

Handpicked Companies Limited

Report and financial statements

31 December 2013

THURSDAY



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Handpicked Companies Limited

Financial statements

Year ended 31 December 2013

Contents	Page
Directors' report	1
Independent auditor's report to the shareholders	3
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Notes to the financial statements	8

Handpicked Companies Limited

Directors' report

Year ended 31 December 2013

The directors present their report and the financial statements of the company for the year ended 31 December 2013.

Principal activities and business review

The principal activity of the company during the year was eCommerce.

A business review and strategic review has not been completed for the company because it is entitled to claim the exemption from doing so under section 415A of the Companies Act 2006.

On 8 April 2014 100% of the company was acquired by News Corp UK & Ireland Limited. As a result of this acquisition the Directors who served during the year resigned and new Directors were appointed. The current Directors' knowledge of the activity of the company during the year is limited to the availability of records from the year.

Principal risks and uncertainties facing the business

A summary of the principal risks and uncertainties facing the company has not been completed because it is entitled to claim the exemption from preparing the strategic review under section 415A of the Companies Act 2006.

Going concern

News Corp Investments UK and Ireland (the company's ultimate UK parent company) has committed to provide financial support until 30 April 2016. The News Corp Investments UK & Ireland group ("News UK") has prepared a rolling three year forecast in which the cash flows of the group are assessed. These show the group to be cash generative. The above factors lead the directors to conclude that they have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

Post balance sheet event

In April 2014, the company issued 607,000 shares of £0.00001 for total consideration of £455,250, giving rise to share capital of £6 and share premium of £455,244.

On 8 April 2014, 100% of the company's ordinary share capital was purchased by News Corp UK & Ireland Limited.

Directors

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

N. Cubitt	(Resigned 8 April 2014)
M. W. Darcey	(Appointed 8 April 2014)
C. C. S Longcroft	(Appointed 8 April 2014)
J. McGivern	(Resigned 8 April 2014)
S. McGivern	(Resigned 8 April 2014)

Except as noted above, all directors served throughout the year and are still directors at the date of this report

The Articles of Association do not require directors to retire either by rotation or in the year of appointment.

Directors' responsibilities

The directors are responsible for preparing 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 company and of the profit or loss of the company for that year.

Handpicked Companies Limited

Directors' report *(continued)*

Year ended 31 December 2013

Directors' responsibilities *(continued)*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Other matter

The comparative financial information as at 31 December 2012 and for the year then ended is unaudited. The members did not require the company to obtain an audit of its accounts for the year then ended in accordance with section 475 and 477 of the Companies Act 2006. The directors acknowledged their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of the accounts.

Disclosure of information to the Auditors

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Ernst & Young LLP, was newly appointed in accordance with section 485 of the Companies Act 2006.

Small company provisions

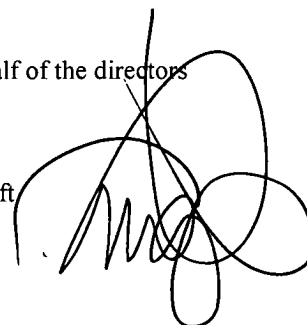
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:
1 London Bridge Street
London
SE1 9GF

Signed on behalf of the directors

C.C.S Longcroft

Director



Approved by the directors on 22 April 2015

Company Registration Number: 6181489

Independent auditor's report to the shareholders of Handpicked Companies Limited

Year ended 31 December 2013

We have audited the financial statements of Handpicked Companies Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Basis for qualified opinion on financial statements

With respect to stock having a carrying amount of £142,981 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 December 2013, or as at 31 December 2012, since that date was prior to our appointment as auditor of the company. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures.

In addition, with respect to stock as at 31 December 2012 with a carrying amount of £264,597 we were unable to obtain a stock listing and therefore we could not perform any audit procedures to obtain sufficient appropriate audit evidence regarding the carrying value of stock.

Qualified Opinion on financial statements

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other matter

The corresponding figures for the year ended 31 December 2012 are unaudited

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the shareholders of Handpicked Companies Limited (continued)

Year ended 31 December 2013

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

A handwritten signature in black ink, appearing to read 'Ernst A Young LLP'.

RICHARD ADDISON (Senior Statutory Auditor)
For and on behalf of
ERNST & YOUNG LLP
London
Statutory Auditor

22 April 2015

Handpicked Companies Limited

Profit and loss account

Year ended 31 December 2013

		2013	2012
			<i>(Unaudited & restated)</i>
	Note	£	£
Turnover		2,564,063	2,384,399
Cost of sales		<u>(1,372,131)</u>	<u>(1,216,563)</u>
Gross profit		1,191,932	1,167,836
Distribution costs		(394,845)	(334,914)
Administrative expenses		<u>(2,037,310)</u>	<u>(1,480,842)</u>
Operating loss	2	(1,240,223)	(647,920)
Interest receivable	4	53	–
Impairment of investments	5	(105,000)	–
Interest payable and similar charges		(37,578)	(9,737)
Loss on ordinary activities before taxation		(1,382,748)	(657,657)
Tax on loss on ordinary activities	6	–	–
Loss for the financial year		<u>(1,382,748)</u>	<u>(657,657)</u>

All of the activities of the company are classed as continuing.

The notes on pages 8 to 14 form part of these financial statements.

Handpicked Companies Limited

Statement of total recognised gains and losses

Year ended 31 December 2013

	2013	2012
		<i>(Unaudited & restated)</i>
	£	£
Loss for the financial year attributable to the shareholders	(1,382,748)	(657,657)
Total recognised gains and losses relating to the year	<u>(1,382,748)</u>	<u>(657,657)</u>
Prior year adjustment (see note 7)	(41,667)	—
Total gains and losses recognised since the last annual report	<u>(1,424,415)</u>	<u>(657,657)</u>

The notes on pages 8 to 14 form part of these financial statements.

Handpicked Companies Limited

Balance sheet

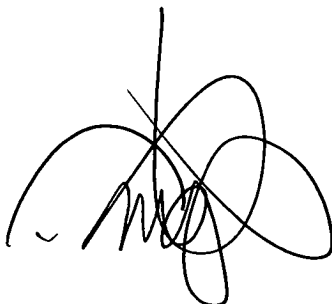
31 December 2013

	Note	2013 £	2012 (Unaudited & restated) £
Fixed assets			
Tangible assets	8	8,374	47,848
Investments	9	—	105,000
		<u>8,374</u>	<u>152,848</u>
Current assets			
Stocks		142,981	264,597
Debtors	10	197,678	190,544
Cash at bank		871,881	971,794
		<u>1,212,540</u>	<u>1,426,935</u>
Creditors: Amounts falling due within one year	11	<u>(1,684,212)</u>	<u>(1,649,603)</u>
Net current liabilities		<u>(471,672)</u>	<u>(222,668)</u>
Total assets less current liabilities		<u>(463,298)</u>	<u>(69,820)</u>
Creditors: Amounts falling due after more than one year	12	<u>(5,130)</u>	<u>(27,100)</u>
		<u>(468,428)</u>	<u>(96,920)</u>
Capital and reserves			
Called-up equity share capital	13	239	200
Share premium account	14	2,625,348	1,614,147
Profit and loss account	14	(3,094,015)	(1,711,267)
Deficit	15	<u>(468,428)</u>	<u>(96,920)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These accounts were approved by the directors and authorised for issue on 22 April 2015, and are signed on their behalf by:

C.C. S. Longcroft
Director



Company Registration Number: 6181489

The notes on pages 8 to 14 form part of these financial statements.

Handpicked Companies Limited

Notes to the financial statements

Year ended 31 December 2013

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The prior year comparatives in the profit and loss account and balance sheet have been re-stated to reflect the prior year adjustment explained further in note 7. All other principal accounting policies have been applied consistently throughout the year and preceding year.

News Corp Investments UK and Ireland (the company's ultimate UK parent company) has committed to provide financial support until 30 April 2016. The News Corp Investments UK & Ireland group ("News UK") has prepared a rolling three year forecast in which the cash flows of the group are assessed. These show the group to be cash generative. The above factors lead the directors to conclude that they have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

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:

Fixtures & Fittings	- 25% straight line
Computer software	- 20% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all costs incurred in bringing each product to its present location and condition.

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.

Consolidated financial statements

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Handpicked Companies Limited

Notes to the financial statements

Year ended 31 December 2013

1. Accounting policies *(continued)*

Deferred taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

2. Operating loss

Operating loss is stated after charging:

	2013	2012 (Unaudited & restated)
	£	£
Directors' remuneration	123,650	119,229
Depreciation of owned fixed assets	13,997	13,031
Impairment of fixed assets	31,741	—
	<u>169,388</u>	<u>132,260</u>

3. Auditor's remuneration

	2013	2012 (Unaudited)
	£	£000
Audit of the financial statements	<u>37,500</u>	<u>—</u>

Auditor's remuneration is borne by another group undertaking.

4. Interest receivable

	2013	2012 (Unaudited)
	£	£
Bank interest receivable	<u>53</u>	<u>—</u>

Handpicked Companies Limited

Notes to the financial statements

Year ended 31 December 2013

5. Impairment of investments

	2013	2012 (Unaudited)
	£	£
Impairment of investments	<u>105,000</u>	<u>—</u>

The company tests investments annually for impairment or more frequently if there are indicators that investments may be impaired. The recoverable amounts for the company's investment is measured through review of the investee's net asset position and a value in use calculation. Value in use is determined by discounting future expected cash flows, based on management approved budgets and 3 year projections. These reflect management's current experience and future expectations of the markets in which the investments operate. This has resulted in an impairment charge of £105,000 in the current year.

6. Taxation on ordinary activities

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23.25% (2012 - 24.50%).

	2013	2012 (Unaudited & restated)
	£	£
Loss on ordinary activities before taxation	<u>(1,382,748)</u>	<u>(657,657)</u>
Loss on ordinary activities by rate of tax	(321,489)	(161,126)
Depreciation in excess of capital allowances	486	386
Non-deductible expenses	1,038	-
Impairment of investment and intercompany balance	56,851	-
Unrelieved tax losses carried forward	<u>263,114</u>	<u>160,740</u>
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The standard rate of UK Corporation Tax reduced from 24% to 23% on 1 April 2013. The Finance Act 2012 received Royal Assent on 17 July 2012, with the 23% rate being substantively enacted from 3 July 2012.

The standard rate of corporation tax is set to reduce to 21% from 1 April 2014 and by a further 1% to a rate of 20% from 1 April 2015. These further reductions had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements.

The company has trading losses of £2,652,000 (2012 *Unaudited* – £1,479,000) that are available indefinitely for offset against future trading profits. No deferred tax asset has been recognised in respect of these losses.

7. Prior year adjustment

During the current year, the company has reassessed the capitalisation criteria of its Computer software. The company previously capitalised expenses as Tangible fixed assets but believes that these costs should have been expensed as incurred. Consequently, the equity of the company as at 31 December 2012 has reduced by £41,667 due to the prior year loss increasing from £615,990 to £657,657. In addition, the net book value of tangible fixed assets as at 31 December 2012 also reduced by £41,667, from £85,313 to £43,646.

Handpicked Companies Limited

Notes to the financial statements

Year ended 31 December 2013

8. Tangible fixed assets

	Fixtures & fittings £	Computer software £	Total £
Cost			
At 1 January 2013 <i>(as restated)</i>	10,263	59,524	69,787
Additions	6,264	–	6,264
Impairment	–	(59,524)	(59,524)
At 31 December 2013	16,527	–	16,527
Depreciation			
At 1 January 2013 <i>(as restated)</i>	6,061	15,878	21,939
Charge for the year	2,092	11,905	13,997
On impaired assets	–	(27,783)	(27,783)
At 31 December 2013	8,153	–	8,153
Net book value			
At 31 December 2013	8,374	–	8,374
At 31 December 2012 <i>(as restated)</i>	4,202	43,646	47,848

9. Investments

	£
Cost	
At 1 January 2013 and 31 December 2013	105,000
Amounts written off	
Impaired in year (see note 5)	105,000
At 31 December 2013	105,000
Net book value	
At 31 December 2013	–
At 31 December 2012	105,000

The company owns 100% of the ordinary share capital of Coldstreame Seafood Limited, an eCommerce company incorporated in England and Wales.

10. Debtors

	2013 £	2012 <i>(Unaudited)</i> £
Trade debtors	182,078	135,403
Amounts due from group undertakings	–	43,445
Prepayments	15,600	10,000
Other debtors	–	1,696
	197,678	190,544

Handpicked Companies Limited

Notes to the financial statements

Year ended 31 December 2013

11. Creditors: Amounts falling due within one year

	2013	2012 (Unaudited)
	£	£
Bank loans	21,970	23,035
Trade creditors	1,181,870	1,486,141
Other taxation and social security	17,726	43,470
VAT liability	84,154	11,981
Third party loans	266,167	4,800
Other creditors	1,125	75,736
Accruals and deferred income	111,200	4,440
	<u>1,684,212</u>	<u>1,649,603</u>

12. Creditors: Amounts falling due after more than one year

	2013	2012 (Unaudited)
	£	£
Bank loans	<u>5,130</u>	<u>27,100</u>

13. Share capital

Allotted, called up and fully paid:

	2013		2012 (Unaudited)	
	No	£	No	£
Ordinary shares (2012 - 20,005,278) of £0.00001 each	<u>23,866,355</u>	<u>239</u>	<u>20,005,278</u>	<u>200</u>

In the year the company issued 3,861,077 shares of £0.00001 for consideration of £39, giving rise to share premium of £1,011,201.

14. Reserves

	Share premium account	Profit and loss account (restated)
	£	£
Balance brought forward as previously reported	1,614,147	(1,669,600)
Prior year adjustment (note 7)	—	(41,667)
Restated balance as at 1 January 2013	<u>1,614,147</u>	<u>(1,711,267)</u>
Loss for the year	—	(1,382,748)
New equity share capital subscribed	<u>1,011,201</u>	<u>—</u>
Balance carried forward	<u>2,625,348</u>	<u>(3,094,015)</u>

Handpicked Companies Limited

Notes to the financial statements

Year ended 31 December 2013

15. Reconciliation of movements in shareholders' funds

	2013	2012 (Unaudited & restated)
	£	£
Loss for the financial year	(1,382,748)	(657,657)
New equity share capital subscribed	39	–
Premium on new share capital subscribed	1,011,201	–
Net reduction to shareholders' (deficit)/funds	(371,508)	(657,657)
Opening shareholders' (deficit)/funds	(55,253)	560,737
Prior year adjustment (see note 7)	(41,667)	–
Closing shareholders' deficit	(468,428)	(96,920)

16. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding as at 31 December, are as follows:

Related party	Sales to related party £	Purchases from related party £	Amounts owed from related party £	Amounts owed to related party £
Coldstreame Seafoods Limited				
2013	-	-	-	-
2012	-	-	43,445	-
LiteBulb Group Limited (formerly known as Ila Group Limited) and its subsidiaries				
2013	-	88,494	-	59,556
2012	-	55,805	-	61,341
Bluebell PR Limited				
2013	-	28,800	-	9,600
2012	-	28,800	-	2,400

Coldstreame Seafoods Limited is 100% subsidiary of the company. The gross amount receivable from Coldstreame Seafoods Limited as at 31 December 2013 totalled £139,522 which has been fully provided against as at the year end resulting in a carrying value of £nil (2012 - £43,445).

LiteBulb Group Limited (formerly known as Ila Group Limited) and its subsidiaries are related through its common shareholder and director, Simon McGivern, and shareholder, James Phillips. Included in the purchase amounts above are £48,000 paid in relation to rents paid for office space (2012 - £1,189).

Bluebell PR Limited is related through its common shareholder and director, Joanna McGivern.

Handpicked Companies Limited

Notes to the financial statements

Year ended 31 December 2013

16. Related party transactions *(continued)*

During the year the company also entered loans with a number of shareholders as noted below:

Shareholder	Loan principal £	Interest paid in year £	Amounts owed to shareholder at year end £
Simon McGivern	10,000	-	-
Locca Tech Limited*	43,000	-	-
James Phillips	20,000	-	-
Chole French	30,000	3,000	33,000
Tim Phillips	50,000	5,000	55,000
George Phillips	65,000	6,500	16,500
Barbara Twinner	50,000	5,000	-

During the previous year the company also entered loans with a number of shareholders as noted below:

Shareholder	Loan principal £	Interest paid in year £	Amounts owed to shareholder at year end £
Simon McGivern	10,000	1,000	11,000
Locca Tech Limited*	48,000	-	43,000
James Phillips	20,000	2,000	22,000

* Locca Tech Limited is related through its common shareholder and director, Simon McGivern, and shareholder, James Phillips.

As at the year end, Simon McGivern and James Phillips have provided individual guarantees to Barclays Bank for £6,250 each, and a joint guarantee totalling £25,000.

17. Ultimate parent undertaking and controlling party

The directors consider that the company does not have one individual controlling party

18. Post balance sheet events

In April 2014, the company issued 607,000 shares of £0.00001 for total consideration of £455,250, giving rise to share capital of £6 and share premium of £455,244.

On 8th April 2014 100% of the company's ordinary share capital was purchased by News Corp UK & Ireland Limited.