

Registration number: 10487945

# Specsavers Eye Care Services Limited

Report and consolidated financial statements

for the year ended 28 February 2023

WEDNESDAY



\*ACFVYWTM\*

A17

08/11/2023

#30

COMPANIES HOUSE

**Specsavers Eye Care Services Limited**  
**Report and consolidated financial statements**  
**Contents**

|   |          |
|---|----------|
| Company information                             | 1        |
| Strategic report                                | 2 to 5   |
| Directors' report                               | 6 to 11  |
| <i>Statement of directors' responsibilities</i> | 12       |
| Independent auditor's report                    | 13 to 17 |
| Consolidated profit and loss account            | 18       |
| Consolidated statement of comprehensive income  | 19       |
| Consolidated balance sheet                      | 20       |
| Company balance sheet                           | 21       |
| Consolidated statement of changes in equity     | 22       |
| Company statement of changes in equity          | 23       |
| Consolidated statement of cash flows            | 24       |
| Notes to the Financial Statements               | 25 to 47 |

**Specsavers Eye Care Services Limited**  
**Report and consolidated financial statements**

**Company information**

|                          |                                  |
|--------------------------|----------------------------------|
| <b>Directors</b>         | D J D Perkins                    |
|                          | G S R Edmonds                    |
|                          | J P Marshall                     |
|                          | P B Fussey                       |
|                          | R L Lythe                        |
| <b>Company secretary</b> | Specsavers Optical Group Limited |
| <b>Registered office</b> | Forum 6, Parkway                 |
|                          | Solent Business Park             |
|                          | Whiteley                         |
|                          | Fareham                          |
|                          | PO15 7PA                         |
| <b>Auditors</b>          | BDO LLP                          |
|                          | 55 Baker Street                  |
|                          | Marylebone                       |
|                          | London                           |
|                          | United Kingdom                   |
| <b>Registered number</b> | W1U 7EU                          |
|                          | 10487945                         |

## **Specsavers Eye Care Services Limited**

### **Strategic report for the year ended 28 February 2023**

The directors present their strategic report for the year ended 28 February 2023.

For the purposes of this report and the financial statements:

- Specsavers shall mean the company's ultimate parent and its subsidiaries;
- Specsavers International Healthcare Limited (SIHL) board shall mean the board of directors of the company's ultimate parent and its subsidiaries;
- Group board shall mean the board of directors of Specsavers Eye Care Services Limited;
- and
- Group shall mean Specsavers Eye Care Services Limited and its subsidiaries.

#### **Principal activity**

The principal activity of the group is that of providing ophthalmology and support services.

#### **Fair review of the business**

During the year, the directors' key performance indicators, of turnover and operating profit in respect of continuing operations were £83,043,762 (2022: £50,002,447) and £9,768,601 (2022: £6,924,531) respectively. This is in line with the directors' expectations and is discussed further below.

Net pre-tax cash inflows from operations were £9,652,425 (2022: £5,763,053). The net cash used in investing activities was £16,262,254 (2022: £5,594,637) and net cash outflows from financing were £6,848,945 (2022: (£4,550,012)) due to dividend payments of £4,732,546 (2022: £3,079,964).

The ophthalmology industry is a highly competitive environment and the directors believe that developing and rolling out the business model, and providing a high-quality service to its patients, are key to ensuring the development and long term success of the business.

#### **Principal risks and uncertainties**

The board of directors is responsible for the management of the risk profile of the group and has considered the requirements of section 417 of the Companies Act 2006. The below list is not a comprehensive list of all risks facing the group, nor are they positioned in order of importance. This summary is to illustrate only those significant risks and uncertainties facing the group.

Specsavers has established a risk and financial management framework, whose primary objectives are to protect Specsavers companies from events that hinder the achievement of their performance objectives. The SIHL board and the group board, in all respects, have a cautious appetite for risk; and as a result, the objectives of the risk management framework are to manage exposure to risk, ensure sufficient working capital exists to fund Specsavers Eye Care Services Limited's continuing operations and to support the management of risk at a business unit level.

The principal risks and uncertainties facing the group are categorised as pandemic, strategic, technology, operational, people and legal & regulatory risks.

#### **Pandemic risk**

Key lessons from the COVID-19 pandemic have been successfully implemented. However, a new global health threat with a high health payload and associated restrictions could significantly disrupt our operations and those of our suppliers. This could cause a major reduction in consumer demand and impact our ability to operate across the store estate and supply chain.

## **Specsavers Eye Care Services Limited**

### **Strategic report for the year ended 28 February 2023 (continued)**

#### **Strategic risk (including competitive and reputational risks)**

##### *Market position eroded by competition*

The markets in which the group operates are highly competitive and as such action taken by competitors, both existing and emerging, could threaten the future market position of the group. This is mitigated by the constant and rigorous review of competitor activity as well as analysis of key threats and risk areas across all the group's markets. Benchmarking competitor performance allows the group to take strategic action to counteract the impact of competitor actions.

The group board considers the likelihood and impact of competitors taking action to challenge the group's market position to be high, however it believes the strategies it has in place to manage these risks will minimise the impact of any competitor action.

#### **Market risk**

##### *Market position*

The group is in the early stages of establishing a new business model in a government-managed but competitive market. Action taken by competitors could challenge the ability of the group to establish a market position of sufficient size to enable the group to achieve the economies of scale it is targeting. This is mitigated by the constant and rigorous review of competitor activity, as well as analysis by the directors of key threats and risks facing the group.

In addition, the roll-out plan requires rapid access to the NHS market in multiple regions, but CCGs are currently not formally procuring new full scope, full tariff providers of ophthalmology services.

The group board considers the likelihood of competitors taking action to challenge the group's market position, and a shortage of market opportunities, to be high, however it believes the strategies it has in place to manage these risks will minimise the impact of any action.

##### *Uncertainties in the wider economy*

The group is exposed to market risk in relation to the performance of the broader UK economy; consumer spending levels and habits; and competition from other market participants.

The group board considers the likelihood of changes in the wider UK economy to be high; however, it considers the impact of any such changes to be moderate.

##### *Reputational risk*

The group is providing medical services to its patients. Factors such as provision of poor quality or substandard medical procedures could negatively affect reputation and/or brand image through adverse publicity, which could have a material impact on our reputation and brand image. The group applies stringent controls in relation to recruitment of ophthalmologists; operates a comprehensive and detailed clinical governance framework; invests significantly in supporting ongoing professional training and development of staff; and is committed to investing in high quality technology to support its operational processes and procedures.

The group board considers the likelihood of an instance of such a failure in the services delivered by the group to be low, but recognises that the impact of any such instance occurring could be high.

## **Specsavers Eye Care Services Limited**

### **Strategic report for the year ended 28 February 2023 (continued)**

#### **Technology risk**

##### *Failure to deliver on technology improvement and change*

As part of maintaining a leading market position, the group must change and adapt by investing in new technologies, systems and infrastructure.

The board believe the likelihood of technology changes impacting market position remains high, and this will become increasingly important over time. As the impact of the pandemic has declined, the SIHL board has developed a new technology roadmap to support the organisation's new LTF. There are now significant programmes of work underway to support the delivery of this roadmap.

##### *Cyber and data security*

The group are aware of the increasing number and more sophisticated nature of cyber attacks and data security breaches. The protection of any data held, either our own or that held on behalf of others, is an issue that the group board takes seriously.

Specsavers faces compliance risk in Europe with the General Data Protection Regulation (GDPR). The SIHL board has taken steps to ensure compliance with the regulations, having undertaken a significant program of review to support the business with the impact from the regulations, including, but not limited to, process updates, control review and colleague training.

Specsavers has deployed and maintains information governance, controls, processes and tools for management of information security and data protection.

The group board considers the likelihood of an attack to be high and recognises that the impact of any such instance occurring could be high.

#### **People risk**

##### *Inability to attract, develop and retain talent*

The group faces challenges and risks in relation to the procurement and retention of staff. As an ophthalmology services provider, the group is exposed to the risk that it does not have access to a workforce with the requisite skills and experience to support the group's operations.

The group board considers the likelihood of an instance of non-compliance with professional and/or regulatory standards to be moderate, but recognises that the impact of any such instance occurring could be high.

#### **Legal and regulatory risk**

##### *Non-compliance with high profile laws and regulations*

The group is subject to a broad range of regulatory requirements and as such could be negatively impacted by changes to existing regulation or new laws and regulations and failing to comply. This risk is mitigated through the use of external experts where required; through the use of Specsavers' internal expertise; and through the education and training of colleagues to ensure compliance with regulations.

The group board considers the likelihood of significant non-compliance with legislation and regulatory requirements to be moderate, but recognises that the impact of any such instance occurring could be high.

## **Specsavers Eye Care Services Limited**

### **Strategic report for the year ended 28 February 2023 (continued)**

#### **Other risks**

Further to the above significant risks, the board of directors has considered the exposure of the group to financial, price, credit, liquidity and cash flow risk. The board of directors has determined that the exposure of the group relating to these risks is such that they are not considered principal risks for the purposes of this strategic report.

The risks and uncertainties listed above have not had a significant impact during the past financial year and the directors are satisfied with the current risk management system.

#### **Key performance indicators**

The board utilises a number of financial and non-financial key performance indicators to enable a consistent method of analysing performance. Performance has been assessed with reference to the continuing operations of the business. The key performance indicators utilised by the board are as follows:

##### ***Financial Key Performance Indicators***

###### ***Turnover***

The directors consider turnover be a key metric for reflecting for overall success of its business. The group is in its development phase and as a consequence the directors are focused on growing this figure year on year. Turnover increased by 66.08% (2022: 94.09%).

###### ***Operating profit margin***


Operating profit measures the profit achieved on the group's revenue-generating activities after taking account of the total operating costs incurred, before finance costs and taxation. The margin is calculated by taking operating profit and dividing it by turnover. The group achieved an operating profit margin of 11.76% (2022: 13.85%). This is in line with the directors' expectations, given that the group is in its early growth phase.

###### ***Current ratio***

Current ratio measures the liquidity of the group and is a key indicator of its ability to meet its ongoing commitments. It is calculated by dividing current assets by current liabilities.

The group achieved a current ratio of 0.63 (2022: 0.74). Whilst the directors are not satisfied that this has fallen below the minimum target level of 1, they have also agreed an arrangement with Specsavers whereby ongoing parental support will be provided, in order to ensure that the group is able to meet its ongoing commitments.

Approved by the board on 29 September 2023 and signed on its behalf by:



.....  
P B Fussey  
Director

## **Specsavers Eye Care Services Limited**

### **Directors' report for the year ended 28 February 2023**

The directors present their report, and the consolidated financial statements for the year ended 28 February 2023. Financial risk, price risk, credit risk, liquidity risk and cash flow risk are discussed in the Strategic Report.

#### **Directors of the group**

The directors who held office during the year were as follows:

D J D Perkins

G S R Edmonds

J P Marshall

P B Fussey

R L Lythe

#### **Dividends and transfers to reserves**

The company did not pay a dividend for the year under review (2022: £Nil). The profit for the financial year of £7,570,497 (2022: £5,106,855) has been transferred to retained earnings. The directors do not recommend payment of a final dividend (2022: £Nil).

#### **Employment of disabled persons**

Specsavers is committed to its equality and diversity policy which seeks to ensure that, from recruitment and selection, through to training and development, appraisal and promotion, all persons, including those with disability, are treated fairly and have an equal chance to contribute and achieve their maximum potential.

#### **Colleague involvement**

The group updates its colleagues via Specsavers' global intranet site, which provides information on Specsavers as a whole, its activities, its performance and future plans.

The group has established listening groups for the various departments to allow colleagues to communicate suggestions to senior management, and has recently created 'communications champions' to drive this process. Pulse surveys are regularly carried out to gauge colleagues' feelings on a range of issues. During 2023, we'll be extending the invitation to take part in the Great Place To Work® survey to all colleagues and partners globally for the first time. Giving everyone in our business the opportunity to share their views on working here in a consistent way will not only support us in evolving continuous listening but also help us determine how we can make Specsavers one of the world's greatest workplaces.

The group encourages the involvement of support office colleagues in the performance of the group through a colleague profit share scheme. Our stores have various schemes in place to encourage the involvement of store colleagues in performance of individual stores.

The group believes in a policy of equal opportunities. Recruitment and promotion are undertaken on the basis of merit, regardless of gender, race, age, marital status, sexual orientation, religion, nationality, colour and disability. Broadening and strengthening our approach to diversity and inclusion involves working to cultivate an environment that respects and values difference, and where our people feel they can be themselves at work.



## **Specsavers Eye Care Services Limited**

### **Directors' report for the year ended 28 February 2023 (continued)**

#### **Directors' qualifying indemnity provision**

Qualifying indemnity provision was in place for each of the directors during the year.

#### **Speak up and whistleblowing policies**

Specsavers is committed to maintaining an open culture with high standards of honesty and accountability. Every colleague within the organisation has an important role to play to achieve this and Specsavers takes all unprofessional conduct very seriously, whoever commits it.

Specsavers through its written policy reassures its colleagues that issues they raise will be properly considered. Whistle-blower confidentiality is maintained wherever reasonably possible. In all cases, Specsavers will handle the matter fairly and properly.

#### **Research and development**

No significant research and development projects were undertaken by the group during the year.

#### **Future developments**

The group is committed to providing high quality, affordable ophthalmology care in all the communities it serves. The group will continue to invest in its people and its products to deliver on its commitment.

#### **Environmental report**

We have considered the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) when preparing this report. These recommendations encourage businesses to increase disclosure of climate-related information, with an emphasis on financial disclosure. Specsavers Eye Care Services Limited supports these recommendations and are committed to disclosing the relevant information which can be found below.

#### **Governance**

We have reviewed and improved our approach to sustainability governance.

We have created a Sustainability Executive Steering Group (SESG) Chaired by our Group Sustainability and Business Transformation Director. The ESG is formed of 11 members of our senior leadership including our CEO/CSO, CCO and CMO.

The ESG meet quarterly and are the highest level of sustainability governance within Specsavers and report to the SEB on sustainability issues.

In 2022 we created a new sustainability management and governance framework for our global organisation with new senior appointments with central group oversight and additional appointments with territory responsibility.

This new structure cascades responsibilities down through the Sustainability Ambitions Committee (SAC) to regional and functional sustainability management.

#### **Emissions and energy consumption**

The Companies (Directors Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 implement the UK government policy on Streamlined Energy and Carbon Reporting (SECR). Large UK private companies with a global presence such as Specsavers Eye Care Services Limited are only required to report their UK emissions. As such, the below disclosures relate only to the group UK activities.

## **Specsavers Eye Care Services Limited**

### **Directors' report for the year ended 28 February 2023 (continued)**

#### **Methodology**

- GHG Protocol Corporate Standard applied
- Data period 01/03/2022 to 28/02/2023
- Entities in scope determined by financial control and included at 100% regardless of equity share
- Carbon and kWh conversion factors - DEFRA UK Government GHG Conversion Factors for Company Reporting 2022
- All utility data from supplier billing or estimated on historic supplier billing / portfolio average
- All mileage data and fuel use exported directly from expensed mileage and fuel claims

#### *Methodology Detail*

This data has been prepared in accordance with the guidelines of the GHG Protocol Corporate Standard to meet the mandatory reporting requirements for unquoted large companies under UK SECR.

#### **Relevance and completeness**

The energy/carbon data included in the SECR report relates to the UK activity of New Medical Systems Limited.

The reporting does not include locations where New Medical Systems or New Medical Systems OJVs do not hold the utility account or are billed in kWh by the facility, so only includes those locations where New Medical Systems have visibility of energy consumption and can control or influence consumption. New Medical System's business model dictates that some of the locations for seeing patients and carrying out procedures will be shared facilities that are provided on an inclusive lease / licence or rental / daily rental basis to include energy / utilities. In these cases, it is not possible to accurately collect or estimate energy use.

The scope for the vehicle-related emissions is all New Medical Systems UK expensed mileage claims.

#### **Consistency**

This is the first annual data report and has been compiled using standard supplier and expense data and recognised external sources to allow consistent production of future comparable reporting.

#### **Scope for data**

The metrics included in the report cover the mandatory reporting requirements for unquoted large companies under UK SECR, which cover three main areas:

- Natural gas consumption and related emissions.
- Purchased electricity.
- Fuel for business use in employee owned and rental vehicles.

#### **Scope for entities**

The data for New Medical Systems Limited covers all wholly operated and controlled locations and all business mileage claims submitted through the central expense system for central support offices and OJVs.

## Specsavers Eye Care Services Limited

### Directors' report for the year ended 28 February 2023 (continued)

Summary of scope 1 (direct) greenhouse gas emissions for the year ended 28 February:

|  | Total<br>energy use<br>measurement | 2023         |
|--|------------------------------------|--------------|
|  | kWh                                | CO2te        |
| Mains gas and expensed fuel in business owned /leased vehicles | 97,862                             | <u>17.62</u> |

#### *Mains Gas consumption*

Data source - supplier billing via external broker Ignite Energy

Supplier billing and property portfolio data employed to compile annual consumption data.

Estimations where required from external broker using brand average

Gas 24.9% of total reported kWh consumption from estimated readings

Emissions tCO<sub>2</sub>e calculated using DEFRA UK Government GHG Conversion Factors for Company Reporting 2022 (Fuels) table V1.0 gross CV

#### *Mileage claims*

kWh for mileage claims calculated using DEFRA UK Government GHG Conversion Factors for Company Reporting 2022 (SECR Passenger and delivery vehicles kWh factors) table V1.0

Emissions tCO<sub>2</sub>e for mileage claims calculated using DEFRA UK Government GHG Conversion Factors for Company Reporting 2022 (Passenger vehicles) table V1.0

Summary of scope 2 (indirect) greenhouse gas emissions for the year ended 28 February:

|   | Total<br>energy use<br>measurement | 2023          |
|---|------------------------------------|---------------|
|   | kWh                                | CO2te         |
| Purchased grid electricity and self-generated electricity | 826,058                            | <u>159.74</u> |

#### *Purchased Electricity*

Data source - supplier billing via external broker Ignite Energy

Supplier billing and property portfolio data employed to compile annual consumption data. Closed, de-energised and non-consuming meters have been excluded.

Estimations where required from external broker using brand average

2.1 % of total reported kWh consumption from estimated readings.

Emissions tCO<sub>2</sub>e calculated using DEFRA UK Government GHG Conversion Factors for Company Reporting 2022 (UK electricity) table V1.0

Summary of scope 3 (other indirect) greenhouse gas emissions for the year ended 28 February :

## Specsavers Eye Care Services Limited

### Directors' report for the year ended 28 February 2023 (continued)

|  | Total<br>energy use<br>measurement | 2023         |
|--|------------------------------------|--------------|
|  | kWh                                | CO2te        |
| Expensed fuel for business travel in non-owned/leased vehicles | 381,330                            | <u>94.53</u> |

#### *Mileage claims*

kWh for mileage claims calculated using DEFRA UK Government GHG Conversion Factors for Company Reporting 2022 (SECR Passenger and delivery vehicles kWh factors) table V1.0

Emissions tCO<sub>2</sub>e for mileage claims calculated using DEFRA UK Government GHG Conversion Factors for Company Reporting 2022 (Passenger vehicles) table V1.0

#### **Intensity ratio**

An intensity metric of total emissions from all the UK group activity including stores, support offices and manufacturing and distribution activity against total store floor area has been selected. This metric reflects the full carbon impact of operating, supporting and supplying the retail optical and audiology stores against the current scale of the stores.

2022/23 total carbon intensity metric: 0.0032 CO<sub>2</sub>te / £ turnover.

2022/23 total energy intensity metric: 0.015 kWh / £ turnover.

#### **Energy efficiency action**

During FY2022/2023 New Medical Systems Limited continued their relationship with a carbon consultancy partner to manage organisational carbon impact and to produce a credible pathway towards net zero.

This consultancy approach includes energy audit / surveys to identify efficiency opportunities.

An initial carbon baseline has been calculated and the organisation is currently working on a delivery plan and strategy for carbon reduction going forward.

Initial areas of focus have been to move all managed electricity supplies to renewable contracts, creating a decarbonisation strategy for heating for new and existing buildings and supplier engagement to better understand and manage scope 3 emissions.

## **Specsavers Eye Care Services Limited**

### **Directors' report for the year ended 28 February 2023 (continued)**

#### **Going concern**

There remains significant uncertainty regarding the longer-term global economic outlook, including elevated inflation, but the directors are comfortable that the group is well positioned to meet any challenges that lie ahead. The directors have prepared cash flow forecasts which indicate that the group will be able to meet its liabilities as they fall due for a period of at least 12 months from the approval of the financial statements, alongside the financial support from its parent company.

Specsavers and its clinics have access to significant cash holdings (see note 16) alongside positive operating cashflows which support the group's liquidity and longer-term viability, and provide the ability to withstand reasonably possible downside scenarios should they arise. In addition, the group has no external borrowings. Therefore, the expectation of the directors is that they will be able to meet liabilities as they fall due over a period of at least 12 months.

#### **Post balance sheet events**

There were no significant events after the balance sheet date requiring disclosure in this report and financial statements.

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


Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

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

#### **Reappointment of auditors**

BDO LLP have expressed their willingness to continue in office.

Approved by the board on 29 September 2023 and signed on its behalf by:



P B Fussey  
Director

## **Specsavers Eye Care Services Limited**

### **Statement of directors' responsibilities**

The directors acknowledge their responsibilities for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and the company 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 group and the company and of the profit or loss of the group and the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Specsavers Eye Care Services Limited**

### **Independent auditor's report to the members of Specsavers Eye Care Services Limited**

#### **Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 28 February 2023 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Specsavers Eye Care Services Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 28 February 2023 which comprise consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

#### **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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Group and the Parent 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.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Director's 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 Group or Parent 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.

## **Specsavers Eye Care Services Limited**

### **Independent auditor's report to the members of Specsavers Eye Care Services Limited (continued)**

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Strategic report, Directors report and Statement of directors' responsibilities, other than the financial statements and our auditor's report thereon. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

#### **Other Companies Act 2006 reporting**

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 the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.



## **Specsavers Eye Care Services Limited**

### **Independent auditor's report to the members of Specsavers Eye Care Services Limited (continued)**

#### **Responsibilities of Directors**

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, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.*

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

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and the directors, including obtaining and reviewing supporting documentation, concerning the group's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established by the group to mitigate risks related to fraud or non-compliance with laws and regulations.

## **Specsavers Eye Care Services Limited**

### **Independent auditor's report to the members of Specsavers Eye Care Services Limited (continued)**

• discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:

- Management override of controls; and
- Improper revenue recognition

• obtaining an understanding of the legal and regulatory frameworks that the group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the group. The key laws and regulations we considered in this context included the UK Companies Act, UK Generally Accepted Accounting Principles, and relevant tax and employment legislation.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations noted above;
- enquiring of management, the directors and legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing correspondence with tax authorities;
- addressing the risk of fraud through management override of controls by, testing the appropriateness of journal entries including journal entries posted to revenue and other adjustments; assessing whether the judgements made about assumptions reflected in accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- addressing the risk of fraud in revenue recognition by performing detailed audit procedures around adjustments to transactional processing to recognise, deferred and accrued income balances.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

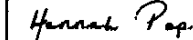
## **Specsavers Eye Care Services Limited**

### **Independent auditor's report to the members of Specsavers Eye Care Services Limited (continued)**

#### **Use of our report**

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



.....F54280A87A44AB.....

Hannah Pop (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom

Date.....02 October 2023.....

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## **Specsavers Eye Care Services Limited**

### **Consolidated profit and loss account for the Year Ended 28 February 2023**

|  | <b>Note</b> | <b>2023<br/>£</b>       | <b>2022<br/>£</b>       |
|--|-------------|-------------------------|-------------------------|
| Turnover   | 3           | 83,043,762              | 50,002,447              |
| Cost of sales  |             | <u>(43,883,660)</u>     | <u>(28,646,181)</u>     |
| Gross profit   |             | 39,160,102              | 21,356,266              |
| Administrative expenses                              |             | <u>(29,391,501)</u>     | <u>(14,431,735)</u>     |
| Operating profit                                     | 4           | 9,768,601               | 6,924,531               |
| Interest receivable and similar income               | 5           | 75,944                  | 1,694                   |
| Interest payable and similar expenses                | 6           | <u>(541,428)</u>        | <u>(236,188)</u>        |
| Profit before tax                                    |             | 9,303,117               | 6,690,037               |
| Taxation   | 10          | <u>(1,732,620)</u>      | <u>(1,583,182)</u>      |
| Profit for the financial year                        |             | <u><u>7,570,497</u></u> | <u><u>5,106,855</u></u> |
| <b>Profit attributable to:</b>                       |             |                         |                         |
| Shareholders of Specsavers Eye Care Services Limited |             | 1,329,615               | 1,396,742               |
| Non-controlling interests                            |             | <u>6,240,882</u>        | <u>3,710,113</u>        |
|  |             | <u><u>7,570,497</u></u> | <u><u>5,106,855</u></u> |

The notes on pages 25 to 47 form an integral part of these financial statements.

## Specsavers Eye Care Services Limited

### Consolidated statement of comprehensive income for the year ended 28 February 2023

|  | 2023<br>£        | 2022<br>£        |
|--|------------------|------------------|
| Profit for the year                                  | <u>7,570,497</u> | <u>5,106,855</u> |
| Total comprehensive income for the year              | <u>7,570,497</u> | <u>5,106,855</u> |
| <b>Total comprehensive income attributable to:</b>   |                  |                  |
| Shareholders of Specsavers Eye Care Services Limited | 1,329,615        | 1,396,742        |
| Non-controlling interests                            | <u>6,240,882</u> | <u>3,710,113</u> |
|  | <u>7,570,497</u> | <u>5,106,855</u> |

The notes on pages 25 to 47 form an integral part of these financial statements.  
Page 19

# Specsavers Eye Care Services Limited

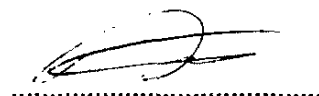
(Registration number: 10487945)

## Consolidated balance sheet as at 28 February 2023

|  | Note | 2023<br>£           | As restated*<br>2022<br>£ |
|--|------|---------------------|---------------------------|
| <b>Fixed assets</b>  |      |                     |                           |
| Intangible assets  | 11   | 2,782,470           | 3,541,326                 |
| Tangible assets  | 12   | <u>20,377,402</u>   | <u>7,765,045</u>          |
| Total fixed assets   |      | <u>23,159,872</u>   | <u>11,306,371</u>         |
| <b>Current assets</b>  |      |                     |                           |
| Stocks   | 14   | 1,796,019           | 1,197,998                 |
| Debtors  | 15   | 24,681,300          | 17,717,627                |
| Cash at bank and in hand                                       | 16   | <u>64,920</u>       | <u>42,995</u>             |
| Total current assets   |      | 26,542,239          | 18,958,620                |
| <b>Creditors: Amounts falling due within one year</b>          | 17   | <u>(41,816,040)</u> | <u>(25,647,385)</u>       |
| <b>Net current liabilities</b>                                 |      | <u>(15,273,801)</u> | <u>(6,688,765)</u>        |
| <b>Total assets less current liabilities</b>                   |      | 7,886,071           | 4,617,606                 |
| <b>Creditors: Amounts falling due after more than one year</b> | 17   | (388,866)           | (156,019)                 |
| <b>Provisions for liabilities</b>                              |      | <u>(150,500)</u>    | <u>(268,261)</u>          |
| <b>Net assets</b>  |      | <u>7,346,705</u>    | <u>4,193,326</u>          |
| <b>Capital and reserves</b>                                    |      |                     |                           |
| Called up share capital  | 20   | 1,000               | 1,000                     |
| Profit and loss account  |      | <u>3,221,595</u>    | <u>2,349,356</u>          |
| Equity attributable to owners of the group                     |      | 3,222,595           | 2,350,356                 |
| Non-controlling interests                                      |      | <u>4,124,110</u>    | <u>1,842,970</u>          |
| Total equity   |      | <u>7,346,705</u>    | <u>4,193,326</u>          |

\* Certain line items have been reclassified - see note 16 for further details

Approved and authorised for issue by the board on 29 September 2023 and signed on its behalf by:

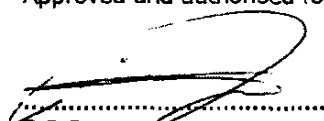
  
 .....  
 P B Fussey  
 Director

**Specsavers Eye Care Services Limited**  
**(Registration number: 10487945)**  
**Company balance sheet as at 28 February 2023**

|   | Note | 2023<br>£          | 2022<br>£          |
|---|------|--------------------|--------------------|
| <b>Fixed assets</b>                                   |      |                    |                    |
| Investments   | 13   | 8,337,637          | 8,337,637          |
| <b>Current assets</b>                                 |      |                    |                    |
| Debtors   | 15   | -                  | 26,906             |
| <b>Creditors: Amounts falling due within one year</b> | 17   | <u>(7,485,056)</u> | <u>(7,469,406)</u> |
| <b>Net current liabilities</b>                        |      | <u>(7,485,056)</u> | <u>(7,442,500)</u> |
| <b>Net assets</b>                                     |      | <u>852,581</u>     | <u>895,137</u>     |
| <b>Capital and reserves</b>                           |      |                    |                    |
| Called up share capital                               |      | 1,000              | 1,000              |
| Profit and loss account                               |      | <u>851,581</u>     | <u>894,137</u>     |
| <b>Total equity</b>                                   |      | <u>852,581</u>     | <u>895,137</u>     |

The company made a loss after tax for the financial year of £42,556 (2022: £37,341).

Approved and authorised for issue by the board on 29 September 2023 and signed on its behalf by:

  
P B Fussey  
Director

## Specsavers Eye Care Services Limited

### Consolidated statement of changes in equity for the year ended 28 February 2023

|   | Share capital<br>£ | Retained earnings<br>£ | Total<br>£ | Non-controlling<br>Interests<br>£ | Total equity<br>£ |
|---|--------------------|------------------------|------------|-----------------------------------|-------------------|
| At 1 March 2022   | 1,000              | 2,349,356              | 2,350,356  | 1,842,970                         | 4,193,326         |
| Profit for the year   | -                  | 1,329,615              | 1,329,615  | 6,240,882                         | 7,570,497         |
| Total comprehensive income  | -                  | 1,329,615              | 1,329,615  | 6,240,882                         | 7,570,497         |
| Dividends   | -                  | -                      | -          | (4,732,546)                       | (4,732,546)       |
| Decrease in ownership interests in subsidiaries that do not result in a loss of control | -                  | (772,376)              | (772,376)  | 772,804                           | 428               |
| Acquisition of subsidiaries, increase in equity   | -                  | 315,000                | 315,000    | -                                 | 315,000           |
| At 28 February 2023   | 1,000              | 3,221,595              | 3,222,595  | 4,124,110                         | 7,346,705         |
|   |                    |                        |            |                                   |                   |
|   | Share capital<br>£ | Retained earnings<br>£ | Total<br>£ | Non-controlling<br>Interests<br>£ | Total equity<br>£ |
| At 1 March 2021   | 1,000              | 1,498,664              | 1,499,664  | 455,163                           | 1,954,827         |
| Profit for the year   | -                  | 1,396,742              | 1,396,742  | 3,710,113                         | 5,106,855         |
| Total comprehensive income  | -                  | 1,396,742              | 1,396,742  | 3,710,113                         | 5,106,855         |
| Dividends   | -                  | -                      | -          | (3,075,964)                       | (3,075,964)       |
| Decrease in ownership interests in subsidiaries that do not result in a loss of control | -                  | (757,550)              | (757,550)  | 757,658                           | 108               |
| Acquisition of subsidiaries, increase in equity   | -                  | 211,500                | 211,500    | -                                 | 211,500           |
| At 28 February 2022   | 1,000              | 2,349,356              | 2,350,356  | 1,842,970                         | 4,193,326         |

The notes on pages 25 to 47 form an integral part of these financial statements.



## Specsavers Eye Care Services Limited

### Company statement of changes in equity for the year ended 28 February 2023

|                          | Share<br>capital<br>£ | Profit and<br>loss account<br>£ | Total<br>£ |
|--------------------------|-----------------------|---------------------------------|------------|
| At 1 March 2022          | 1,000                 | 894,137                         | 895,137    |
| Loss for the year        | -                     | (42,556)                        | (42,556)   |
| Total comprehensive loss | -                     | (42,556)                        | (42,556)   |
| At 28 February 2023      | 1,000                 | 851,581                         | 852,581    |

|                          | Share<br>capital<br>£ | Profit and<br>loss account<br>£ | Total<br>£ |
|--------------------------|-----------------------|---------------------------------|------------|
| At 1 March 2021          | 1,000                 | 931,478                         | 932,478    |
| Loss for the year        | -                     | (37,341)                        | (37,341)   |
| Total comprehensive loss | -                     | (37,341)                        | (37,341)   |
| At 28 February 2022      | 1,000                 | 894,137                         | 895,137    |

## Specsavers Eye Care Services Limited

### Consolidated statement of cash flows for the year ended 28 February 2023

|  | Note | 2023<br>£           | As restated*<br>2022<br>£ |
|--|------|---------------------|---------------------------|
| <b>Cash flows from operating activities</b>          |      |                     |                           |
| Profit for the year                                  |      | 7,570,497           | 5,106,855                 |
| Adjustments to cash flows from non-cash items        |      |                     |                           |
| Depreciation and amortisation                        | 4    | 4,816,283           | 2,506,346                 |
| Profit on disposal of tangible assets                |      | (16,586)            | (976)                     |
| Loss from disposals of investments                   |      | -                   | 6                         |
| Interest receivable and similar income               | 5    | (75,944)            | (1,694)                   |
| Interest payable and similar charges                 | 6    | 541,428             | 236,188                   |
| Income tax expense                                   | 10   | <u>1,732,620</u>    | <u>1,583,182</u>          |
|  |      | 14,568,298          | 9,429,907                 |
| Working capital adjustments                          |      |                     |                           |
| (Increase)/decrease in stocks                        | 14   | (598,021)           | 103,678                   |
| Increase in trade debtors                            | 15   | (8,206,897)         | (4,750,953)               |
| Increase in trade creditors                          | 17   | 3,913,046           | 857,071                   |
| (Decrease)/increase in deferred income               |      | <u>(24,001)</u>     | <u>123,350</u>            |
| Cash generated from operations                       |      | 9,652,425           | 5,763,053                 |
| Income taxes paid                                    | 10   | <u>(1,460,413)</u>  | <u>(1,163,849)</u>        |
| Net cash flow from operating activities              |      | <u>8,192,012</u>    | <u>4,599,204</u>          |
| <b>Cash flows from investing activities</b>          |      |                     |                           |
| Interest received                                    |      | 75,944              | 1,694                     |
| Acquisitions of tangible assets                      |      | (16,695,216)        | (5,842,521)               |
| Proceeds from sale of tangible assets                |      | 42,018              | 34,696                    |
| Acquisition of subsidiary undertakings               | 13   | <u>315,000</u>      | <u>211,494</u>            |
| Net cash flows used in investing activities          |      | <u>(16,262,254)</u> | <u>(5,594,637)</u>        |
| <b>Cash flows from financing activities</b>          |      |                     |                           |
| Interest paid  | 6    | (541,428)           | (236,188)                 |
| Group Treasury Loan                                  |      | 12,122,919          | 7,866,164                 |
| Dividends paid                                       |      | <u>(4,732,546)</u>  | <u>(3,079,964)</u>        |
| Net cash flows used in financing activities          |      | <u>6,848,945</u>    | <u>4,550,012</u>          |
| Net (decrease)/increase in cash and cash equivalents |      | (1,221,297)         | 3,554,579                 |
| Cash and cash equivalents at start of year           |      | <u>5,787,582</u>    | <u>2,233,003</u>          |
| Cash and cash equivalents at 28 February             |      | <u>4,566,285</u>    | <u>5,787,582</u>          |

\* Certain line items have been reclassified - see note 16 for further detail

The notes on pages 25 to 47 form an integral part of these financial statements.

## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023**

#### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

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

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements are prepared in accordance with United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the UK Companies Act (as amended).

##### **Basis of preparation**

The financial statements have been prepared in accordance with UK Companies Act 2006, as amended and applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and are rounded to the nearest £.

##### **Going concern**

There remains significant uncertainty regarding the longer-term global economic outlook, including elevated inflation, but the directors are comfortable that the group is well positioned to meet any challenges that lie ahead. The directors have prepared cash flow forecasts which indicate that the group will be able to meet its liabilities as they fall due for a period of at least 12 months from the approval of the financial statements, alongside the financial support from its parent company.

Specsavers and its clinics have access to significant cash holdings (see note 16) alongside positive operating cashflows which support the group's liquidity and longer-term viability, and provide the ability to withstand reasonably possible downside scenarios should they arise. In addition, the group has no external borrowings. Therefore, the expectation of the directors is that they will be able to meet liabilities as they fall due over a period of at least 12 months.

## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 28 February 2023.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Summary of exemptions**

As the parent company, Specsavers Eye Care Services Limited has provided a guarantee under the provision of the Companies Act 2006, s479C, for an audit exemption for the following companies. The results of these companies and the parent company are included in these consolidated financial statements. All the subsidiaries listed below have taken advantage of the exemption from having their accounts audited under the provisions of the Companies Act 2006, s479A.

New Medical Systems Limited  
Lincolnshire Newmedica Limited  
Gloucestershire Newmedica Limited  
Bristol Newmedica Limited  
Leeds Newmedica Limited  
North Derbyshire Newmedica Limited  
Teesside Newmedica Limited  
Worcester Newmedica Limited  
Suffolk Newmedica Limited  
Northampton Newmedica Limited  
Plymouth Newmedica Limited  
Shropshire Newmedica Limited  
Norfolk Newmedica Limited  
Newcastle Newmedica Limited  
Oxfordshire Newmedica Limited  
Birmingham Newmedica Limited

No profit and loss account or statement of comprehensive income have been presented for the company, as permitted by section 408 of the Companies Act 2006. No cash flow statement has been presented, as permitted by FRS 102.

##### **Judgments**

The following are the critical judgments made by management, apart from those involving estimations (see 'Key sources of estimation uncertainty' below), that have a significant effect on the amounts reported in the financial statements:

*Operating lease commitments* - The group has entered into a number of commercial property leases: as a lessee, it obtains the use of property. The classification of these leases as operating or finance leases requires the group to determine, based on evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets, and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet. The key factor considered is the length of the lease term compared to the expected useful life of the underlying asset. Where the asset life is considerably longer than the lease term, the significant risks and rewards are not deemed to be transferred to the group, and the lease is consequently accounted for as an operating lease.

## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and the other key sources of estimation uncertainty at the end of the reporting period that have a risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year:

*Goodwill and intangibles* - The group establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired asset, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

*Impairment of non financial fixed assets* - Where there are indicators of impairment of individual assets, the group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets, or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash flows and the growth rate used for extrapolation purposes.

*Deferred revenue* - Deferred revenue arises when cash is received in advance of revenue being earned: this is in the form of deposits received for cataract surgery which has not yet been performed, or payments received in advance of follow up appointments. Deferred revenue is a liability on the balance sheet until it is earned. Customer data is used to estimate the value of cataract surgery that has not yet been performed which should be deferred at the year-end.

*Taxation* - The group establishes provisions, based on reasonable estimates, for the possible consequences of audits by the tax authorities. The amount of such provisions is based upon various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with an assessment of the effect of future tax planning strategies.

##### **Revenue recognition**

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Revenue from the provision of services is recognised when services are provided and the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Government grants**

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in "other income" within profit or loss in the same period as the related expenditure. This includes the Government Coronavirus Job Retention Scheme ('Furlough').

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded in the group's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated profit and loss account.

##### **Tax**

Current tax 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 tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

##### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### **Depreciation**

Depreciation is provided on a straight line basis at the following rates in order to write off the cost less estimated residual value of each asset over its estimated useful life (or if held under a finance lease, over the lease term, whichever is the shorter):

| <b>Asset class</b>                       | <b>Depreciation rate</b> |
|--|--------------------------|
| Furniture, fittings, tools and equipment | 14-33%                   |
| Motor vehicles                           | 20%                      |

## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Goodwill**

Positive goodwill acquired is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful life. Goodwill acquired is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the acquisition. If a business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the income statement is taken into account in the profit or loss on sale or discontinuance.

##### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful lives as follows:

##### **Asset class**

Goodwill

##### **Amortisation rate**

10% - straight line

##### **Investments**

Investments, including investments held for sale, are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available. If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. The directors have included the balances owed to and from Specsavers Finance (Guernsey) Limited, the Group Treasury Company within cash equivalents.

##### **Trade debtors**

Trade debtors are amounts due from customers for medical services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established and recognised within administrative expenses, when there is objective evidence that the group will not be able to collect all amounts due, according to the original terms of the transaction.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price, less costs to complete and sell. Cost is determined using the weighted average method.



## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023 (continued)**

#### **2 Accounting policies (continued)**

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Borrowings**

All interest-bearing loans and borrowings which are basic financial instruments are initially recorded at the present value of cash payable to the bank (including interest). After initial recognition, they are measured at amortised cost using the effective interest rate method. The effective interest rate amortisation is included in interest payable in the consolidated profit and loss account.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Lease incentives are recognised over the lease term on a straight-line basis.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the useful life of the asset and the lease term. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the profit and loss account so as to achieve a constant rate of interest on the remaining balance of the liability.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred, the initial measurement is on a present value basis.

##### **Dividends**

Final dividends are recognised as an appropriation of equity when approved by the company's shareholders. Interim dividends are recognised when paid.

##### **Non-controlling interest reserve**

The non-controlling interest reserve is the share of the group reserves not owned by the company. Non-controlling interests are valued at the proportionate share of third parties in the net value of the assets and liabilities, determined in accordance with the company's measurement principles.

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 2 Accounting policies (continued)

##### Retained earnings

Retained earnings represents cumulative profits and losses, net of dividends paid and also transactions which result in changes in ownership of A shares in subsidiary undertakings without a change in control.

##### Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

#### 3 Turnover

The analysis of the group's turnover for the year from continuing operations is as follows:

|                       | 2023<br>£         | 2022<br>£         |
|-----------------------|-------------------|-------------------|
| Rendering of services | <u>83,043,762</u> | <u>50,002,447</u> |

The analysis of the group's turnover for the year by market is as follows:

|               | 2023<br>£         | 2022<br>£         |
|---------------|-------------------|-------------------|
| UK            | 80,292,914        | 48,949,385        |
| Rest of world | <u>2,750,848</u>  | <u>1,053,062</u>  |
|               | <u>83,043,762</u> | <u>50,002,447</u> |

#### 4 Operating profit

Arrived at after charging/(crediting):

|   | Note | 2023<br>£       | 2022<br>£    |
|---|------|-----------------|--------------|
| Depreciation expense                                | 12   | 4,057,428       | 1,747,490    |
| Amortisation expense                                | 11   | 758,856         | 758,856      |
| Foreign exchange losses                             |      | 5,957           | -            |
| Operating lease expense - property                  |      | 2,128,836       | 1,171,196    |
| Operating lease expense - plant and machinery       |      | 17,055          | 14,871       |
| Profit on disposal of property, plant and equipment |      | <u>(16,586)</u> | <u>(976)</u> |

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 5 Interest receivable and similar income

|   | 2023          | 2022         |
|---|---------------|--------------|
|   | £             | £            |
| Interest receivable from Group Treasury Company | <u>75,944</u> | <u>1,694</u> |

#### 6 Interest payable and similar expenses

|   | 2023           | 2022           |
|---|----------------|----------------|
|   | £              | £              |
| Interest expense on other finance liabilities | <u>541,428</u> | <u>236,188</u> |

#### 7 Colleague costs

The aggregate payroll costs (including directors' remuneration) were as follows:

|  | 2023              | 2022              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Wages and salaries                         | 21,576,470        | 12,438,829        |
| Social security costs                      | 2,235,244         | 1,238,407         |
| Pension costs, defined contribution scheme | <u>363,288</u>    | <u>156,752</u>    |
|  | <u>24,175,002</u> | <u>13,833,988</u> |

The company has no colleagues and as a consequence no associated costs have been incurred.

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

|                            | 2023       | 2022       |
|----------------------------|------------|------------|
|                            | No.        | No.        |
| Administration and support | 409        | 260        |
| Clinical                   | <u>245</u> | <u>144</u> |
|                            | <u>654</u> | <u>404</u> |

#### 8 Directors' remuneration

During the year the directors received remuneration from Specsavers Optical Group Limited, the parent company. The directors act in a similar capacity for multiple group companies and it is not possible to apportion their remuneration accurately between these group companies.

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 9 Auditor's remuneration

|            | 2023<br>£     | 2022<br>£     |
|------------|---------------|---------------|
| Audit fees | <u>42,541</u> | <u>37,328</u> |

#### 10 Taxation

Tax charged/(credited) in the consolidated profit and loss account:

|   | 2023<br>£        | 2022<br>£        |
|---|------------------|------------------|
| <b>Current taxation</b>                                 |                  |                  |
| UK corporation tax                                      | 1,636,530        | 1,156,666        |
| UK corporation tax adjustment to prior periods          | <u>213,852</u>   | <u>32,561</u>    |
|   | <u>1,850,382</u> | <u>1,189,227</u> |
| <b>Deferred taxation</b>                                |                  |                  |
| Origination and reversal of timing differences          | 225,231          | 437,229          |
| Restatement of prior year at new tax rate               | -                | (40,553)         |
| Adjustment in respect of prior years                    | <u>(342,993)</u> | <u>(2,721)</u>   |
| Total deferred taxation                                 | <u>(117,762)</u> | <u>393,955</u>   |
| Tax expense in the consolidated profit and loss account | <u>1,732,620</u> | <u>1,583,182</u> |

The tax on profit on ordinary activities before taxation for the year differs from the standard rate of corporation tax in the UK of 19% (2022: 19%).

The differences are reconciled below:

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 10 Taxation (continued)

|   | 2023<br>£        | 2022<br>£        |
|---|------------------|------------------|
| Profit before tax   | <u>9,303,117</u> | <u>6,690,037</u> |
| Corporation tax at standard rate  | 1,768,542        | 1,271,108        |
| Expenses not deductible for tax purposes/income not taxable               | 13,865           | 133,432          |
| Losses/timing differences where no deferred tax asset has been recognised | 33,287           | 117,714          |
| Increase in UK and foreign current tax from adjustment for prior periods  | 213,852          | 32,561           |
| Tax increase from other short-term timing differences                     | 46,066           | 31,088           |
| Double taxation relief  | <u>(342,992)</u> | <u>(2,721)</u>   |
| Total tax charge  | <u>1,732,620</u> | <u>1,583,182</u> |

Factors that may affect future tax changes:

Increases in the UK corporation tax rate were substantively enacted on 24 May 2021. The main rate of corporation tax was increased from 19% to 25% with effect from 01 April 2023. Deferred tax on temporary differences at the balance sheet date is calculated at the fully enacted rates at which the temporary differences are expected to reverse.

#### Deferred tax

##### Group

The deferred tax asset recognised in the balance sheet is as follows:

|   | 2023<br>£        | 2022<br>£        |
|---|------------------|------------------|
| Short term timing differences             | 17,754           | 9,273            |
| Fixed asset timing differences            | (249,450)        | (277,534)        |
|   | <u>(231,696)</u> | <u>(268,261)</u> |
|   | 2023<br>£        | 2022<br>£        |
| 1 March                                   | (268,261)        | 125,694          |
| Movement in the year                      | (225,231)        | (437,229)        |
| Restatement of prior year at new tax rate | -                | 40,553           |
| Adjustment in respect of prior year       | <u>342,990</u>   | <u>2,721</u>     |
| 28 February                               | <u>(150,502)</u> | <u>(268,261)</u> |

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 10 Taxation (continued)

A deferred tax asset is regarded as recoverable, and therefore recognised, only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. The estimated value of the deferred tax asset not recognised, measured at standard rates is £2,167,291 (2022: £461,944) in respect of clinical operations.

The amount of the net reversal of deferred tax assets and liabilities expected to occur next year is £715,913 (2022: £104,967) relating to the reversal of existing timing differences between qualifying depreciation and capital allowance claims.

#### 11 Intangible assets

##### Group

|                          | <b>Intangible<br/>assets -<br/>goodwill<br/>£</b> |
|--------------------------|---|
| <b>Cost or valuation</b> |   |
| At 1 March 2022          | <u>7,588,558</u>                                  |
| At 28 February 2023      | <u>7,588,558</u>                                  |
| <b>Amortisation</b>      |   |
| At 1 March 2022          | 4,047,232   |
| Amortisation charge      | <u>758,856</u>                                    |
| At 28 February 2023      | <u>4,806,088</u>                                  |
| <b>Carrying amount</b>   |   |
| At 28 February 2023      | <u><u>2,782,470</u></u>                           |
| At 28 February 2022      | <u><u>3,541,326</u></u>                           |

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 12 Tangible assets

##### Group

|                          | Furniture,<br>fittings,<br>tools and<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£         |
|--------------------------|--|------------------------|--------------------|
| <b>Cost or valuation</b> |  |                        |                    |
| At 1 March 2022          | 12,963,284   | 129,597                | 13,092,881         |
| Additions                | 16,695,216   | -                      | 16,695,216         |
| Disposals                | <u>(1,528,267)</u>                                     | <u>(129,597)</u>       | <u>(1,657,864)</u> |
| At 28 February 2023      | <u>28,130,233</u>                                      | <u>-</u>               | <u>28,130,233</u>  |
| <b>Depreciation</b>      |  |                        |                    |
| At 1 March 2022          | 5,198,239  | 129,597                | 5,327,836          |
| Charge for the year      | 4,057,427  | -                      | 4,057,427          |
| Eliminated on disposal   | <u>(1,502,835)</u>                                     | <u>(129,597)</u>       | <u>(1,632,432)</u> |
| At 28 February 2023      | <u>7,752,831</u>                                       | <u>-</u>               | <u>7,752,831</u>   |
| <b>Carrying amount</b>   |  |                        |                    |
| At 28 February 2023      | <u>20,377,402</u>                                      | <u>-</u>               | <u>20,377,402</u>  |
| At 28 February 2022      | <u>7,765,045</u>                                       | <u>-</u>               | <u>7,765,045</u>   |

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 13 Investments

##### Company

|                             | 2023<br>£        | 2022<br>£             |
|-----------------------------|------------------|-----------------------|
| Investments in subsidiaries | <u>8,337,637</u> | <u>8,337,637</u><br>£ |
| <b>Cost or valuation</b>    |                  |                       |
| At 1 March 2022             |                  | <u>8,337,637</u>      |
| At 28 February 2023         |                  | <u>8,337,637</u>      |
| At 28 February 2022         |                  | <u>8,337,637</u>      |

Details of investments in which the parent company has a controlling interest in the ordinary share capital are listed below. Where A and B shares exist, New Medical Systems Limited, the company's subsidiary holds 100% of the B ordinary shares and various percentage holdings in the A ordinary shares. In accordance with the Articles of Association of the subsidiary companies, the right to participate in the profits of the company is exclusive to "A" shares and no dividend is payable on the "B" ordinary shares. All subsidiaries are registered in England and Wales.

The registered address of all the subsidiaries is:

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

All subsidiaries share the same accounting year as the parent company.

There have been no impairments in the current or prior periods.



## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023 (continued)**

#### **13 Investments (continued)**

##### **Details of undertakings**

New Medical Systems Limited, Reg no. 06211226, Provider of ophthalmology services and holding company, 100% ordinary share capital (2022: 100%)

New Medical Systems Limited has investments in the following companies:

- Birmingham Newmedica Limited, Reg no.,13992467, Provider of ophthalmology services, Ordinary A share capital, 0% participating interest (2022: 0%)
- Bristol Newmedica Limited, Reg no.,10897177, Provider of ophthalmology services, Ordinary A share capital, 20% participating interest (2022: 40%)
- Gloucestershire Newmedica Limited, Reg no.,10779429, Provider of ophthalmology services, Ordinary A share capital, 0% participating interest (2022: 0%)
- Leeds Newmedica Limited, Reg no.,11085292, Provider of ophthalmology services, Ordinary A share capital, 25% participating interest (2022: 25%)
- Lincolnshire Newmedica Limited, Reg no.,10779237, Provider of ophthalmology services, Ordinary A share capital, 0% participating interest (2022: 10%)
- Newcastle Newmedica Limited, Reg no.,13683063, Provider of ophthalmology services, Ordinary A share capital, 0% participating interest (2022: 0%)
- Norfolk Newmedica Limited, Reg no.,12119918, Provider of ophthalmology services, Ordinary A share capital, 0% participating interest (2022: 0%)
- Northamptonshire Newmedica Limited, Reg no.,12138736, Provider of ophthalmology services, Ordinary A share capital, 20% participating interest (2022: 20%)
- North Derbyshire Newmedica Limited, Reg no.,11338263, Provider of ophthalmology services, Ordinary A share capital, 0% participating interest (2022: 0%)
- Nottingham Newmedica Limited, Reg no.,14462601, Dormant, Ordinary B share capital, 100% participating interest (2022: 0%)
- Oxfordshire Newmedica Limited, Reg no.,13808192, Provider of ophthalmology services, Ordinary A share capital, 0% participating interest (2022: 0%)
- Plymouth Newmedica Limited, Reg no.,13808187, Provider of ophthalmology services, Ordinary A share capital, 0% participating interest (2022: 0%)
- Shropshire Newmedica Limited, Reg no.,12119702, Provider of ophthalmology services, Ordinary A share capital, 0% participating interest (2022: 25%)
- Suffolk Newmedica Limited, Reg no.,11342947, Provider of ophthalmology services, Ordinary A share capital, 25% participating interest (2022: 25%)
- Teesside Newmedica Limited, Reg no.,11579361, Provider of ophthalmology services, Ordinary A share capital, 25% participating interest (2022: 25%)
- Worcester Newmedica Limited, Reg no.,13808184, Provider of ophthalmology services, Ordinary A share capital, 0% participating interest (2022: 0%)

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 14 Stocks

|               | Group     | 2022      |
|---------------|-----------|-----------|
|               | 2023      | £         |
| Raw materials | 1,796,019 | 1,197,998 |

#### 15 Debtors

|                                 |      | Group             | As<br>restated*   | Company   | 2022          |
|---------------------------------|------|-------------------|-------------------|-----------|---------------|
|                                 | Note | 2023<br>£         | 2022<br>£         | 2023<br>£ | £             |
| Current                         |      |                   |                   |           |               |
| Trade debtors                   |      | 14,373,512        | 8,445,952         | -         | -             |
| Amounts owed by related parties | 24   | 7,835,220         | 7,251,817         | -         | 12,960        |
| Other debtors                   |      | 1,947,303         | 1,579,309         | -         | 13,946        |
| Prepayments                     |      | 525,265           | 440,549           | -         | -             |
|                                 |      | <u>24,681,300</u> | <u>17,717,627</u> | <u>-</u>  | <u>26,906</u> |

\*See details in note 16

#### 16 Cash at bank and in hand

|                          |      | Group         | As<br>restated* | Company   | 2022     |
|--------------------------|------|---------------|-----------------|-----------|----------|
|                          | Note | 2023<br>£     | 2022<br>£       | 2023<br>£ | £        |
| Cash at bank             |      | 64,920        | 42,995          | -         | -        |
| Cash at bank and in hand |      | <u>64,920</u> | <u>42,995</u>   | <u>-</u>  | <u>-</u> |

#### \*Reclassification of Group Treasury balances

The amounts shown as Group treasury company included in cash at bank in the prior year were previously presented as cash at bank in the balance sheet. These balances should have been shown as receivable balances. As a result, cash at bank for the group has reduced by £5,744,587 with receivables from Group treasury company included in current debtors increasing by the same amount. There is no impact on net current assets, net assets, profit for the year nor on the cash flow statements as these balances have been appropriately identified as cash equivalents under FRS 102 in line with the group accounting policy.

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 17 Creditors

|   |      | Group             |                   | Company          |                  |
|---|------|-------------------|-------------------|------------------|------------------|
|   | Note | 2023<br>£         | 2022<br>£         | 2023<br>£        | 2022<br>£        |
| <b>Due within one year</b>                    |      |                   |                   |                  |                  |
| Loans and borrowings                          | 18   | 28,496,839        | 16,373,920        | 7,466,007        | 7,434,306        |
| Trade creditors                               |      | 1,537,699         | 1,404,434         | -                | -                |
| Amounts due to related parties                | 24   | 2,321,963         | 1,914,395         | -                | -                |
| Social security and other taxes               |      | 18,024            | 271,842           | -                | -                |
| Other payables                                |      | 96,521            | 54,187            | -                | -                |
| Accruals                                      |      | 8,695,291         | 5,344,122         | 19,049           | 35,100           |
| Corporation tax liability                     |      | 450,996           | 61,027            | -                | -                |
| Deferred income                               |      | 195,027           | 219,778           | -                | -                |
| Deferred lease incentive (within one year)    |      | 3,680             | 3,680             | -                | -                |
|   |      | <u>41,816,040</u> | <u>25,647,385</u> | <u>7,485,056</u> | <u>7,469,406</u> |
| <b>Due after one year</b>                     |      |                   |                   |                  |                  |
| Deferred income                               |      | 132,390           | 131,640           | -                | -                |
| Deferred lease incentive (more than one year) |      | 256,476           | 24,379            | -                | -                |
|   |      | <u>388,866</u>    | <u>156,019</u>    | <u>-</u>         | <u>-</u>         |

#### 18 Loans and borrowings

|                                     | Group             |                   | Company          |                  |
|-------------------------------------|-------------------|-------------------|------------------|------------------|
|                                     | 2023<br>£         | 2022<br>£         | 2023<br>£        | 2022<br>£        |
| <b>Current loans and borrowings</b> |                   |                   |                  |                  |
| Group Treasury Company loan         | <u>28,496,839</u> | <u>16,373,920</u> | <u>7,466,007</u> | <u>7,434,306</u> |

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 19 Analysis of changes in net debt

##### Group

|                                  | As restated*<br>At 1 March<br>2022<br>£ | Cashflows<br>£      | At 28<br>February<br>2023<br>£ |
|----------------------------------|---|---------------------|--------------------------------|
| <b>Cash and cash equivalents</b> |   |                     |                                |
| Cash at bank and in hand         | 42,995                                  | 21,925              | 64,920                         |
| Group Treasury Company           | <u>5,744,587</u>                        | <u>(1,243,222)</u>  | <u>4,501,365</u>               |
|                                  | <u>5,787,582</u>                        | <u>(1,221,297)</u>  | <u>4,566,285</u>               |
| <b>Borrowings</b>                |   |                     |                                |
| Group Treasury Company loan      | <u>(16,373,920)</u>                     | <u>(12,122,919)</u> | <u>(28,496,839)</u>            |
| Total net debt                   | <u>(10,586,338)</u>                     | <u>(13,344,216)</u> | <u>(23,930,554)</u>            |

\*See details in note 16

##### Company

|                             | At 1 March<br>2022<br>£ | Cashflows<br>£  | At 28<br>February<br>2023<br>£ |
|-----------------------------|-------------------------|-----------------|--------------------------------|
| <b>Borrowings</b>           |                         |                 |                                |
| Group Treasury Company loan | <u>(7,434,306)</u>      | <u>(31,701)</u> | <u>(7,466,007)</u>             |
| Total net debt              | <u>(7,434,306)</u>      | <u>(31,701)</u> | <u>(7,466,007)</u>             |

#### 20 Share capital

##### Allotted, called up and fully paid shares

|                             | 2023         |              | 2022         |              |
|-----------------------------|--------------|--------------|--------------|--------------|
|                             | No.          | £            | No.          | £            |
| Principal shares of £1 each | 500          | 500          | 500          | 500          |
| SS shares of £1 each        | <u>500</u>   | <u>500</u>   | <u>500</u>   | <u>500</u>   |
|                             | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |

## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023 (continued)**

#### **20 Share capital (continued)**

##### **Rights, preferences and restrictions**

Principal shares and SS shares both have the following rights, preferences and restrictions:

To receive notice of and to attend and vote at general meetings and on proposed written resolution of the company; to participate in the profits of the company, each being entitled *pari passu* to dividend payments; and on a winding up to participate *pari passu* in the surplus assets of the company.

Each holder of a principal share shall be entitled to be appointed as a principal director. Up to four of the directors may be appointed and removed by the holders of a majority of the SS shares and will be called SS directors. The SS shares confer the right to appoint and remove the chairman from office.

#### **21 Obligations under leases and hire purchase contracts**

##### **Group**

##### **Operating leases**

The total of future minimum lease payments is as follows:

|   | <b>2023</b>      | <b>2022</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Not later than one year                           | 2,225,515        | 75,600           |
| Later than one year and not later than five years | 6,308,040        | 995,276          |
| Later than five years                             | <u>993,467</u>   | <u>3,210,676</u> |
|   | <u>9,527,022</u> | <u>4,281,552</u> |

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,459,081 (2022: £1,170,016).

#### **22 Pension and other schemes**

##### **Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £363,288 (2022: £156,752).

## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023 (continued)**

#### **23 Commitments**

##### **Group**

##### **Pension commitments**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Commitments provided for in the accounts amounted to £Nil (2022: £20,881).

#### **24 Related party transactions**

##### **Group**

##### **Summary of transactions with other related parties**

Specsavers Finance (Guernsey) Limited

The balances with the Group Treasury Company 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. Overdraft balances held with Specsavers Finance (Guernsey) Limited are charged interest between 0 and 6.75% and cash balances receive interest at 4%. Loans are subject to interest payable of between 0% and 4.69%. During the year the group paid bank interest and charges to the Group Treasury Company of £510,702 (2022: £217,831) and £20,644 (2022: £11,237) respectively, the income received from the Group Treasury Company is £75,944 (2022: £1,694).

The cash balance held with the Group Treasury Company at year end is £4,501,363 (2022: £5,744,587) and the loan balance owing to the Group Treasury Company at year end is £28,496,839 (2022: £16,373,920).

Terms and conditions of transactions with related parties:

Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 60 days of invoice. The group has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 28 February 2023, the group has not made any provision for doubtful debts relating to amounts owed by related parties (2022: £Nil).

##### **Income and receivables from related parties**

|                                       | <b>Parent</b> | <b>Other<br/>related<br/>parties</b> |
|---------------------------------------|---------------|--------------------------------------|
| <b>2023</b>                           | <b>£</b>      | <b>£</b>                             |
| Rendering of services                 | 2,750,848     | -                                    |
| Amounts receivable from related party | -             | 3,333,857                            |

## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 24 Related party transactions (continued)

|                                       | Parent<br>£    | Other<br>related<br>parties<br>£ |
|---------------------------------------|----------------|----------------------------------|
| <b>2022</b>                           |                |                                  |
| Rendering of services                 | 1,053,062      | -                                |
| Amounts receivable from related party | <u>833,317</u> | <u>673,913</u>                   |

#### Expenditure with and payables to related parties

|                                  | Parent<br>£    | Other<br>related<br>parties<br>£ |
|----------------------------------|----------------|----------------------------------|
| <b>2023</b>                      |                |                                  |
| Rendering of services            | 15,347         | 20,692                           |
| Amounts payable to related party | <u>126,869</u> | <u>2,195,094</u>                 |

|                                  | Parent<br>£    | Other<br>related<br>parties<br>£ |
|----------------------------------|----------------|----------------------------------|
| <b>2022</b>                      |                |                                  |
| Purchase of goods                | -              | 38                               |
| Rendering of services            | 10,750         | 11,532                           |
| Amounts payable to related party | <u>145,725</u> | <u>193,059</u>                   |

#### Loans from related parties

|                    | Parent<br>£ | Key<br>management<br>£ | Other<br>related<br>parties<br>£ |
|--------------------|-------------|------------------------|----------------------------------|
| <b>2023</b>        |             |                        |                                  |
| At start of period | -           | 488,969                | 1,086,642                        |
| Advanced           | -           | -                      | 1,095,452                        |
| Repaid             | <u>-</u>    | <u>(432,650)</u>       | <u>(280,060)</u>                 |
| At end of period   | <u>-</u>    | <u>56,319</u>          | <u>1,902,034</u>                 |

|                    | Parent<br>£        | Key<br>management<br>£ | Other<br>related<br>parties<br>£ |
|--------------------|--------------------|------------------------|----------------------------------|
| <b>2022</b>        |                    |                        |                                  |
| At start of period | 2,785,585          | 4,099,308              | 406,500                          |
| Advanced           | -                  | -                      | 680,142                          |
| Repaid             | <u>(2,785,585)</u> | <u>(3,610,339)</u>     | <u>-</u>                         |
| At end of period   | <u>-</u>           | <u>488,969</u>         | <u>1,086,642</u>                 |

## **Specsavers Eye Care Services Limited**

### **Notes to the Financial Statements for the year ended 28 February 2023 (continued)**

#### **24 Related party transactions (continued)**

##### **Terms of loans from related parties**

The loan note held by the parent company was repaid in full on 8 February 2022.

Loans from related parties relate to payments made to the business on initial set up for cash flow purposes. These become repayable 36 months after the initial loan advancement and will be repaid over the following 36 months in equal instalments. Loans do not bear interest until 12 months after the date on which the Loan is advanced to the company and at a fixed rate equal to the standard Specsavers Finance (Guernsey) Limited rate published from time to time, discounted by 1 %.

##### **Company**

##### **Key management personnel**

The key management of the company is deemed to be its directors, who are paid by the parent company, which makes no recharge to the company. The directors are also directors of the parent and a number of fellow subsidiaries. The company's directors' total compensation is included in the aggregate of key management personnel compensation disclosed in the financial statements of the parent.

##### **Summary of transactions with other related parties**

Specsavers Finance (Guernsey) Limited

The balances with the Group Treasury Company 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. Overdraft balances held with Specsavers Finance (Guernsey) Limited are currently not subject to interest charges and cash balances do not earn interest. During the year the company paid bank interest to the Group Treasury Company of £Nil (2022: £Nil), the income received from the Group Treasury Company is £140,000 (2022: £1,619).

The cash balance held with the Group Treasury Company at year end is £Nil (2022: £Nil) and the loan balance owing to the Group Treasury Company at year end is £7,466,007 (2022: £7,434,306).

Terms and conditions of transactions with related parties:

Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 60 days of invoice. The company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 28 February 2023, the company has not made any provision for doubtful debts relating to amounts owed by related parties (2022: £Nil).

##### **Income and receivables from related parties**

##### **2023**

Amounts receivable from related party

Parent  
£

-

##### **2022**

Amounts receivable from related party

Parent  
£

12,960



## Specsavers Eye Care Services Limited

### Notes to the Financial Statements for the year ended 28 February 2023 (continued)

#### 24 Related party transactions (continued)

##### Expenditure with and payables to related parties

|                                  | Parent<br>£ |
|----------------------------------|-------------|
| <b>2023</b>                      |             |
| Amounts payable to related party | <u>-</u>    |
|                                  | Parent      |
| <b>2022</b>                      | £           |
| Amounts payable to related party | <u>-</u>    |

##### Loans from related parties

|                    | Key<br>management<br>£                            |
|--------------------|---|
| <b>2023</b>        |   |
| At start of period | 488,969   |
| Repaid             | <u>(432,650)</u>                                  |
| At end of period   | <u>56,319</u>                                     |
|                    | Parent      Key<br>£              management<br>£ |
| <b>2022</b>        |   |
| At start of period | 2,785,585      4,099,308                          |
| Repaid             | <u>(2,785,585)</u> <u>(3,610,339)</u>             |
| At end of period   | <u>-</u> <u>488,969</u>                           |

##### Terms of loans from related parties

The loan note held by the parent company was repaid in full on 8 February 2022.

#### 25 Parent and ultimate parent undertaking

The company's immediate parent is Specsavers Optical Group Limited, incorporated in Guernsey.

The company's ultimate parent is Specsavers International Healthcare Limited, incorporated in Guernsey. DJD and ML Perkins are the beneficial owners of Specsavers International Healthcare Limited.

The smallest and largest group in which these accounts are consolidated is Specsavers International Healthcare Limited, the financial statements of which are not available to the public.