

Lorena Investments Limited and Subsidiaries

FINANCIAL STATEMENTS

for the year ended

28 December 2019

COMPANIES HOUSE
21 DEC 2020
EDINBURGH MAILBOX



Lorena Investments Limited and Subsidiaries

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Mouldsdale
S Mein
F Blin
G Murdoch
S Hannan

SECRETARY

HMS Secretaries Limited

REGISTERED OFFICE

The Ca'd'oro
45 Gordon Street
Glasgow
G1 3PE

AUDITORS

RSM UK Audit LLP
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Lorena Investments Limited and Subsidiaries

STRATEGIC REPORT

Review of the business

The Optical Express Group is a global leader of ophthalmic services and vision correction, through and including refractive surgery, sight tests and eye health assessments, spectacles and contact lenses.

The directors' strategy is to grow turnover, market share and profitability whilst being committed to delivering the highest level of clinical outcomes, patient satisfaction and safety.

To do this, the directors employ a number of KPI's to monitor the performance of the group on a daily, weekly and monthly basis. The principle KPI's employed by the group is turnover and EBITDA before exceptional items.

	2019 £'000	2018 £'000	Change £'000
Turnover	117,060	108,017	9,043
EBITDA (before exceptional items)	8,051	6,474	1,577

The directors are pleased to report that the investment in the latest state of the art technology, development of its staff and additional advertising expenditure during the year, while controlling other costs has resulted in turnover growing and an increase in EBITDA profitability for the period.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. Risks are reviewed by management and the board and appropriate processes are put in place to monitor and mitigate them.

Outlook

2020 group trading started very positively with both turnover and EBITDA up on the previous year until the pandemic forced the group to cease trading in March 2020. Trading resumed in early summer with the group seeing its sales volumes returning to pre Covid levels with profitability ahead of both forecast and the previous year for the nine months to September 2020. The group has significantly reduced its cost base during 2020 and has not required to use any third party borrowing. Given the strength of trading and profitability in 2020, the forward order book and the bank balances at the date of signing the accounts, the directors believe that the group has more than sufficient reserves going forward should there be any further lockdowns which may have an impact on trading.

As the UK/Ireland market leader, Optical Express continues to perform the majority of refractive surgery procedures through its extensive clinic network. The business is therefore well placed to capitalise as consumer confidence in refractive surgery returns and new refractive surgery procedures are introduced to the market.

By order of the board



G Murdoch
Director

19/11/20

Lorena Investments Limited and Subsidiaries

DIRECTORS' REPORT

The directors submit their report and financial statements of Lorena Investments Limited and subsidiaries for the year ended 28 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a holding company.

With the exception of one company, which is an equipment lessor, the principal activity of the company's subsidiaries during the year was ophthalmic refractive surgery and opticians.

DIRECTORS

The directors who served the company during the year were as follows:

D Mouldsdale
S Mein
F Blin
J Finlayson (Resigned 6 February 2020)
G Murdoch
S Hannan (Appointed 8 May 2019)

DIRECTORS INDEMNITY

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Report of Directors.

RESULTS AND DIVIDENDS

The results for the year are set out on page 10.

No ordinary dividends were paid and the directors do not recommend payment of a final dividend.

FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks including price, credit, liquidity and cash flow.

In order to utilise the size and experience of the Optical Express Group of companies, the responsibility for the management of these risks is delegated to the Optical Express treasury function. The policies set by the group treasury function are implemented by the finance department.

Price risk

The group faces competition from other market players and works hard to differentiate the superior equipment and products employed which when combined with its world leading clinical expertise lead to outstanding outcomes.

Credit risk

The group has no significant exposure to credit risk as patients are required to pay in full ahead of receiving treatment or set up finance with one of our third party finance partners or pay a deposit sufficient to cover the cost of the product being purchased.

Liquidity risk

Working capital requirements are accessed through the preparation of projections and monitored through the preparation of monthly management accounts. The ophthalmic industry is very competitive; however the group believes that the resources available to it will enable it to continue to compete successfully.

Lorena Investments Limited and Subsidiaries

DIRECTORS' REPORT

Cash flow risk

The group manages its cash flow risk by monitoring credit and liquidity risks as discussed above.

FUTURE DEVELOPMENTS

The group does not envisage any significant changes to the nature or scope of its future operations.

DISABLED EMPLOYEES

The policies and training programmes operated by the group have been developed to attract and retain the best people on the basis of their skills and abilities. This ensures that the group offers people with disability the same opportunities for training and career progression as other employees.

EMPLOYEES

The group operates employment policies designed to ensure that it is able to attract and retain the highest calibre of employees from all sections of the community.

The group values diversity in the workplace and is committed to providing the equality of opportunity to all employees and potential employees. It actively encourages training and skills development throughout the group.

POLICY ON THE PAYMENT OF CREDITORS

The group's policy regarding the payment of suppliers is either to agree terms of payment in the course of business with each supplier or to make suppliers aware of the payment terms, and in either case pay in accordance with the agreed terms.

GOING CONCERN

2020 group trading started very positively with both turnover and EBITDA up on the previous year until the pandemic forced the group to cease trading in March 2020. Trading resumed in early summer with the group seeing its sales volumes returning to pre Covid levels with profitability ahead of both forecast and the previous year for the nine months to September 2020. The group has significantly reduced its cost base during 2020 and has not required to use any third party borrowing. Given the strength of trading and profitability in 2020, the forward order book and the bank balances at the date of signing the accounts, the directors believe that the group has more than sufficient reserves going forward should there be any further lockdowns which may have an impact on trading.

The directors expect and have budgeted that the group will continue to remain profitable and cash positive for at least a period of twelve months from the date of signing these financial statements. As a result of this, and confirmation from one of the directors that his loan will not be repaid within the next twelve months, the directors consider that there will be appropriate cash within the group to pay all liabilities as they fall due.

Consequently, the financial statements have been prepared on a going concern basis.

DONATIONS

During the year the group made the following contributions:

	28 December 2019	29 December 2018
	£'000	£'000
Charitable	63	-

Lorena Investments Limited and Subsidiaries

DIRECTORS' REPORT

AUDITOR

The auditor, RSM UK Audit LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



G Murdoch
Director

19/11/20

Lorena Investments Limited and Subsidiaries

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 for that period.

In preparing those financial statements, the directors are required to:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENA INVESTMENTS LIMITED AND SUBSIDIARIES

Opinion

We have audited the financial statements of Lorena Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 December 2019 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENA INVESTMENTS LIMITED AND SUBSIDIARIES

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORENA INVESTMENTS LIMITED AND SUBSIDIARIES

Use of our report

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

RSM UK Audit LLP

LINDA GRAY (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 20 November 2020

Lorena Investments Limited and Subsidiaries
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 28 December 2019

	Notes	Year ended 28 December 2019 £'000	Year ended 29 December 2018 £'000
GROUP TURNOVER	2	117,060	108,017
Cost of sales		(19,434)	(17,942)
Gross profit		97,626	90,075
Administrative expenses		(97,431)	(87,883)
Other operating income	3	1,014	1,010
OPERATING PROFIT	4 a)	1,209	3,202
Analysed as:			
Before exceptional items		5,222	3,487
Exceptional items	4 b)	(4,013)	(285)
Interest receivable		-	-
		1,209	3,202
Interest payable and similar charges	7	(561)	(598)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		648	2,604
Taxation	8	(153)	(271)
PROFIT FOR THE FINANCIAL YEAR		495	2,333
Profit for the year attributable to:			
Owners of the parent		343	2,120
Non-controlling interest		152	213
		495	2,333
Total comprehensive income for the year attributable to:			
Owners of the parent		343	2,120
Non-controlling interest		152	213
		495	2,333

Lorena Investments Limited and Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
28 December 2019

	Notes	Year ended 28 December 2019 £'000	Year ended 29 December 2018 £'000
FIXED ASSETS			
Intangible assets	10	2,870	2,928
Goodwill	10	-	98
Negative goodwill	10	(2)	(3)
		<u>2,868</u>	<u>3,023</u>
Tangible assets	11	13,299	14,267
Investments	12	-	23
		<u>16,167</u>	<u>17,313</u>
CURRENT ASSETS			
Stocks	13	4,408	4,939
Debtors	14	12,136	11,098
Cash at bank and in hand		2,363	1,769
		<u>18,907</u>	<u>17,806</u>
CREDITORS			
Amounts falling due within one year	15	(31,376)	(33,768)
NET CURRENT LIABILITIES		<u>(12,469)</u>	<u>(15,962)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,698</u>	<u>1,351</u>
CREDITORS			
Amounts falling due after more than one year	16	(8,212)	(10,122)
		<u>(4,514)</u>	<u>(8,771)</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	21	(175)	(105)
Other provisions	22	(3,083)	-
		<u>(7,772)</u>	<u>(8,876)</u>
CAPITAL AND RESERVES			
Called up equity share capital	26	-	-
Foreign exchange reserve	27	(1,140)	(1,782)
Profit and loss account	27	(2,612)	(2,955)
Equity attributable to owners of the parent company		<u>(3,752)</u>	<u>(4,737)</u>
Non-controlling interests		<u>(4,020)</u>	<u>(4,139)</u>
		<u>(7,772)</u>	<u>(8,876)</u>

The financial statements on pages 10 to 38 were approved by the board of directors and authorised for issue on 11/1/20 and are signed on their behalf by:



D Moulds
Director

Lorena Investments Limited and Subsidiaries
COMPANY STATEMENT OF FINANCIAL POSITION
28 December 2019

	Notes	Year ended 28 December 2019 £'000	Year ended 29 December 2018 £'000
FIXED ASSETS			
Investments	12	1,000	1,000
		<u>1,000</u>	<u>1,000</u>
CURRENT ASSETS			
Debtors	14	41	33
		<u>41</u>	<u>33</u>
CREDITORS			
Amounts falling due within one year	15	(125)	(117)
		<u>(84)</u>	<u>(84)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>916</u>	<u>916</u>
CAPITAL AND RESERVES			
Called up equity share capital	26	-	-
Profit and loss account	27	916	916
		<u>916</u>	<u>916</u>
SHAREHOLDER'S FUNDS		<u>916</u>	<u>916</u>

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's profit for the year was £nil (2018 - £nil)

The financial statements on pages 10 to 38 were approved by the board of directors and authorised for issue on 19/1/20 and are signed on their behalf by:



D Mouldsdale
Director

Lorena Investments Limited and Subsidiaries
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
28 December 2019

	Share capital £'000	Foreign exchange reserves £'000	Profit and loss account £'000	Total controlling interest £'000	Non- controlling interest £'000	Total £'000
Balance at 30 December 2017	-	(1,546)	(5,075)	(6,621)	(4,298)	(10,919)
Profit for the year	-	-	2,120	2,120	213	2,333
Movement in the year	-	(236)	-	(236)	1	(235)
Non-controlling interest dividend	-	-	-	-	(55)	(55)
Balance at 29 December 2018	-	(1,782)	(2,955)	(4,737)	(4,139)	(8,876)
Profit for the year	-	-	343	343	152	495
Movement in the year	-	642	-	642	(1)	641
Non-controlling interest dividend	-	-	-	-	(32)	(32)
Balance at 28 December 2019	-	(1,140)	(2,612)	(3,752)	(4,020)	(7,772)

Lorena Investments Limited and Subsidiaries
COMPANY STATEMENT OF CHANGES IN EQUITY
28 December 2019

	Share capital £'000	Profit and loss account £'000	Total £'000
Balance at 30 December 2017	-	916	916
Profit for the year	-	-	-
Balance at 29 December 2018	-	916	916
Profit for the year	-	-	-
Balance at 28 December 2019	-	916	916

Lorena Investments Limited and Subsidiaries
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 28 December 2019

		28 December 2019 £'000	29 December 2018 £'000
	Notes		
Net cash flow from operating activities	28.a	4,588	4,139
Returns on investments and servicing of finance	28.b	(561)	(598)
Taxation	28.b	(277)	(201)
Capital expenditure and financial investment	28.b	(2,008)	(2,485)
CASH INFLOW BEFORE FINANCING		1,742	855
Financing	28.b	(1,148)	(852)
INCREASE IN CASH IN THE PERIOD		594	3

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		28 December 2019 £'000	29 December 2018 £'000
Increase in cash in the period		594	3
Net cash outflow from other loans		1,142	1,331
Net cash outflow from bank loans		27	24
Net cash (inflow) in respect of hire purchase		(21)	(503)
CHANGE IN NET DEBT	28.c	1,742	855
NET DEBT AT BEGINNING OF YEAR	28.c	(8,212)	(9,067)
NET DEBT AT END OF YEAR	28.c	(6,470)	(8,212)

Lorena Investments Limited and Subsidiaries

ACCOUNTING POLICIES

for the year ended 28 December 2019

GENERAL INFORMATION

Lorena Investments Limited ('the company') is a private company limited by shares and is registered, domiciled and incorporated in Scotland.

The address of the company's registered office is The Ca'd'oro, 45 Gordon Street, Glasgow, G1 3PE.

The group consists of Lorena Investments Limited and all of its subsidiaries ('the group').

The company's and the group's principal activities and nature of its operations are as disclosed in the Directors' Report.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

REDUCED DISCLOSURES

The company has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime within FRS 102:-

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the income statement and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the company are consolidated into the financial statements of Lorena Investments Limited.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income as it prepares group accounts and the company's individual statement of financial position shows the company's profit or loss for the financial year.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Lorena Investments Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

Lorena Investments Limited and Subsidiaries

ACCOUNTING POLICIES

for the year ended 28 December 2019

GOING CONCERN

2020 group trading started very positively with both turnover and EBITDA up on the previous year until the pandemic forced the group to cease trading in March 2020. Trading resumed in early summer with the group seeing its sales volumes returning to pre Covid levels with profitability ahead of both forecast and the previous year for the nine months to September 2020. The group has significantly reduced its cost base during 2020 and has not required to use any third party borrowing. Given the strength of trading and profitability in 2020, the forward order book and the bank balances at the date of signing the accounts, the directors believe that the group has more than sufficient reserves going forward should there be any further lockdowns which may have an impact on trading.

The directors expect and have budgeted that the group will continue to remain profitable and cash positive for at least a period of twelve months from the date of signing these financial statements. As a result of this, and confirmation from one of the directors that his loan will not be repaid within the next twelve months, the directors consider that there will be appropriate cash within the group to pay all liabilities as they fall due.

Consequently, the financial statements have been prepared on a going concern basis.

TURNOVER

Turnover for the group's laser vision correction business represents amounts recognised on the completion of customer consultations before surgery is undertaken and on completion of surgery. For the other optical business, turnover represents amounts invoiced during the period, exclusive of Value Added Tax.

RENTAL INCOME

Rental income for the company is recognised on a straight line basis over the term of the lease.

INTANGIBLE ASSETS

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which it is incurred.

IT & software development costs which have been capitalised are included within intangible assets.

GOODWILL

Positive and negative goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 5 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Where the fair value of separable net assets exceeds the fair value of the consideration for an acquired business the difference is treated as negative goodwill and is capitalised and amortised through the statement of comprehensive income in which the non-monetary assets are recovered. In the case of fixed assets this is the period over which they are depreciated and in the case of current assets, the period over which they are sold or otherwise realised.

Lorena Investments Limited and Subsidiaries

ACCOUNTING POLICIES

for the year ended 28 December 2019

AMORTISATION

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill arising on acquisitions is being amortised over a period of 5 years. Negative goodwill is being amortised over the period in which the non-monetary assets are released.

It is anticipated that IT development and software development have an estimated useful life of 10 years and 3 years respectively and accordingly will be written off over this term.

FIXED ASSETS

All fixed assets are initially recorded at cost.

Chartered Surveyors, Montagu Evans, have revalued certain freehold property to the open market valuation.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Short Leasehold Properties	- Over the term of the lease and 25% reducing balance
Leasehold Improvements	- Over the term of the lease and 15% reducing balance
Fixtures and Fittings	- 15% reducing balance
Equipment	- 10% & 15% reducing balance, 15% straight line, over 5 years and over the term of the lease
Motor Vehicles	- 20% reducing balance
Lease Premium	- Over the term of the lease

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

IMPAIRMENT

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairments of revalued assets, except those caused by a clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairment losses are recognised in the statement of comprehensive income.

FIXED ASSET INVESTMENTS

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the profit or loss.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is computed on an average cost basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Lorena Investments Limited and Subsidiaries

ACCOUNTING POLICIES

for the year ended 28 December 2019

HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the group statement of comprehensive income on a straight line basis.

FINANCE LEASE AGREEMENTS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the group statement of comprehensive income on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

OPERATING LEASE AGREEMENTS

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

PENSIONS

The group operates a defined contribution pension scheme for employees. The assets of these schemes are held separately from those of the group. The contributions are charged to the statement of comprehensive income.

The group also operates a defined contribution pension scheme for the directors. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the statement of comprehensive income.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Lorena Investments Limited and Subsidiaries

ACCOUNTING POLICIES

for the year ended 28 December 2019

TAXATION (Cont.)

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

TREATMENT OF TRANSLATION OF FOREIGN ENTERPRISES

At each Statement of Financial Position date, the monetary assets and liabilities of the group's entities that do not use UK Sterling as their functional currency are translated into UK Sterling at exchange rates prevailing on the Statement of Financial Position date and rates at the date of transactions for income statement accounts.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the statement of comprehensive income.

PROVISIONS

Provisions are recognised when the company or group has a legal or constructive present obligation as a result of a past event, it is probable that the company or group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

EMPLOYEE BENEFITS

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Lorena Investments Limited and Subsidiaries

ACCOUNTING POLICIES

for the year ended 28 December 2019

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally

enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of comprehensive income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the statement of comprehensive income.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, group and other creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Lorena Investments Limited and Subsidiaries

ACCOUNTING POLICIES

for the year ended 28 December 2019

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

1 JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The items in the financial statements where the judgements and estimations have been made include:

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee.

In determining depreciation rates, management must consider and make judgements on the residual value of the asset and their useful life to set depreciation rates.

Management make judgements on the whether there is significant changes in valuation of leasehold property.

In calculating the provision for onerous contracts, management make judgements on the best estimate of the consideration to settle the present obligation.

2 TURNOVER

An analysis of the group's turnover is given below:

Turnover analysed by class of business

	28 December 2019 £'000	29 December 2018 £'000
Ophthalmic services	117,060	108,017
	<u>117,060</u>	<u>108,017</u>

Turnover analysed by geographical market

	28 December 2019 £'000	29 December 2018 £'000
United Kingdom	107,366	97,602
Europe	9,694	10,415
	<u>117,060</u>	<u>108,017</u>

3 OTHER OPERATING INCOME

	28 December 2019 £'000	29 December 2018 £'000
Rent and rates receivable	345	476
Miscellaneous income	669	534
	<u>1,014</u>	<u>1,010</u>

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

4 OPERATING PROFIT

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

	28 December 2019 £'000	29 December 2018 £'000
Amortisation	679	635
Depreciation of owned fixed assets	1,914	1,948
Depreciation of assets held under hire purchase agreements	236	404
(Profit)/loss on disposal of fixed assets	332	32
Auditor's remuneration		
- statutory audit of parent and consolidated accounts	58	72
- audit of subsidiaries where such services are provided by RSM or its associates	35	50
Operating lease costs:		
Plant and equipment	707	830
Land and buildings	15,768	12,899

b) The exceptional costs in the current year relate to the provision of onerous contracts, legal fees in relation to the recovery of VAT owing to the group, losses from the write off of closed stores assets and a loss on translation of inter company balances.

The exceptional costs in the prior year related to legal fees in relation to a VAT repayment on input tax for previous years, foreign exchange gains and losses from the write off of closed stores assets.

5 PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial period amounted to:

	28 December 2019 No	29 December 2018 No
Production staff	36	40
Office and management	321	317
Other	819	742
	<u>1,176</u>	<u>1,099</u>

The aggregate payroll costs, excluding exceptional costs, of the above were:

	28 December 2019 £'000	29 December 2018 £'000
Wages and salaries	37,843	34,446
Social security costs	3,504	3,235
Pension costs	627	428
	<u>41,974</u>	<u>38,109</u>

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

6 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	28 December 2019 £'000	29 December 2018 £'000
Emoluments receivable	904	782
Company contributions to money purchase pension scheme	4	2
Sums paid to third parties for directors' services	4	17
	<u>912</u>	<u>801</u>

Emoluments of highest paid director:

	£'000	£'000
Total emoluments (excluding pension contributions)	<u>501</u>	<u>501</u>

Emoluments receivable, as above, include Benefits In Kind. There are no pension contributions payable on behalf of the highest paid director.

The number of directors who accrued benefits under company pension schemes was as follows:

	28 December 2019 No	29 December 2018 No
Money purchase schemes	<u>3</u>	<u>2</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	28 December 2019 £'000	29 December 2018 £'000
Interest payable on bank borrowing	5	6
Finance charges	125	82
Other interest and similar charges payable	431	510
	<u>561</u>	<u>598</u>

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

8 TAXATION ON ORDINARY ACTIVITIES

a) Analysis of charge in the period

	28 December 2019 £'000	29 December 2018 £'000
Current tax:		
UK Corporation tax based on the results for the period at 19%	13	204
Group relief	-	-
Adjustment in respect of previous periods	3	(39)
Overseas Taxation	68	72
Total current tax	84	237
Deferred tax:		
Origination and reversal of timing differences	69	34
Adjustment in respect of previous periods	-	-
Total deferred tax (note 21)	69	34
Total tax charge	153	271

b) Factors affecting the tax charge for the year.

The tax assessed on the profit for the period is higher than the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below;

	28 December 2019 £'000	29 December 2018 £'000
Profit on ordinary activities before taxation	648	2,604
Profit on ordinary activities by rate of tax	123	495
Expenses not deductible in determining taxable profits	123	16
Fixed asset differences	118	154
Non taxable income	(6)	(2)
Chargeable gains	2	
Deferred tax not recognised	(276)	(338)
Exchange rate differences	114	(38)
Amounts relating to change in tax rates	(71)	(56)
Differences in overseas taxation rates	23	79
Adjustments in respect of prior periods	3	(39)
Tax expense	153	271

9 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company was £nil (2018 - £nil profit).

Lorena Investments Limited and Subsidiaries
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 December 2019

10 INTANGIBLE FIXED ASSETS

Group	Negative goodwill £'000	IT & Software development £'000	Goodwill £'000	Total £'000
Cost				
At 29 December 2018	(1,005)	8,357	837	8,189
Additions	-	524	-	524
Disposals	-	-	-	-
At 28 December 2019	<u>(1,005)</u>	<u>8,881</u>	<u>837</u>	<u>8,713</u>
Amortisation				
At 29 December 2018	(1,002)	5,429	739	5,166
Charge for the period	(1)	582	98	679
Disposals	-	-	-	-
At 28 December 2019	<u>(1,003)</u>	<u>6,011</u>	<u>837</u>	<u>5,845</u>
Net book value				
At 28 December 2019	<u>(2)</u>	<u>2,870</u>	<u>-</u>	<u>2,868</u>
At 29 December 2018	<u>(3)</u>	<u>2,928</u>	<u>98</u>	<u>3,023</u>

11 TANGIBLE FIXED ASSETS

Group	Equipment £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Short Leasehold Properties & Improvements £'000	Total £'000
Cost or valuation					
At 29 December 2018	48,039	24,377	779	1,429	74,624
Additions	773	616	112	42	1,543
Disposals	(811)	(875)	(73)	(53)	(1,812)
Foreign exchange adjustments	(93)	(56)	-	-	(149)
At 28 December 2019	<u>47,908</u>	<u>24,062</u>	<u>818</u>	<u>1,418</u>	<u>74,206</u>
Depreciation					
At 29 December 2018	39,251	19,171	656	1,279	60,357
Charge for the period	1,219	851	37	43	2,150
On disposals	(631)	(727)	(64)	(46)	(1,468)
Foreign exchange adjustments	(83)	(49)	-	-	(132)
At 28 December 2019	<u>39,756</u>	<u>19,246</u>	<u>629</u>	<u>1,276</u>	<u>60,907</u>
Net book value					
At 28 December 2019	<u>8,152</u>	<u>4,816</u>	<u>189</u>	<u>142</u>	<u>13,299</u>
At 29 December 2018	<u>8,788</u>	<u>5,206</u>	<u>123</u>	<u>150</u>	<u>14,267</u>

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

11 TANGIBLE FIXED ASSETS (cont.)

Assets held at valuation

The leasehold properties were revalued to £265K in March 2000 on an open market valuation by Montagu Evans, Chartered Surveyors. The historical cost of the short leasehold properties is £55K (2018 - £55K). The directors have not updated the valuation on the basis that there has been no material change in value.

Hire purchase and finance lease agreements

Included within the net book value of £13,299K is £2,255K (2018 - £2,472K) relating to assets held under hire purchase and finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £236K (2018 - £404K).

If leasehold properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	28 December 2019 £'000
Historical cost:	
At 29 December 2018	55
Acquisition	-
Disposals	-
At 28 December 2019	<u>55</u>
Depreciation:	
At 29 December 2018	55
Disposal	-
At 28 December 2019	<u>55</u>
Net historical cost value:	
At 28 December 2019	<u>-</u>
At 29 December 2018	<u>-</u>

12 INVESTMENTS

Group	Listed investments £'000
Cost	
At 29 December 2018	23
Disposal	(23)
At 28 December 2019	<u>-</u>
Net book value	
At 28 December 2019	<u>-</u>
At 29 December 2018	<u>23</u>

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

12 INVESTMENTS (cont.)

Company	Group companies £'000
Cost	
At 29 December 2018	1,000
At 28 December 2019	<u>1,000</u>
Net book value	
At 28 December 2019	<u>1,000</u>
At 29 December 2018	<u>1,000</u>

NAME OF COMPANY	COUNTRY OF REGISTRATION	HOLDING	PROPORTION HELD
DCM (Optical Holdings) Limited	Scotland	Ordinary Shares	75%
Optical Express (Gyle) Limited	Scotland	Ordinary Shares	100%
Pacific Shelf 1741 Limited	Scotland	Ordinary Shares	100%
Optical Express Limited *	Scotland	Ordinary Shares	100%
Optical Express (Westfield) Limited *	Scotland	Ordinary Shares	100%
Optical Express (Holdings) Limited *	Scotland	Ordinary Shares	100%
The Frame Zone Limited *	Scotland	Ordinary Shares	100%
Cruach Capital Limited *	Scotland	Ordinary Shares	100%
Optical Express (Deutschland Holding) GmbH *	Germany	Ordinary Shares	100%
VisuMed AG *	Germany	Ordinary Shares	100%
DCM 590 Limited *	England	Ordinary Shares	100%
DCM Optical (US) Inc *	USA	Ordinary Shares	100%

The companies denoted by * are all directly owned by DCM (Optical Holdings) Limited.

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

12 INVESTMENTS (cont.)

Optical Express (Northern) Limited, Optical Express (Professional Services) Limited, Outclin Limited, Specialeyes Limited are also all 100% subsidiaries of DCM (Optical Holdings) Limited. DCM (Optical Clinic) Harley Street Limited is a 90% subsidiary of DCM (Optical Holdings) Limited. All are Scottish registered companies. These five companies, and all companies per the table above, have their registered office as The Ca'd'oro, 45 Gordon Street, Glasgow, G1 3PE. The only exception to this is DCM 590 Limited and the German and US companies whose registered offices are Ground Floor, 32 Park Cross Street, Leeds, LS1 2QH, Arabellastr. 19A, 81925 Muenchen, Germany and 9820 Willow Creek RD, San Diego, CA 92131-1112, USA.

Cruach Capital Limited holds 100% of the ordinary share capital of Matland Limited a company incorporated in England and DCM Laser Clinic Limited a company incorporated in Scotland. All subsidiaries have been consolidated in these financial statements. The registered office address of these two companies are Ground Floor, 32 Park Cross Street, Leeds, LS1 2QH and The Ca'd'oro, 45 Gordon Street, Glasgow, G1 3PE.

The capital & reserves positions and profit for the year are not disclosed for any subsidiary companies in-line with Statutory Instrument 409, The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008, Schedule 2, Part 1.3.

13 STOCKS

	Group		Company	
	28 December 2019	29 December 2018	28 December 2019	29 December 2018
	£'000	£'000	£'000	£'000
Finished goods	<u>4,408</u>	<u>4,939</u>	<u>-</u>	<u>-</u>

The amount of stock recognised as an expense during the year was £17,842K (2018: £16,488K).

14 DEBTORS

	Group		Company	
	28 December 2019	29 December 2018	28 December 2019	29 December 2018
	£'000	£'000	£'000	£'000
Trade debtors	1,072	1,543	-	-
Other debtors	2,709	2,814	-	-
Prepayments and accrued income	8,179	6,692	-	-
Corporation Tax	127	-	-	-
Amounts owed to group undertakings	-	-	41	33
	<u>12,087</u>	<u>11,049</u>	<u>41</u>	<u>33</u>
Deferred tax asset (note 21)	49	49	-	-
	<u>12,136</u>	<u>11,098</u>	<u>41</u>	<u>33</u>

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

15 CREDITORS amounts falling due within one year

	28 December	Group	28 December	Company
	2019	29 December	2019	29 December
	£'000	2018	£'000	2018
		£'000		£'000
Bank loans and overdrafts	23	24	-	-
Trade creditors	13,653	15,557	-	-
Amounts owed to group undertakings	-	-	125	116
Corporation tax	-	67	-	-
Hire purchase and finance lease agreements	766	651	-	-
Other taxation and social security	1,078	2,017	-	-
Other creditors	5,599	4,905	-	-
Accruals and deferred income	9,657	10,547	-	1
Other loans	600	-	-	-
	<u>31,376</u>	<u>33,768</u>	<u>125</u>	<u>117</u>

16 CREDITORS amounts falling due after more than one year

	28 December	Group	28 December	Company
	2019	29 December	2019	29 December
	£'000	2018	£'000	2018
		£'000		£'000
Hire purchase and finance lease agreements	1,320	1,414	-	-
Other creditors	768	816	-	-
Bank loans	38	64	-	-
Other loans	6,086	7,828	-	-
	<u>8,212</u>	<u>10,122</u>	<u>-</u>	<u>-</u>

Included in other loans are loans from a director of £3,528K (2018 - £5,445K) which bear interest at bank base rate plus a margin. There are no fixed repayment dates and it will not be repaid within the next year.

17 FINANCIAL INSTRUMENTS

The carrying amount of the group's financial instruments at 28 December 2019 were:

	28 December	29 December
	2017	2018
	£'000	£'000
Carrying amount of financial assets:		
Debt instruments measured at amortised cost	3,781	4,357
Equity instruments measured at cost less impairment	-	23
	<u></u>	<u></u>
Carrying amount of financial liabilities:		
Measured at amortised cost	36,424	39,741
	<u></u>	<u></u>

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

18 CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	Group		Company	
	28 December 2019	29 December 2018	28 December 2019	29 December 2018
	£'000	£'000	£'000	£'000
Amounts repayable:				
In one year or less or on demand	623	24	-	-
In more than one year but not more than two years	63	82	-	-
In more than two years but not more than five years	6,061	7,810	-	-
In more than five years	-	-	-	-
	<u>6,747</u>	<u>7,916</u>	<u>-</u>	<u>-</u>
Less finance fees relating to future periods	-	-	-	-
	<u>6,747</u>	<u>7,916</u>	<u>-</u>	<u>-</u>

19 BORROWINGS

	Group		Company	
	28 December 2019	29 December 2018	28 December 2019	29 December 2018
	£'000	£'000	£'000	£'000
Creditors: amounts falling due within one year:				
Bank loans	23	24	-	-
Finance lease liabilities	766	651	-	-
Other loans	600	-	-	-
	<u>1,389</u>	<u>675</u>	<u>-</u>	<u>-</u>
Creditors: amounts falling due after more than one year:				
Bank loans	38	64	-	-
Finance lease liabilities	1,320	1,414	-	-
Other loans	6,086	7,828	-	-
	<u>7,444</u>	<u>9,306</u>	<u>-</u>	<u>-</u>
Total	<u>8,833</u>	<u>9,981</u>	<u>-</u>	<u>-</u>

The bank loan is repayable on 31st July 2022 and bears interest at a rate of 4.10% per annum.

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

20 COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS

Future commitments under hire purchase and finance lease agreements are as follows:

	Group		Company	
	28 December 2019	29 December 2018	28 December 2019	29 December 2018
	£'000	£'000	£'000	£'000
Amounts payable within 1 year	918	766	-	-
Amounts payable between 1 and 2 years	668	595	-	-
Amounts payable between 3 and 5 years	904	998	-	-
	<u>2,490</u>	<u>2,359</u>	<u>-</u>	<u>-</u>
Less interest and finance charges relating to future periods	(404)	(294)	-	-
	<u>2,086</u>	<u>2,065</u>	<u>-</u>	<u>-</u>

21 DEFERRED TAXATION

The following are the deferred tax liabilities and assets recognised by the group and company and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation	Tax losses	Group Total	Accelerated tax depreciation	Tax losses	Company Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 29 December 2018	(105)	49	(56)	-	-	-
(Charge)/credit to profit or loss	(70)	-	(70)	-	-	-
At 28 December 2019	<u>(175)</u>	<u>49</u>	<u>(126)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		Company	
	28 December 2019	29 December 2018	28 December 2019	29 December 2018
	£'000	£'000	£'000	£'000
Deferred tax liabilities	(175)	(105)	-	-
Deferred tax assets	49	49	-	-
	<u>(126)</u>	<u>(56)</u>	<u>-</u>	<u>-</u>

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

21 DEFERRED TAXATION (cont.)

Unrecognised deferred tax

	Group		Company	
	28 December 2019	29 December 2018	28 December 2019	29 December 2018
	Unprovided	Unprovided	Unprovided	Unprovided
	£'000	£'000	£'000	£'000
Excess of taxation allowances over depreciation on fixed assets	803	1,038	-	-
Other timing differences	538	501	-	-
Losses carried forward	489	818	-	-
	<u>1,830</u>	<u>2,357</u>	<u>-</u>	<u>-</u>

No deferred tax has been recognised in respect of the revalued assets at note 11 as it is expected that any gains arising will either be exempt or covered by rollover relief.

22 PROVISION FOR LIABILITIES AND CHARGES

Onerous contract	Group		Company	
	28 December 2019	29 December 2018	28 December 2019	29 December 2018
	£'000	£'000	£'000	£'000
At 29 December 2018	-	-	-	-
Transfer from profit & loss	3,083	-	-	-
Reversed in year	-	-	-	-
Utilised in the year	-	-	-	-
	<u>3,083</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Onerous Contract provision represents the remaining obligations in respect of property leases which the company is no longer deriving benefit from, net of any anticipated rental income to be received from sub-letting or assigning this lease to a third party.

23 COMMITMENTS UNDER OPERATING LEASES

At 28 December 2019 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

Group	28 December 2019		29 December 2018	
	Land and Buildings	Other items	Land and Buildings	Other items
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within 1 year	9,524	383	10,479	397
Within 2 to 5 years	26,521	485	31,455	879
After more than 5 years	12,017	-	15,644	-
	<u>48,062</u>	<u>868</u>	<u>57,578</u>	<u>1,276</u>

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24 RELATED PARTY TRANSACTIONS

The related party transactions during the year were as follows:

Related Party	Relationship	Transaction	Amount	Balance due (to)/from at 28/12/19
			£'000	£'000
Moulsdale Properties	Common Control	Rents paid on properties owned	215	(66)
D Moulsdale	Director	Long term loan repaid	1,917	(3,528)
		Interest accrued but unpaid	(224)	(3,291)
		Interest paid	53	
Precision Optics B.V.	Common Control	Purchases	6,769	(6,302)
		Sale and leaseback	-	(167)
Dakota Trading B.V	Common Control	Loan received	(173)	(2,461)
		Interest accrued but unpaid	(171)	(171)
RB B.V	Common Control	Loan received	(521)	(606)
		Interest accrued but unpaid	(7)	(8)
200 SVS Limited	Common Control	Purchases	106	144
		Sales	(349)	
		Receipts	120	
		Provision	453	
Bridgewater Clinic Limited	Common Control	Sales	-	107
		Purchases	8	
120PR Limited	Common Control	Rents paid	42	
		Payments	(30)	(23)
Kart Republic (UK & Ireland) Limited	Common Control	Purchases on behalf of	9	-
Larkhall Circuit Limited	Common Control	Purchases on behalf of	94	-

Lorena Investments Limited and Subsidiaries

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for the year ended 28 December 2019

24 RELATED PARTY TRANSACTIONS (cont.)

The related party transactions during the prior period were as follows:

Related Party	Relationship	Transaction	Amount	Balance due (to)/from at 29/12/18
			£'000	£'000
Mouldsdale Properties	Common Control	Rents paid on properties owned	209	(8)
D Mouldsdale	Director	Long term loan repaid	1,594	(5,445)
		Interest accrued but unpaid	(336)	(3,120)
Precision Optics B.V.	Common Control	Purchases	7,425	(5,502)
		Sale and leaseback	-	(164)
Dakota Trading B.V	Common Control	Loan received	(173)	(2,288)
		Interest accrued but unpaid	(172)	(172)
RB B.V	Common Control	Loan received	(90)	(90)
		Interest accrued but unpaid	(1)	(1)
200 SVS Limited	Common Control	Purchases	210	(12)
		Sales	(380)	368
Bridgewater Clinic Limited	Common Control	Sales	(26)	102
		Purchases	31	
120PR Limited	Common Control	Rents paid	43	(11)

25 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the directors, who are considered to be the key management personnel of the group was £1,028K (2018 - £902K), including employers national insurance of £116K (2018 - £101K).

26 SHARE CAPITAL

	28 December 2019	29 December 2018
	£'000	£'000
Allotted, called up and fully paid:		
1 Ordinary shares of £1 each	-	-

The company's ordinary share, which carry no right to fixed income, each carry the right to one vote at the general meetings of the company.

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

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27 RESERVES

Profit and loss account

Cumulative profit and loss net of distributions to owners.

Foreign Exchange reserve

The foreign exchange reserve represents foreign exchange gains and losses on the retranslation of the results and net assets of the company's foreign subsidiaries.

28 CASH FLOWS

a Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	28 December 2019 £'000	29 December 2018 £'000
Profit for the year after tax	495	2,333
Adjustments for:		
Taxation charged	153	271
Interest payable and similar charges	561	598
Interest receivable	-	-
Amortisation of goodwill	97	112
Amortisation of IT & software development	582	523
Depreciation	2,150	2,352
Disposal of tangible fixed assets on discontinued operations	213	226
Disposal of tangible fixed assets on continued operations	119	32
Disposal of investments	(24)	-
Decrease/(increase) in stocks	531	(313)
(Increase)/decrease in debtors	(911)	574
(Decrease)/increase in creditors	(3,087)	(2,271)
Increase in provisions	3,083	-
Minority interest movement	(33)	(54)
Foreign exchange adjustments	659	(244)
Net cash inflow from operating activities	<u>4,588</u>	<u>4,139</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	28 December 2019 £'000	29 December 2018 £'000
Interest received	-	-
Interest paid	(561)	(598)
Net cash outflow from returns on investments and servicing of finance	<u>(561)</u>	<u>(598)</u>

Taxation

	28 December 2019 £'000	29 December 2018 £'000
Taxation	<u>(277)</u>	<u>(201)</u>

Lorena Investments Limited and Subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 December 2019

28 CASH FLOWS (cont.)

Capital expenditure and financial investment

	28 December 2019 £'000	29 December 2018 £'000
Payments to acquire intangible fixed assets	(524)	(575)
Payments to acquire tangible fixed assets	(1,543)	(1,918)
Receipts from sale of fixed assets	59	8
Net cash outflow for capital expenditure and financial investment	(2,008)	(2,485)

Financing

	28 December 2019 £'000	29 December 2018 £'000
Increase/(decrease) in loans	(1,169)	(1,355)
Net (repayment of)/new hire purchase	21	503
Net cash (outflow)/inflow from financing	(1,148)	(852)

c Analysis of net debt

	29 December 2018 £'000	Cash flows £'000	28 December 2019 £'000
Cash in hand and at bank	1,769	594	2,363
	<u>1,769</u>	<u>594</u>	<u>2,363</u>
Debt due within 1 year	(24)	(599)	(623)
Debt due after 1 year	(7,892)	1,768	(6,124)
Hire purchase agreements	(2,065)	(21)	(2,086)
	<u>(9,981)</u>	<u>1,148</u>	<u>(8,833)</u>
Total	<u>(8,212)</u>	<u>1,742</u>	<u>(6,470)</u>

29 ULTIMATE CONTROLLING PARTY

The ultimate parent company is Insight Global Holding, a company registered out with the UK. Group financial statements are not prepared. On 24 June 2020 the ultimate controlling party changed to David Mouldsdales.