling due within one year**

|                                    | <b>2020</b>   | <b>2019</b>   |
|------------------------------------|---------------|---------------|
|                                    | <b>£000</b>   | <b>£000</b>   |
| Trade creditors                    | 499           | 746           |
| Overdraft                          | 255           |               |
| Amounts owed to group undertakings | 11,476        | 9,186         |
| Other taxation and social security | 514           | 598           |
| Corporation tax                    | 17            | -             |
| Lease liability                    | 76            | 173           |
| Other creditors                    | 104           | 70            |
| Accruals                           | 1,437         | 921           |
|                                    | <b>14,378</b> | <b>11,693</b> |

Group creditors are trade accounts repayable between 30 and 60 days following statement date.

There is an unlimited multilateral guarantee dated 17 October 2002 given by EMNUK Limited and Crossbows Optical Limited in respect of amounts due to subsidiary undertakings.

**20. Creditors: Amounts falling due after more than one year**

|                                    | <b>2020</b> | <b>2019</b>  |
|------------------------------------|-------------|--------------|
|                                    | <b>£000</b> | <b>£000</b>  |
| Amounts owed to group undertakings | -           | 4,206        |
| Lease Liability                    | 197         | 214          |
|                                    | <b>197</b>  | <b>4,420</b> |

Interest is charged at the rate of 1.5% over UK base rate for the amounts owed to group undertakings; being a intercompany loan with its subsidiary Crossbows.



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**EMNUK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Deferred taxation**

|                           | <b>2020</b> | <b>2019</b> |
|---------------------------|-------------|-------------|
|                           | <b>£000</b> | <b>£000</b> |
| At beginning of year      | 308         | 308         |
| Charged to profit or loss | 577         | -           |
|                           | <hr/>       | <hr/>       |
| At end of year (assets)   | 885         | 308         |
|                           | <hr/>       | <hr/>       |

The deferred tax asset is made up as follows:

|                              | <b>2020</b> | <b>2019</b> |
|------------------------------|-------------|-------------|
|                              | <b>£000</b> | <b>£000</b> |
| Fixed Assets                 | 89          | 106         |
| Temporary timing differences | 227         | 202         |
| Losses                       | 569         | -           |
|                              | <hr/>       | <hr/>       |
|                              | 885         | 308         |
|                              | <hr/>       | <hr/>       |

**23. Share Capital**

|  | <b>2020</b> | <b>2019</b> |
|--|-------------|-------------|
|  | <b>£000</b> | <b>£000</b> |
| <b>Allotted, called up and fully paid</b>          |             |             |
| 1,000 (2019 - 1,000) Ordinary shares of £1.00 each | <hr/> 1     | <hr/> 1     |

**24. Reserves****Profit and loss account**

The cumulative gains and losses recognised in the Income Statement together with those gains or losses required to be taken directly to equity.

**25. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions are taken to profit and loss account as they are incurred.

Pension contributions outstanding at 31 December 2020 were £29,000 (2019: £33,000). Contributions made in respect of the year ended 31 December 2020 were £174,000 (2019: £79,000).

**NOTES TO THE FINANCIAL STATEMENTS  
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**27. Financial Commitments**

The company had commitments for EURO/USD forward contracts to be settled in January 2021 held with the ultimate parent at the 31st December 2020 of €730,000 and \$280,000.

**29. Related party transactions**

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

**30. Ultimate parent undertaking and controlling party**

The company's immediate parent is the Trifle Holdings Limited, a company incorporated in the United Kingdom.

The company's ultimate parent is EssilorLuxottica S.A., a French company quoted on the Paris Stock Exchange. Copies of the financial statements of EssilorLuxottica S.A., 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.