

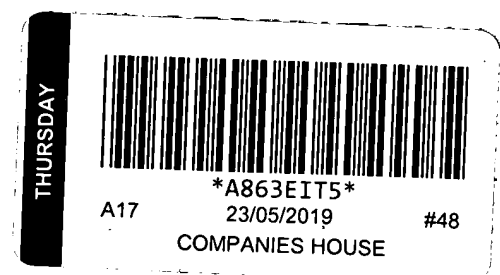
**Company Registration No. 2767938**

**LUXOTTICA RETAIL UK LTD**

**Report and Financial Statements**

**For the year ended**

**31 December 2018**



# **LUXOTTICA RETAIL UK LTD**

## **REPORT AND FINANCIAL STATEMENTS 2018**

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# **LUXOTTICA RETAIL UK LTD**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

John Williams  
Sara Francescutto  
Stefano Melani

### **SECRETARY**

Pennsec Limited  
125 Wood Street  
London  
EC2V 7AW

### **REGISTERED OFFICE**

Verulam Point  
Station Way  
St Albans  
Herts  
AL1 5HE

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
10 Bricket Road  
St Albans  
Herts  
AL1 3JX

# LUXOTTICA RETAIL UK LTD

## STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2018.

### PRINCIPAL ACTIVITIES

The company continues to retail sunglasses, spectacles, contact lenses and accessories, as well as providing sight tests and optical dispensing services.

### REVIEW OF THE BUSINESS

The profit for the financial year was £3,314k (year ended 31 December 2017: £3,954k).

It is considered that turnover and operating profit are the key performance indicators of the business. As shown in the company's profit and loss account on page 8, turnover has increased from £121,713k to £129,658k as a consequence of new store openings and growth in like for like sales.

Overall like-for-like comparable sales increased by 1% on the previous period.

Operating profit decreased from £4,779k to £4,322k due primarily to the lower profitability experienced in new stores during their first year of operation as we begin to build trade and customer base. Margin increased as a result of our ongoing focus on product mix and ensuring that we have the latest styles available for customers to purchase. Distribution costs increased due to the increase in the number of stores but also includes a provision of £2.3m against a bad debt following the collapse of the House of Fraser Group.

Other KPI measurements are regularly used as a comparison between stores, including average unit sales prices and sale conversion rates.

The balance sheet on page 10 of the financial statements shows a decrease in the net asset position of the company of £10,719k following the payment of a dividend of £14,033k and this is detailed in Note 11 to the financial statements.

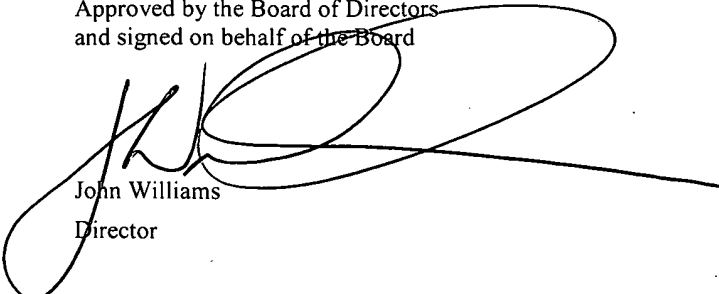
### PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive market which is a continuing risk to the company and could result in losing revenue to its key competitors. The company manages this risk by providing value added services to its customers, responding promptly to customer requests and by maintaining strong relationships with its customers.

The retail environment continues to evolve and we continue to review our store portfolio and develop our on line offering to ensure that our format is relevant to the consumer.

The UK's proposed exit from the EU will impact the company as the majority of our product is imported from Italy. Whilst we do not yet have clarity on the nature of our future relationship with the EU, we have put in place plans to ensure that in the event of no deal we will continue to import product without undue delay.

Approved by the Board of Directors  
and signed on behalf of the Board



John Williams  
Director

3 May 2019

# **LUXOTTICA RETAIL UK LTD**

## **DIRECTORS REPORT**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2018.

### **DIRECTORS**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

John Williams  
Richard Peck (resigned 30 November 2018)  
Sara Francescutto  
Stefano Melani (appointed 22 February 2019)

### **FUTURE DEVELOPMENTS**

The directors consider that the coming year will remain challenging as tightening of fiscal policy continues to squeeze the disposable income of consumers but the directors believe that the company will deliver a satisfactory level of profit. Brexit will have limited impact on the business and this is considered in the Strategic Report.

### **DIVIDENDS AND TRANSFER TO RESERVES**

Profit for the financial year was £3,314k (2017: £3,954k). A dividend of £14,033k was paid on 19 April 2018. The total dividend payment for the financial year 2018 was £14,033k (2017: £15,000k).

### **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The company transfers all surplus cash balances into a Group pooling account on a regular basis. Interest is received on outstanding balances at rates set by Group.

The company operates in a highly competitive market which is a continuing risk to the company and could result in losing revenue to its key competitors. The company manages this risk by providing value added services to its customers, responding promptly to customer requests and by maintaining strong relationships with its customers.

The company has significant cash resources as at the balance sheet date. However, the current economic climate, in particular the current retail environment, does provide some level of uncertainty with regard to future performance.

### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### **EMPLOYEE INVOLVEMENT**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The company operates performance related bonus schemes to reward employees and align personal and corporate objectives.

### **CHARITABLE DONATIONS**

During the year the company made charitable donations of £nil (2017: £nil).

### **BRANCHES OUTSIDE OF THE UK**

The company has a registered branch in Denmark within which the stores running in Denmark operate. The results for the branch are included within the financial statements of the company.

## **LUXOTTICA RETAIL UK LTD**

### **DIRECTORS REPORT (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **DIRECTORS' CONFIRMATIONS**

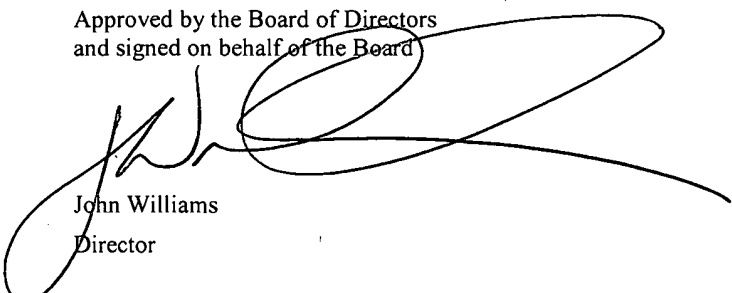
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the 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 auditors are aware of that information.

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors of the company.

Approved by the Board of Directors  
and signed on behalf of the Board



John Williams  
Director

3 May 2019

# ***Independent auditors' report to the members of Luxottica Retail UK Ltd***

## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, Luxottica Retail UK Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

ISAs (UK) require us to report to you when:

- 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 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

# ***Independent auditors' report to the members of Luxottica Retail UK Ltd (continued)***

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## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' 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 auditors' 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



# ***Independent auditors' report to the members of Luxottica Retail UK Ltd (continued)***

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## **Other required reporting**

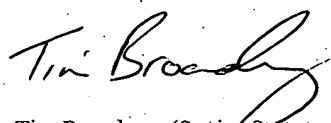
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### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Tim Broadway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
3 May 2019

# LUXOTTICA RETAIL UK LTD

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2018

	Note	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
<b>TURNOVER</b>	4	129,658	121,713
Cost of sales		(37,768)	(39,590)
<b>GROSS PROFIT</b>		91,890	82,123
Distribution costs		(81,567)	(71,455)
Administrative expenses		(6,001)	(5,889)
<b>OPERATING PROFIT</b>	5	4,322	4,779
Income from shares in group undertakings	6	30	59
Interest receivable and similar income	7	129	208
Interest payable and similar expenses	8	(64)	(1)
<b>PROFIT BEFORE TAXATION</b>		4,417	5,045
Tax on profit	10	(1,103)	(1,091)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		3,314	3,954

All results are derived from continuing activities.

**LUXOTTICA RETAIL UK LTD**

**STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 December 2018**

	<b>Year ended 31 December 2018 £'000</b>	<b>Year ended 31 December 2017 £'000</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	3,314	3,954
<b>OTHER COMPREHENSIVE INCOME</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	<u>3,314</u>	<u>3,954</u>
	<u><u>          </u></u>	<u><u>          </u></u>

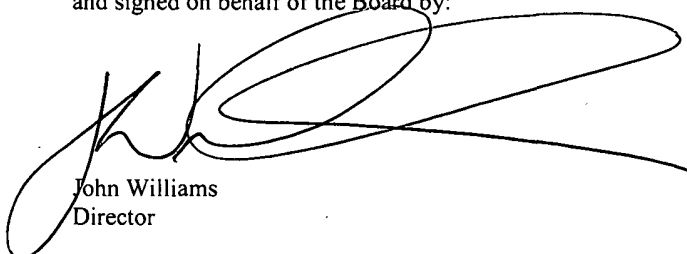
# LUXOTTICA RETAIL UK LTD

## BALANCE SHEET

As at 31 December 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
<b>FIXED ASSETS</b>			
Goodwill	12	4,252	4,252
Tangible assets	13	16,246	10,035
Investments	14	-	-
		<u>20,498</u>	<u>14,287</u>
<b>CURRENT ASSETS</b>			
Stocks	15	10,053	15,892
Debtors	16	9,547	33,419
Cash at bank and in hand		3,253	3,219
		<u>22,853</u>	<u>52,530</u>
<b>CREDITORS: amounts falling due within one year</b>	17	(14,153)	(26,912)
		<u>8,700</u>	<u>25,618</u>
<b>NET CURRENT ASSETS</b>			
		<u>29,198</u>	<u>39,905</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>PROVISIONS FOR LIABILITIES</b>	18	(427)	(415)
		<u>28,771</u>	<u>39,490</u>
<b>NET ASSETS</b>			
		<u><u>28,771</u></u>	<u><u>39,490</u></u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	21	24,411	24,411
Retained earnings		4,360	15,079
		<u>28,771</u>	<u>39,490</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>			
		<u><u>28,771</u></u>	<u><u>39,490</u></u>

The financial statements on pages 8 to 29 were approved by the Board of Directors and authorised for issue on 3 May 2019 and signed on behalf of the Board by:



John Williams  
Director

Company registration no: 2767938

# LUXOTTICA RETAIL UK LTD

## STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2018

	Called up Share Capital £000	Retained Earnings £000	Total Equity £000
<b>Balance as at 1 January 2017</b>	<b>24,411</b>	<b>26,125</b>	<b>50,536</b>
Profit for the financial year and total comprehensive income	-	3,954	3,954
Dividends	-	(15,000)	(15,000)
<b>TOTAL TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY</b>	<b>-</b>	<b>(15,000)</b>	<b>(15,000)</b>
<b>Balance as at 31 December 2017</b>	<b>24,411</b>	<b>15,079</b>	<b>39,490</b>
Balance as at 1 January 2018	24,411	15,079	39,490
Profit for the financial year and total comprehensive income	-	3,314	3,314
Dividends	-	(14,033)	(14,033)
<b>TOTAL TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY</b>	<b>-</b>	<b>(14,033)</b>	<b>(14,033)</b>
<b>Balance as at 31 December 2018</b>	<b>24,411</b>	<b>4,360</b>	<b>28,771</b>

# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### 1 GENERAL INFORMATION

Luxottica Retail UK Ltd is a retailer of sunglasses and prescription eyewear. The company sells mainly in the UK. The company is a private limited company limited by shares and is incorporated and domiciled in the United Kingdom. The registered office of the company is Verulam Point, Station Way, St Albans, Herts AL1 5HE.

### 2 ACCOUNTING POLICIES

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. The company has adopted FRS 101 in these financial statements.

#### Basis of preparation

The financial statements of Luxottica Retail UK Ltd have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IAS 7, 'Statement of cash flows'
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirements of paragraph 45(b) and 46-52 of IFRS2, "Share based payments"
- The requirements of IFRS7, "Financial instruments"
- The requirements of paragraphs 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors"

#### New standards, amendments and IFRIC interpretations

Neither IFRS 9 nor IFRS 15 have had a material effect on the company and no other new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2018, have had a material impact on the Company.

#### Going concern

The company meets its day-to-day working capital requirements by using the Group cash pooling arrangement managed by its holding company. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate satisfactorily under the current arrangement. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### Basis of consolidation

The company has not produced consolidated financial statements on the grounds that it is a wholly owned subsidiary undertaking of EssilorLuxottica S.A, who prepare consolidated financial statements in France, which are publicly available.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**2 ACCOUNTING POLICIES (continued)**

**Revenue recognition**

The Company sells prescription frames and sunglasses. The Company's revenue includes:

- (i) fees for the sales of goods to customers;
- (ii) fees for the rendering of services arising from eye exams and the related services;

Under the five-step model introduced by IFRS 15, the Company recognises revenue after identifying the contracts with its customers and the relevant performance obligations (transfer of goods and/or services), determining the consideration to which it expects to be entitled in exchange for performing each of said obligations, and assessing how to perform these obligations (at a specific point in time *versus* over time).

Specifically, the Company recognises revenue only if the following requirements are met (so-called requirements for identifying the "contract" with the customer):

- a) the parties have approved the contract (either in writing, orally, or in accordance with other customary business practices) and intend to perform their respective obligations; there is therefore an agreement between the parties that creates enforceable rights and obligations, regardless of the form of said agreement;
- b) the Company can identify each party's rights regarding the goods or services to be transferred;
- c) the Company can identify the payment terms for the goods or services to be transferred;
- d) the contract has commercial substance; and
- e) it is probable that the Company will collect the consideration to which it will be entitled in exchange for goods or services transferred to the customer.

If the above requirements are not met, the relevant revenue is recognised when: (i) the Company has no more obligations to transfer goods and/or render services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the Company and is non-refundable; or (ii) the contract has been terminated and the consideration received from the customer is not refundable.

If the above requirements are not met, the Company shall apply the following recognition rules.

*Sale of goods (Retail)*

Retail revenue is recognised upon receipt of the goods by the customer at the retail location. The relevant consideration is usually received at the time of the delivery. Any advance payments or deposits from customers are not recognised as revenue until the product is delivered. Concerning sales through the e-commerce channel, the moment in which the customer obtains control of the asset is identified based on the specific terms and conditions applied by the on-line sales platforms used by the Company. The Company allows customers to return the products for a certain period of time after the purchase: therefore, it estimates the relevant impact by accounting for it as variable consideration, recognising the relevant assets and liabilities. The estimate is based on the historical trend in returns, accounts for the time elapsed from the purchase date, and is regularly reviewed. The variable consideration is recognised only when it is highly probable there will not be a significant adjustment to the amount of recognised revenue in the future. There are no post-delivery obligations other than product warranties; these warranties do not represent a separate performance obligation and are accounted for pursuant to IAS 37.

Revenue from the wholesale of goods is recognised when control of the asset is transferred to the buyer, i.e. when the asset is delivered to the customer in accordance with contractual provisions and the customer acquires the ability to direct the use of and obtain substantially all of the benefits from the asset. There are no post-delivery obligations other than product warranties, if required by local law; these warranties do not represent a separate performance obligation and are accounted for pursuant to IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

*Rendering of services*

The Retail division's revenue includes also the consideration arising from vision care services. This revenue is recognised when the service is rendered to the customer.

*Financing components*

The payment terms offered to the Company's customers do not exceed 12 months, therefore the Company recognises adjustments to the transaction price to account for financing components.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**Dividend income**

Dividend income is recognised when the right to receive payment is established.

**Tangible assets and depreciation**

Tangible fixed assets are stated at historical cost net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment - five to eight years

**Goodwill**

Goodwill arises on the acquisition of the trade and assets of a business and represents the excess of consideration transferred over the fair value of net assets acquired. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use and is not subsequently reversed. Goodwill is not amortised. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

**Investments**

Investments are held in the balance sheet at cost less accumulated impairment losses.

**Impairment of assets**

Goodwill is not subject to amortisation but is tested at least annually for impairment. All other assets within the scope of IAS 36 are tested for impairment whenever there are indicators that those assets may be impaired. If such indicators exist, the assets' net carrying amount is compared to their estimated recoverable amount. An impairment loss is recognised if the carrying amount is higher than the recoverable amount.

Property, plant and equipment and intangible assets with a definite useful life are subject to amortisation and depreciation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, property, plant and equipment and intangible assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Intangible assets with a definite useful life are reviewed at the end of each reporting period to assess whether there is an indication that an impairment loss recognised in prior periods may no longer exist or has decreased. If such an indication exists, the loss is reversed and the carrying amount of the asset is increased to its recoverable amount, which may not exceed the carrying amount that would have been determined if no impairment loss had been recorded.

The reversal of an impairment loss is recorded in the profit and loss account.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is calculated on a weighted average cost basis. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

**Leases**

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**Accounts receivable and other receivables**

Accounts receivable and other receivables are recognised at amortised cost and measured on the basis of the impairment model introduced by IFRS 9. Under this model, the Company measures receivables according to an expected loss approach, replacing the IAS 39 framework usually based on the measurement of incurred losses.

In the case of accounts receivable, the Company adopts a simplified approach that does not require recognising changes in credit risk on a regular basis, allowing instead to recognise an Expected Credit Loss ("ECL") calculated over the entire lifetime of the receivable (known as lifetime ECL). Specifically, under the policy adopted by the Company, accounts receivable are divided into three categories also based on the number of days past due and an assessment of the counterparty's solvency. The Company applies different impairment percentages to said categories that reflect the relevant expectations for recovery.

Accounts receivable are fully written down in the absence of a reasonable expectation for recovery or in the case of inactive business counterparties (e.g. receivables more than 180 days past due, insolvencies, and/or the commencement of legal proceedings).

Following the application of IFRS 9, the assessment of the credit risk related to accounts receivable did not increase significantly after initial recognition when contractual payments were due by longer than 30 days.

The other receivables, for which the Company estimates a low credit risk, are measured using a general approach. Under this approach, the Company estimates the ECL for the next 12 months as well as reviews changes in credit risk compared to the initial measurement at the end of each reporting period. In the case of receivables for which the Company recognises no significant increases in credit risk, the ECL continues to be measured for the next 12 months. In the case of receivables for which the Company recognises significant increases in credit risk, the ECL is measured over the entire lifetime of the receivable.

The amount of the receivables reported in the statement of financial position is net of the relevant bad debt provisions. The impairment losses reported pursuant to IFRS 9 are recognised in the profit or loss net of any positive effects associated with reversals or revaluations and are included within selling expenses.

**Financial assets**

The Company's financial assets are classified based on the business model adopted to manage them and the relevant cash flows. The Company has identified the following categories:

a. Financial assets measured at amortised cost

This category includes financial assets that meet the following requirements: (i) the financial asset is held within a business model whose objective is to hold financial assets to collect their contractual cash flows; and (ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. These are mainly accounts receivable, loans, and other receivables already described in the paragraph Accounts receivable and other receivables. Loans and receivables are included in current assets, except for those with contractual maturities greater than 12 months compared to the end of the reporting period, which are classified as non-current assets. The Company's loans and receivables are classified in the balance sheet as accounts receivable and other receivables. Except for accounts receivable that do not contain a significant financing component, other loans and receivables are initially recognised at fair value plus directly attributable transaction costs. Accounts receivable that do not contain a significant financing component are recognised at the transaction price (determined in accordance with IFRS 15 Revenue from Contracts with Customers). After initial recognition, the assets included in this category are measured at amortised cost, using the effective interest method. The effects of this measurement are recognised within the financing components of income. In addition, these assets are subject to the impairment model described in the paragraph Accounts receivable and other receivables.

b. Financial assets at fair value through other comprehensive income ("FVOCI")

This category includes financial assets that meet the following requirements: (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 December 2018**

**Financial assets (continued)**

principal amount outstanding. These assets are initially recognised at fair value plus directly attributable transaction costs. Subsequently, the measurement on initial recognition is updated and any changes in fair value are recognised through other comprehensive income. As in the case of the previous category, these assets are subject to the impairment model described in the paragraph Accounts receivable and other receivables.

**c. Financial assets at fair value through profit or loss ("FVPL")**

This category includes financial assets not classified in any of the previous categories (i.e. residual category). These are mainly derivative instruments as well as quoted and unquoted equity instruments that the Company did not irrevocably designate as FVOCI on initial recognition or at the date of transition. Assets in this category are classified as current or non-current assets based on their maturity and are initially recognised at fair value. Specifically, investments in non-consolidated companies over which the Company does not have significant influence are included within this category and recognised under Investments. Any ancillary costs incurred on initial recognition of the assets are immediately recognised through consolidated profit or loss. After initial recognition, financial assets at FVPL are measured at fair value. Gains and losses deriving from changes in fair value are recognised through consolidated profit or loss in the period in which they occur, under Other net income/(expenses).

Purchases and sales of financial assets are recognised at the settlement date.

Financial assets are derecognised when the rights to receive cash flows from the instrument have expired and the Company has transferred substantially all risks and rewards of ownership.

**Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that the outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**Pension cost**

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the scheme rules. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Foreign currency translation**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Pounds Sterling (£), which is also the functional currency.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling in the date of the transaction. All exchange differences are taken to the profit and loss account.

**Taxation**

The tax expense represents the sum of the corporation tax currently payable and the deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other periods and it further excludes items which are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 December 2018**

**Taxation (continued)**

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**Share based payments**

Occasionally the company's directors and senior managers are issued share options from the Luxottica Group SpA share based payment plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**3.1 Useful economic lives of property, plant and equipment**

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 2 for the useful economic lives of each class of asset.

**3.2 Inventory provisioning**

The company is a retailer of optical products and as such holds stocks for resale, some of which can become slow-moving or obsolete due the company's policy of offering for sale the most up to date ranges. Provision is made against the cost of such stocks to reflect their net realisable value and this may change over time. Provision is made on the basis of realisable value over the previous 12 months and is assessed annually.

**3.3 Onerous lease provision**

It is necessary to consider the lease contracts of the retail stores and the associated provisioning that may be required. When calculating the onerous lease provision, management considers the unavoidable costs of meeting the obligations under the lease contract and whether this exceeds the economic benefits that may be received under the contract. See note 18 for the carrying amount of the onerous lease provision.

**4 TURNOVER**

The total turnover and profit before taxation of the company for the year has been derived from its principal activity which is the sale of goods in the UK.

# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

### 5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Depreciation – owned tangible fixed assets	4,075	3,214
Loss on disposal of fixed assets	218	57
Operating lease rentals – property		
Plant and machinery	107	155
Land and buildings	34,196	31,347
Inventory recognised as an expense	33,609	35,716
Impairment of inventory	3,131	3,146
Loss on foreign exchange transactions	20	16
Auditors' remuneration:		
Fees for the audit of the Company	90	102
Audit related assurance services	-	-

Auditors' remuneration for audit fees represents fees payable to the company's auditors for the audit of the company's annual financial statements.

### 6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Dividends received from joint ventures	30	59

### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Interest receivable from group undertakings	129	208

# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

### 8 INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Interest payable to group undertakings	64	1

### 9 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Particulars of employees (including executive directors) are as shown below.

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
<b>Directors' remuneration</b>		
Emoluments	485	348
Compensation for loss of office	331	-
Pension costs	22	20
	<u>838</u>	<u>368</u>
 <b>Highest paid director</b>		
Emoluments	485	348
Compensation for loss of office	331	-
Pension costs	22	20
	<u>838</u>	<u>368</u>

During the year 1 director (2017: 1) received shares in Luxottica Group SpA under a performance share plan. In both years this was the highest paid director. Two of the directors (2017: two) received remuneration from other group companies and it is not practicable to allocate this between their services as directors of Luxottica Retail UK Limited and other group companies.

	Year ended 31 December 2018	Year ended 31 December 2017
<b>Monthly average number of persons employed:</b>		
Administration	74	77
Sales	1,144	1,028
	<u>1,218</u>	<u>1,105</u>
Total monthly average		

# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

9 INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)	Year ended 31 December 2018	Year ended 31 December 2017
Employee costs:	£'000	£'000
Wages and salaries	24,796	24,162
Social security costs	2,096	1,644
Other pension costs	516	369
Cost of employee share schemes	-	153
	<u>27,408</u>	<u>26,328</u>
10 TAX ON PROFIT		
a) Tax on profit		
	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
<b>Current Tax</b>		
UK corporation tax on profits of the year	1,033	1,091
Adjustments in respect of previous year	442	-
<b>Total current tax charge</b>	<u>1,475</u>	<u>1,091</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(146)	-
Adjustments in respect of previous years	(257)	-
Effect of changes in tax rates	31	-
<b>Total deferred tax charge / (credit)</b>	<u>(372)</u>	-
<b>Total tax charge</b>	<u><u>1,103</u></u>	<u><u>1,091</u></u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

## 10. TAX ON PROFIT (continued)

## b) Factors affecting the tax charge for the year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2017: 19.25%). The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation.

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
<b>Profit before taxation</b>	4,417	5,045
Profit before taxation multiplied by standard rate in the UK 19% (2017: 19.25%)	839	971
<b>Effects of:</b>		
- Expenses not deductible for tax purposes	54	134
- Income not taxable	(6)	(14)
- Effect of changes in tax rate	31	-
- Adjustments in respect of previous years	185	-
<b>Tax on profit</b>	<u>1,103</u>	<u>1,091</u>

The main rate of corporation tax at the start of the year was 19%. The July 2015 Budget Statement announced changes (which were subsequently enacted) to the UK Corporation Tax regime which reduced the main rate of Corporation Tax to 19.00% from 1 April 2017 and with a further reduction to 18.00% from 1 April 2019. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax rate to 17.00% by 1 April 2020, which has now been substantially enacted. Accordingly deferred tax has been calculated using a rate of 17.00% (2017:17.00%)

# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

### 11 DIVIDENDS

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
The Company paid a dividend on 19 April 2018 as follows:		
“A” ordinary shares 118.7p (2017: 61.5p) per share	9,273	4,800
“B” ordinary shares 28.7p (2017: 61.5p) per share	4,760	10,200
	<u>14,033</u>	<u>15,000</u>

### 12 GOODWILL

	£'000
Cost	
As at 1 January 2018	4,252
Additions during the year	-
As at 31 December 2018	<u>4,252</u>
<b>Net book value</b>	
At 31 December 2018	<u>4,252</u>
At 31 December 2017	<u>4,252</u>



# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

### 13 TANGIBLE ASSETS

	<b>Fixtures, fittings and equipment £'000</b>
<b>Cost</b>	
At 1 January 2018	32,632
Opening cost revaluation	2
Additions	10,547
Disposals	(1,846)
	<hr/>
At 31 December 2018	41,335
<b>Accumulated depreciation</b>	
At 1 January 2018	22,597
Opening cost revaluation	1
Charge for the year	4,075
Disposals	(1,584)
	<hr/>
At 31 December 2018	25,089
<b>Net book value</b>	
At 31 December 2018	<hr/> <u>16,246</u>
At 31 December 2017	<hr/> <u>10,035</u>

Included in the cost of fixtures, fittings and equipment are assets in the course of construction of £1,087k (2017: £189k). No depreciation has been provided on these assets during the current or previous year and depreciation is only charged when the assets come into use.

# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

### 14 INVESTMENTS

#### Shares in subsidiary undertakings

##### Cost and net book value

£'000

At 1 January 2018

-

Additions

Impairment

-

Disposals

-

Loan repayments

-

At 31 December 2018

-

The directors believe that the carrying value of the investments is supported by their underlying net assets.

On 31 December 2018 the company sold its share in David Clulow Newbury Limited to the JV partner for £49k

The principal joint ventures are listed below. The 50.00% shareholdings in the joint ventures were transferred from Optika Limited to the company effective 31 August 2012.

Name of company	Principal activity	Proportion of shares held
David Clulow Loughton Limited	Retail opticians	50.00%

The registered office of the joint venture is 25 Farringdon Street, London EC4A 4AB.

# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

### 15 STOCKS

	31 December 2018	31 December 2017
	£'000	£'000
Finished goods and goods for resale	10,053	15,892

Stock values are stated after provision of £741k (2017: £1,087k).

In the opinion of the directors, there is no material difference between the balance sheet value of stocks and their replacement cost.

### 16 DEBTORS

	31 December 2018	31 December 2017
	£'000	£'000
Trade debtors	3,044	2,468
Amounts owed by group undertakings	1,553	26,907
Other debtors	1,499	604
Prepayments and accrued income	3,058	3,419
Deferred tax asset (note 19)	393	21
	9,547	33,419

All debtors with the exception of lease deposits of £166k (2017 £163k) and the deferred tax asset, are due within one year.

Trade debtors are stated after provision of £2,306k (2017: £6k).

Amounts owed by group undertakings are interest free and repayable on demand, with the exception of the cash pooling account which is interest-bearing.

### 17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2018	31 December 2017
	£'000	£'000
Trade creditors	5,461	3,069
Amounts owed to group undertakings	4,654	17,034
Corporation tax	407	312
Other creditors	853	1,196
Other taxation and social security	1,151	665
Accruals and deferred income	1,627	4,636
	14,153	26,912

Amounts owed to group undertakings are interest free and repayable on demand.

# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

### 18 PROVISIONS FOR LIABILITIES

	<b>Onerous Leases £'000</b>
Balance at 1 January 2018	415
Charge to profit and loss account	12
Balance at 31 December 2018	<u>427</u>

The provisions for onerous leases are based on existing rental commitments payable on properties identified as loss making where we seek to exit the lease.

The provision is expected to be utilised within 2 years of the balance sheet date.

### 19 DEFERRED TAX

	<b>£'000</b>
Balance at 1 January 2018 (asset)	21
Credit to profit and loss account	372
Balance at 31 December 2018 (asset)	<u>393</u>

	<b>31 December 2018</b>		<b>31 December 2017</b>	
	<b>Provided £'000</b>	<b>Unprovided £'000</b>	<b>Provided £'000</b>	<b>Unprovided £'000</b>
Accelerated capital allowances	367	-	(70)	-
Other short term timing differences	26	-	91	-
	<u>393</u>	<u>-</u>	<u>21</u>	<u>-</u>

The deferred tax assets are expected to be recoverable after 12 months

### 20 SHARE BASED PAYMENTS

The company's directors and senior management, when deemed appropriate, are issued share options from Luxottica Group SpA share based payment plans. The company recognised total expenses of £nil (2017: £153k) related to equity settled share based payments.

All of the share plans outstanding as of 31 December 2018 are conditional upon satisfying service conditions.

No PSP or options were granted during the year.

# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2018

### 20 SHARE BASED PAYMENTS (continued)

The following options were outstanding as at 31 December 2018:

Plan name	Exercise price	Currency	No of options outstanding at 1 January 2018	Granted	Forfeited	Exercised	Expired	No of options outstanding at 31 December 2018
2015 performance plan	60.02	Euro	1,800	-	(450)	(1,350)	-	-
Total			<u>1,800</u>	<u>-</u>	<u>(450)</u>	<u>(1,350)</u>	<u>-</u>	<u>-</u>

### 21 CALLED UP SHARE CAPITAL

	31 December 2018 £'000	31 December 2017 £'000
<b>Authorised:</b>		
7,811,445 (2017: 7,811,445) 'A' ordinary shares of £1 each	7,811	7,811
16,599,320 (2017: 16,599,320) 'B' ordinary shares of £1 each	16,600	16,600
	<u>24,411</u>	<u>24,411</u>
<b>Allotted, called up and fully paid:</b>		
7,811,445 (2017: 7,811,445) 'A' ordinary shares of £1 each	7,811	7,811
16,599,320 (2017: 16,599,320) 'B' ordinary shares of £1 each	16,600	16,600
	<u>24,411</u>	<u>24,411</u>

The 'A' and 'B' ordinary shares confer the holders the same rights.

### 22 PENSIONS

The company operates a defined contribution pension scheme. Contributions payable by the company for the year were £516k (2017: £369k).

£134k of these contributions were outstanding as at 31 December 2018 (2017: £42k) and were included in creditors at the Balance Sheet date.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2018**

**23 FINANCIAL COMMITMENTS**

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Not later than one year	17,013	17,418	25	22
Later than one year and not later than five years	28,666	27,819	57	54
Later than five years	15,281	16,589	-	-
	<u>60,960</u>	<u>61,826</u>	<u>82</u>	<u>76</u>

These leases are typically subject to periodic rent reviews at specified intervals. The annual commitment represents the fixed component part of the lease charge. In addition a turnover charge is levied at the end of the year on certain of the operating leases entered into by the company.

Certain leases had expired by 31 December 2018, even though the stores continue to trade. There were therefore no future contractual commitments to pay rent as at the year end, even though the company continues to do so. It is anticipated that these leases will renew in early 2019. Once all new leases are completed, the total additional annual commitment for operating leases which expire after five years will be £nil (2017: £nil) using current rents.

**24 CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 2018 (2017: £nil).

# LUXOTTICA RETAIL UK LTD

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2018

### 25 RELATED PARTY TRANSACTIONS

Key management includes directors of the company. Details of their remuneration can be found in Note 9.

Transactions with the joint ventures during the year are related party transactions and have been disclosed below. The joint venture stores trade as David Clulow stores. The company pays and recharges certain costs such as rent and service charges for the shops as well as providing funding where needed. It also charges fees to the joint ventures for support services provided, as well as commission on sales.

The following are the transactions for the year from 1 January 2018 to 31 December 2018 and prior year and loan balances and debtor balances with each of the joint ventures as at 31 December 2017 and 31 December 2018. No amounts have been written off in respect of joint ventures in either year.

	Fees and recharges 31 December 2018 £'000	Fees and recharges 31 December 2017 £'000	Loan Repayments 31 December 2018 £'000	Loan Repayments 31 December 2017 £'000
David Clulow Newbury Limited	29	62	-	-
David Clulow Loughton Limited	16	44	-	-
<b>Total fees and recharges and loan repayments</b>	<b>45</b>	<b>106</b>	<b>-</b>	<b>-</b>

	Net Debtor balance at 31 December 2017 £'000	Debtor balance at 31 December 2018 £'000	Provision at 31 December 2018 £'000	Net Debtor balance at 31 December 2018 £'000
David Clulow Newbury Limited	(16)	-	-	-
David Clulow Loughton Limited	(29)	11	-	11
<b>Total loan balance</b>	<b>(45)</b>	<b>11</b>	<b>-</b>	<b>11</b>

### 26 ULTIMATE PARENT COMPANY

The company's ultimate controlling party is EssilorLuxottica S.A., a company incorporated in France. The company's immediate parent is Luxottica Group S.p.A a company incorporated in Italy.

The smallest and largest group into which the company's results are consolidated is that headed by EssilorLuxottica S.A. whose financial statements are available to the public from Piazzale Cadorna 3, Milan, Italy.