

Registered number  
02889471

Airways Optical Limited  
Report and Financial Statements  
28 February 2015



**Airways Optical Limited**  
**Report and financial statements**  
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**Airways Optical Limited**  
**Report and financial statements**  
**Officers and professional advisers**

**Directors**

Specsavers Laboratories Limited  
T Seymour  
S Lawe  
V McLean  
S Holloway (Appointed 10/10/14)

**Secretary**

Specsavers Laboratories Limited

**Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

**Registered office**

Forum 6, Parkway  
Solent Business Park  
Whiteley  
Fareham  
PO15 7PA

**Registered number**

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**Airways Optical Limited****Registered number:**

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**Directors' Report**

The directors present their report and financial statements for the year ended 28 February 2015.

**Principal activities**

The principal activities of the company is the production and supply of quality prescription lenses to the Specsavers group and its retail partners.

**Results and dividends**

The profit and loss account is set out on page 6 and shows the profit for the year.

In accordance with the Articles of Association the right to participate in the profits of the company is exclusive to "A" shares and no dividend is payable on the 100 "B" ordinary £0.50 shares.

During the year the directors paid an interim dividend of £1,245,868 (2014: £660,000). The directors are not proposing a final dividend for the year (2014: £nil).

**Strategic Report**

These financial statements include a separate strategic report that provides information with regards to a review of business performance for the year, a summary of the principal risks and uncertainties facing the business and the key performance indicators measured by the directors in assessing business performance. This information would be required to be included in the directors' report if it was not being separately presented in the strategic report.

**Post balance sheet events**

There have been no material post balance sheet events that would require disclosure or adjustments to these financial statements.

**Future developments**

The company is committed to providing high quality product to its markets in a timely and reliable manner. To enable it to continue to do this, the shareholders are committed to continuing to invest in the latest technology to ensure product is supplied to the requisite quality. This strategy should ensure the continued profitability of the company.

**Directors**

The directors during the year under review were:

Specsavers Laboratories Limited  
T Seymour  
S Lawe  
V McLean  
S Holloway (Appointed 10/10/14)

**Statement as to disclosure of information to auditors**

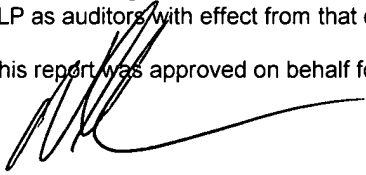
All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Auditors**

BDO LLP resigned as auditors on 3 November 2014 and the directors resolved to appoint Ernst & Young LLP as auditors with effect from that date.

This report was approved on behalf of the Board on 21 May 2015.



Specsavers Laboratories Limited  
Director

**Airways Optical Limited****Registered number:**

02889471

**Strategic Report**

The directors present their strategic review of the business for the year ended 28 February 2015.

**Review of the business**

As shown in the company's profit and loss account on page 6, turnover has increased by 2.4% (2014: 6.4% increase). Turnover is affected by the product sales mix each year and the directors are responsible for maximising the efficiency of production within the company to generate the best possible return on the company's turnover. During the year operating profit decreased to £1,556,723 from £1,641,527, an outcome broadly in line with management's expectations.

The optical industry continues to be a highly competitive environment and the directors believe that continuing to provide high quality prescription lenses to the Specsavers Group and its retail partners is key to ensuring the continued success of the business.

**Principal risks and uncertainties**

The directors have considered the requirement of Section 417 of the Companies Act 2006. After due consideration the directors believe that the exposure of the company to market price risk, credit risk, liquidity risk and cash flow risk is minimal. The main risk to which the company is exposed are:

**Operational risk**

Operational risk relates to the challenge of providing product to the Specsavers group and its retail partners cost effectively. This principally relates to providing product to its market in a timely and reliable manner whilst meeting the highest quality standards.

**Market risk**

Market risk is the risk that orders placed reduce significantly due to changes in the retail environment. Given the continuing growth of Specsavers retail operations, the directors see this risk as unlikely.

These risks are addressed through the shareholders' commitment to investment in the latest technology.

**Key performance indicators**

The directors use a number of financial and non-financial key performance indicators to enable a consistent method of analysing performance. The key performance indicators utilised by the directors are as follows:

**Financial Key Performance Indicators****Operating Profit Margin**

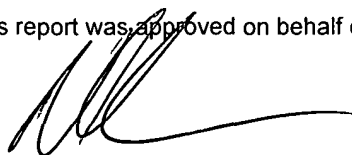
Operating profit measures the profit achieved on the company's activities after taking account of the total operating costs incurred, before exceptional items, finance costs and taxation. The margin is calculated by taking the operating profit and dividing it by turnover.

The company achieved an operating profit margin of 6.3% for the year, compared with the prior year figure of 6.8%. These results fall within the range of managements expectations.

**Non-financial Key Performance Indicators**

The company uses non-financial KPIs to manage its business, in particular Returns (%) resulting from unacceptable quality, and On Time Delivery (%). During the year Returns averaged 0.6% (2014: 0.5%) and On Time Delivery averaged 99.9% (2014: 99.9%). These performance metrics are in line with management expectations.

This report was approved on behalf of the Board on 21 May 2015.



Specsavers Laboratories Limited  
Director

## **Airways Optical Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Airways Optical Limited**  
**Independent auditors' report**  
**to the members of Airways Optical Limited**

We have audited the financial statements of Airways Optical Limited (the 'company') which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities, 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 Ethical Standards for Auditors.

**Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on the accounts**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the accounts are prepared is consistent with the accounts.

**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.

  
Julie Carlyle (Senior Statutory Auditor)

for and on behalf of  
Ernst & Young LLP  
Statutory Auditor  
London

21 May 2015

**Airways Optical Limited**  
**Profit and Loss Account**  
**for the year ended 28 February 2015**

	<b>Note</b>	<b>2015 £</b>	<b>2014 £</b>
<b>Turnover</b>		24,600,463	24,301,028
Cost of sales		(18,776,818)	(18,574,108)
<b>Gross profit</b>		<u>5,823,645</u>	<u>5,726,920</u>
Distribution costs		(283,000)	(280,000)
Administrative expenses		(3,960,747)	(3,821,731)
Other operating (loss)/ income		(23,175)	16,338
<b>Operating profit</b>	2	<u>1,556,723</u>	<u>1,641,527</u>
Interest receivable		532	421
Interest payable	6	(56,258)	(75,196)
<b>Profit on ordinary activities before taxation</b>		<u>1,500,997</u>	<u>1,566,752</u>
Tax on profit on ordinary activities	7	(330,381)	(381,150)
<b>Profit for the financial year</b>		<u>1,170,616</u>	<u>1,185,602</u>

All activities derive from continuing operations.

There are no recognised gains or losses for the current or prior period other than as stated in the Profit and Loss Account.

The notes on pages 9 to 17 form part of the financial statements.



**Airways Optical Limited**  
**Balance Sheet**  
**as at 28 February 2015**

	<b>Note</b>	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>Fixed assets</b>			
Tangible assets	8	2,968,055	2,796,371
<b>Current assets</b>			
Stocks	9	1,096,850	1,137,670
Debtors	10	3,219,348	2,720,438
Cash at bank and in hand		7,412	8,100
		<u>4,323,610</u>	<u>3,866,208</u>
<b>Creditors: amounts falling due within one year</b>	11	(5,362,403)	(4,658,065)
<b>Net current liabilities</b>		<u>(1,038,793)</u>	<u>(791,857)</u>
<b>Net assets</b>		<u>1,929,262</u>	<u>2,004,514</u>
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss account	15	1,929,162	2,004,414
<b>Shareholders' funds</b>	17	<u>1,929,262</u>	<u>2,004,514</u>

The financial statements were approved and authorised for issue by the Board of Directors on 21 May 2015 and signed on their behalf.



Specsavers Laboratories Limited  
Director

The notes on pages 9 to 17 form part of these financial statements.

**Airways Optical Limited**  
**Cash Flow Statement**  
**for the year ended 28 February 2015**

	<b>Notes</b>	<b>2015</b> <b>£</b>	<b>2014</b> <b>£</b>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash inflow from operating activities</b>	18	2,290,199	2,891,843
<b>Returns on investments and servicing of finance</b>	19	(55,726)	(74,775)
<b>Taxation</b>		(436,680)	(493,850)
<b>Capital expenditure</b>	19	<u>(1,347,643)</u> 450,150	<u>(1,224,715)</u> 1,098,503
<b>Equity dividends paid</b>		<u>(1,245,868)</u> (795,718)	<u>(660,000)</u> 438,503
<b>Financing</b>	19	795,030	(437,407)
<b>(Decrease)/increase in cash</b>		<u>(688)</u>	<u>1,096</u>

The notes on pages 9 to 17 form part of these financial statements.

**Airways Optical Limited**  
**Notes to the Accounts**  
**for the year ended 28 February 2015**

**1 Accounting policies**

The financial statements have been prepared under the historical cost convention and in accordance with applicable law and United Kingdom Accounting Standards. The accounting policies which have been applied consistently throughout the current and prior years, are described below.

**Turnover**

Turnover represents amounts invoiced for the provision of goods and services which fall within the company's ordinary activities, net of value added tax. Turnover is recognised in the period in which the goods and services are provided.

**Going concern**

These financial statements are prepared on a going concern basis. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and provision for any impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of the asset, on a straight line basis, over their expected useful life or, if held under finance, over the lease term, whichever is the shorter. The rates used are as follows:

Land and buildings	over the term of the lease
Plant and machinery	7%-33% on cost
Fixtures, fittings, tools and equipment	7%-50% on cost
Assets under construction	Not depreciated

Information technology costs are only capitalised if the costs are externally generated and relate to a specific project with quantifiable benefits. These costs are then included in equipment and depreciated over their useful economic life.

**Stock**

Stock and work in progress are valued 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:

Raw materials, consumables and goods for resale - actual cost basis

Work in progress and finished goods - cost of direct materials

Net realisable value is based on estimated selling price, less further costs of completion and all relevant marketing, selling and distribution costs.

**Current taxation**

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

**Deferred taxation**

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

**Airways Optical Limited**  
**Notes to the Accounts**  
**for the year ended 28 February 2015**

**1 Accounting policies (continued)**

**Foreign currency**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are taken to the profit and loss account.

**Leased assets**

Assets obtained under finance leases or hire purchase contracts are capitalised in the balance sheet at the present value of the minimum lease payments payable during the lease term. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

**Pension costs**

The company operates defined contribution pension schemes for certain employees under which the pension costs charged against profit represent the amount of contributions payable to the schemes for the year. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

**Dividends**

Dividends are recognised when they become authorised. Final dividends are recognised when approved by the shareholders at an annual general meeting.

**Change in presentation**

During the current year it has been decided that freight costs will be disclosed separately in the Profit and Loss Account and not netted-off with the amount of Turnover from recharges of the same costs. The directors believe that this change in presentation provides more detailed information to the users of financial statements. This change in presentation has resulted in an adjustment to the prior year Profit and Loss Account. The summary of the change is as follows:

**Impact on Profit and Loss Account (increase/ (decrease) in profit)**

	2014 £
Turnover	<u>280,000</u>
Gross profit	280,000
Distribution costs	<u>(280,000)</u>
Operating profit	<u>-</u>
Profit for the financial year	<u>-</u>

**2 Operating profit**

	2015 £	2014 £
This is stated after charging / (crediting):		
Depreciation of owned fixed assets	1,095,052	849,727
Depreciation of assets held under finance leases and hire purchase contracts	-	327,678
Depreciation of leasehold buildings	104,967	104,991
Operating lease rentals - plant and machinery	598	17,981
Operating lease rentals - land buildings	111,506	113,824
Auditors' remuneration for audit services	11,120	10,798
Loss / (Profit) on sale of tangible fixed assets	1,751	(1,000)
Foreign exchange losses	<u>23,175</u>	<u>11,171</u>

**Airways Optical Limited**  
**Notes to the Accounts**  
**for the year ended 28 February 2015**

<b>3 Directors' emoluments</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Emoluments	161,975	163,763
Social security costs	19,924	20,228
	<u>181,899</u>	<u>183,991</u>
Highest paid director: Emoluments	<u>83,000</u>	<u>83,894</u>

The number of Directors who were members of the Airways Optical Limited defined contribution pension scheme during the year was nil (2014: nil).

<b>4 Staff costs (excluding directors)</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Wages and salaries (excluding directors' emoluments)	3,622,993	3,219,407
Social security costs	297,509	225,786
Other pension costs	76,524	22,207
	<u>3,997,026</u>	<u>3,467,400</u>

<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
Administration	17	18
Manufacturing	160	163
	<u>177</u>	<u>181</u>

<b>5 Interest Receivable</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Interest received from Group Treasury Company (note 24)	<u>532</u>	<u>421</u>

<b>6 Interest payable</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Interest paid to Group Treasury Company (note 24)	19,755	30,108
Finance charges payable under finance leases and hire purchase contracts	36,503	45,088
	<u>56,258</u>	<u>75,196</u>

**Airways Optical Limited**  
**Notes to the Accounts**  
**for the year ended 28 February 2015**

<b>7 Tax on profit on ordinary activities</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>a) Analysis of charge in period</b>		
Current tax:		
UK corporation tax	388,963	478,906
Adjustments in respect of previous periods	(777)	830
Total current tax (note 7b)	<u>388,186</u>	<u>479,736</u>
Deferred tax:		
Origination and reversal of timing differences	(57,731)	(92,199)
Adjustment in respect of previous years	(74)	(41,090)
Effect of increased tax rate on opening liability	-	34,703
Total deferred tax (note 10)	<u>(57,805)</u>	<u>(98,586)</u>
 Tax on profit on ordinary activities	 <u>330,381</u>	 <u>381,150</u>
 <b>b) Factors affecting tax charge for period</b>		
The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom 21.17% (2014: 23.08%).		
The differences are explained below:		
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>1,500,997</u>	<u>1,566,752</u>
Standard rate of corporation tax in the UK	21.17%	23.08%
	<b>£</b>	<b>£</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 21.17% (2014: 23.08%)	317,761	361,606
Effects of:		
Income not taxable for tax purposes - fixed assets	10,024	10,287
Expenses not deductible for tax purposes	69	592
Depreciation for period in excess of capital allowances	60,732	106,362
Other short term timing differences	377	59
Adjustments to tax charge in respect of previous periods	(777)	830
Current tax charge (note 7a)	<u>388,186</u>	<u>479,736</u>

**Airways Optical Limited**  
**Notes to the Accounts**  
**for the year ended 28 February 2015**

**8 Tangible fixed assets**

	Land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Assets under construction	Total
<b>Cost</b>					
At 1 March 2014	1,202,845	13,528,710	804,359	391,573	15,927,487
Additions	-	-	-	1,371,703	1,371,703
Transfers to fixed assets	-	1,236,425	61,934	(1,298,359)	-
Disposals	-	(708,073)	-	-	(708,073)
At 28 February 2015	<u>1,202,845</u>	<u>14,057,062</u>	<u>866,293</u>	<u>464,917</u>	<u>16,591,117</u>
<b>Depreciation</b>					
At 1 March 2014	1,044,446	11,400,375	686,295	-	13,131,116
Charge for the year	104,967	1,031,241	63,811	-	1,200,019
On disposals	-	(708,073)	-	-	(708,073)
At 28 February 2015	<u>1,149,413</u>	<u>11,723,543</u>	<u>750,106</u>	<u>-</u>	<u>13,623,062</u>
<b>Net book value</b>					
At 28 February 2015	<u>53,432</u>	<u>2,333,519</u>	<u>116,187</u>	<u>464,917</u>	<u>2,968,055</u>
At 28 February 2014	<u>158,399</u>	<u>2,128,335</u>	<u>118,064</u>	<u>391,573</u>	<u>2,796,371</u>
				<b>2015</b>	<b>2014</b>
				<b>£</b>	<b>£</b>

Net book value of fixed assets included above held under finance leases and hire purchase contracts.

- 97,559

Included within plant and machinery and fixtures, fittings, tools and equipment, the net book value of finance leases and hire purchase is £Nil (2014:£97,559) comprising a total cost of £1,638,392 (2014:£1,638,392) less accumulated depreciation of £1,638,392 (2014:£1,540,833)

All land and buildings are held under operating leases, the net book value of leasehold buildings is £53,432 (2014:£158,399) comprising a total cost of £1,202,845 (2014:£1,202,245) less accumulated depreciation of £1,149,413 (2014:£1,044,447).

**Airways Optical Limited**  
**Notes to the Accounts**  
**for the year ended 28 February 2015**

<b>9 Stocks</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	552,588	1,062,324
Work in progress	63,275	54,340
Finished goods and goods for resale	480,987	21,006
	<u>1,096,850</u>	<u>1,137,670</u>
<b>10 Debtors</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,800	-
Amounts owed by parent and fellow subsidiaries (note 24)	2,090,325	2,253,834
Group Treasury Company (note 24)	722,958	121,869
Deferred tax asset	381,357	323,552
Other debtors and prepayments	22,908	21,183
	<u>3,219,348</u>	<u>2,720,438</u>
Deferred taxation is accrued in the accounts as follows:	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Short term timing difference	5,395	485
Accelerated capital allowances	375,962	323,067
	<u>381,357</u>	<u>323,552</u>
	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Asset at the start of the period	323,552	224,966
Deferred tax charge in the profit and loss account for the period (note 15)	57,805	98,586
Asset at the end of the period	<u>381,357</u>	<u>323,552</u>
<b>11 Creditors: amounts falling due within one year</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Group Treasury Company (note 24)	67,224	218,433
Obligations under finance lease and hire purchase contracts	-	246,813
Trade creditors	906,761	1,221,717
Amounts owed to ultimate parent and subsidiaries (note 24)	2,983,886	1,658,255
Corporation tax	195,574	244,068
Other taxes and social security costs	643,101	461,172
Other creditors	71,360	2,424
Accruals and deferred income	494,497	605,183
	<u>5,362,403</u>	<u>4,658,065</u>



**Airways Optical Limited**  
**Notes to the Accounts**  
**for the year ended 28 February 2015**

<b>12 Secured debts</b>		<b>2015</b>	<b>2014</b>	
		<b>£</b>	<b>£</b>	
The following debts secured against specific fixed assets are included within creditors:				
Finance lease and hire purchase contracts		-	246,813	
		<hr/>	<hr/>	
		-	246,813	
<b>13 Obligations under finance leases and hire purchase contracts</b>		<b>2015</b>	<b>2014</b>	
		<b>£</b>	<b>£</b>	
Amounts payable:				
Within one year		-	246,813	
		<hr/>	<hr/>	
<b>14 Share capital</b>	<b>Nominal value</b>	<b>2015 Number</b>	<b>2015 £</b>	<b>2014 £</b>
Allotted, called up and fully paid:				
"A" Ordinary shares	£0.50 each	100	50	50
"B" Ordinary shares	£0.50 each	100	50	50
			<hr/>	<hr/>
			100	100
<b>15 Profit and loss account</b>		<b>2015</b>	<b>2014</b>	
		<b>£</b>	<b>£</b>	
At 1 March		2,004,414	1,478,812	
Profit for the financial year		1,170,616	1,185,602	
Dividends (note 16)		(1,245,868)	(660,000)	
		<hr/>	<hr/>	
At 28 February		1,929,162	2,004,414	
<b>16 Dividends</b>		<b>2015</b>	<b>2014</b>	
		<b>£</b>	<b>£</b>	
"A" Ordinary shares				
Interim paid of £12,459 per share (2014:£6,600)		1,245,868	660,000	

**Airways Optical Limited**  
**Notes to the Accounts**  
**for the year ended 28 February 2015**

<b>17 Reconciliation of movement in shareholders' funds</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
At 1 March	2,004,514	1,478,912
Profit for the financial year	1,170,616	1,185,602
Dividends (note 16)	(1,245,868)	(660,000)
At 28 February	<u>1,929,262</u>	<u>2,004,514</u>
<b>18 Reconciliation of operating profit to net cash flow from operating activities</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Operating profit	1,556,723	1,641,527
Depreciation and amortisation	1,200,019	1,282,396
Decrease/(increase) in stocks	40,820	(103,277)
Increase in debtors	(441,105)	(374,394)
(Decrease)/increase in creditors	(66,258)	446,591
Profit on sale of tangible fixed assets	-	(1,000)
	<u>2,290,199</u>	<u>2,891,843</u>
<b>19 Gross cash flows</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	532	421
Interest paid	(19,755)	(30,108)
Interest element of finance lease rental payments	(36,503)	(45,088)
	<u>(55,726)</u>	<u>(74,775)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(1,347,643)	(1,274,786)
Receipts from sales of tangible fixed assets	-	50,071
	<u>(1,347,643)</u>	<u>(1,224,715)</u>
<b>Financing</b>		
Capital element of finance lease rental payments	(246,813)	(298,509)
<b>20 Reconciliation of net cash flow to movement in net funds / (debt)</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Change in net (debt)	(795,718)	299,605
Net (debt) at 1 March	(457,146)	(756,751)
Net (Debt) at 28 February	<u>(1,252,864)</u>	<u>(457,146)</u>

**Airways Optical Limited**  
**Notes to the Accounts**  
**for the year ended 28 February 2015**

**21 Analysis of changes in net debt**

	At 1 Mar 2014 £	Cash flows £	Non-cash changes £	At 28 Feb 2015 £
Cash at bank and in hand	8,100	(688)	-	7,412
Debt due within 1 year	(218,433)	(1,041,843)		(1,260,276)
Finance leases	(246,813)	246,813	-	-
Total	<u>(457,146)</u>	<u>(795,718)</u>	<u>-</u>	<u>(1,252,864)</u>

**22 Capital commitments**

	2015 £	2014 £
Amounts contracted for but not provided in the accounts	<u>544,269</u>	<u>324,998</u>

**23 Pension commitments**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the year end, included in 'other taxes and social security costs' (note 11) are £8,990 (2014 - £2,425).

**24 Related party transactions**

During the year, the company has conducted transactions with its ultimate parent, Specsavers International Healthcare Limited and its fellow subsidiaries as follows:

	2015 £	2014 £
Sales	24,600,463	24,301,028
Purchase of goods	2,268,081	1,378,627
Interest paid	19,755	30,108
Interest received	532	421
Overhead costs	<u>2,070,616</u>	<u>2,012,401</u>

Specsavers International Healthcare Limited has confirmed that its subsidiaries will continue to provide and procure these goods and services for the foreseeable future.

The balances owed to Group Treasury company of £67,224 (2014: £218,433) and balances owed from Group Treasury company of £722,958 (2014: £121,869) are held with Specsavers Finance (Guernsey) Limited, a fellow subsidiary company, which is incorporated in Guernsey, and provides treasury services to the company and to other Specsavers Group companies.

At the year end there were debtor balances of £2,090,325 (2014: £2,253,834) and creditor balances of £2,983,886 (2014: £1,658,255) held with Specsavers International Healthcare Limited, its subsidiaries and franchises.

Interim dividends have been paid to the directors of the company during the year totaling £498,347 (2014: £264,000). Interim dividends have been paid to the group during the year totaling £747,521 (2014: £396,000)

**25 Ultimate controlling party**

Specsavers International Healthcare Limited is the ultimate parent company of Airways Optical Limited. Mr and Mrs Perkins have the controlling holding in the ordinary shares of Specsavers International Healthcare Limited, which is a Guernsey registered company, the accounts of which are not available to the public.

The smallest and largest group in which the results of the company are consolidated is Specsavers Procurement UK Limited. Its accounts are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ, Wales.