

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

FOR

IMAGINE POS UK LIMITED

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Annual report and financial statements for the year ended 31 December 2015

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IMAGINE POS UK LIMITED
DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS:

G H Pullen
N A Cottrell
G J Raymond

REGISTERED OFFICE:

Centenary House
Centenary Way
Salford
Manchester
M50 1RF

REGISTERED NUMBER:

06869084 (England and Wales)

AUDITORS:

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

IMAGINE POS UK LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The principal activity of the company is that of a point of sale business, operating primarily in the beauty market.

The company continues to explore potential growth in existing categories as well as emerging markets. It will continue to invest in new product development wherever appropriate.

REVIEW OF BUSINESS

The results for the year and the financial position of the company are shown in the annexed financial statements for the year ended 31 December 2015.

Following the recent changes to UK GAAP, the Directors have elected to present the financial statements under FRS 101, 'Reduced Disclosure Framework'. The impact of the changes on the 2014 figures previously reported under UK GAAP are set out in note 15.

Financial highlights

- Sales for the year totalled £11,281,000 (2014: £12,375,000).
- The company's profit for the financial year is £1,036,000 (2014: £1,523,000)
- The reserves of the company at the end of the year were £3,278,000 (2014: £2,237,000)
- Cash balances increased from £391,000 to £1,361,000.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risks

The company's operations are exposed to a variety of financial risks that include credit risk, foreign currency risk and interest rate risk. The company has in place a risk management programme that seeks to limit any adverse effects of the risks on the financial performance of the company. The directors have delegated the responsibility for implementation of the policies they set, and for monitoring financial risk management, to the company's finance department.

There is an element of uncertainty resulting from Brexit, the impact of which is difficult to predict. The directors are currently monitoring the situation.

Credit risk

The company has policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the company's finance department.


Interest rate risk

The company's interest bearing assets include only cash balances, all of which earn interest at a fixed rate.

KEY PERFORMANCE INDICATORS

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using a large number of key performance indicators is not necessary for an understanding of the development, performance or position of the business. Instead, the directors' focus is on straightforward business measures such as turnover, gross profit margin and overall profitability.

ON BEHALF OF THE BOARD:



.....
N A Cottrell - Director

Date: 30 September 2016

IMAGINE POS UK LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report with the audited financial statements of the company for the year ended 31 December 2015.

GENERAL INFORMATION

The company is a private limited company and is incorporated and domiciled in the UK.

DIVIDENDS

The directors do not recommend the payment of a dividend (2014: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 to the date of this report.

G H Pullen
N A Cottrell
G J Raymond

The company maintains liability insurance for its directors and officers. By virtue of the articles of association, the company has also provided indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

POLITICAL DONATIONS AND EXPENDITURE

The company made no political or charitable donations during the year.

REVIEW OF THE BUSINESS, PRINCIPAL RISKS AND UNCERTAINTIES AND FUTURE DEVELOPMENTS

Review of the business, principal risks and uncertainties and future developments are covered in the Strategic report.

POLICY ON PAYMENT OF CREDITORS

The company seeks the best possible terms from both UK and overseas suppliers appropriate to its business and gives consideration to quality, delivery and price. Terms are agreed with each supplier when the company enters into binding purchase contracts for the supply of goods. The purchase order sent to the supplier clearly states the payment terms agreed. The group will continue to honour its contractual and legal obligations and to make payment on the agreed dates.

STATEMENT OF 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

IMAGINE POS UK LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



.....
N A Cottrell - Director

Date: 30 September 2016

Independent auditors' report to the members of Imagine POS UK Limited

Report on the financial statements

Our opinion

In our opinion, Imagine POS UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2015;
- the Income statement for the year then ended;
- the Statement of changes in equity for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Imagine POS UK Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
30 September 2016

IMAGINE POS UK LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £'000	2014 £'000
TURNOVER	2	11,281	12,375
Cost of sales		<u>(7,507)</u>	<u>(8,244)</u>
GROSS PROFIT		3,774	4,131
Administrative expenses		<u>(2,469)</u>	<u>(2,214)</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,305	1,917
Tax on profit on ordinary activities	5	<u>(269)</u>	<u>(394)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>1,036</u></u>	<u><u>1,523</u></u>

All items dealt with in arriving at operating profit above relate to continuing operations.

The company has no recognised gains or losses other than those stated above and therefore no separate statement of comprehensive income has been presented.

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2015

		31 December 2015		31 December 2014	
	Note	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	6		14		8
Property, plant and equipment	7		<u>76</u>		<u>113</u>
			90		121
CURRENT ASSETS					
Inventory	8	116		219	
Trade and other receivables	9	4,351		4,452	
Cash and cash equivalents		<u>1,361</u>		<u>391</u>	
		5,828		5,062	
CREDITORS					
Amounts falling due within one year	10	<u>(2,640)</u>		<u>(2,933)</u>	
NET CURRENT ASSETS			<u>3,188</u>		<u>2,129</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,278		2,250
PROVISIONS FOR LIABILITIES	12		-		(13)
NET ASSETS			<u>3,278</u>		<u>2,237</u>
CAPITAL AND RESERVES					
Called-up share capital	13		-		-
Capital redemption reserve			5		-
Profit and loss account			<u>3,273</u>		<u>2,237</u>
TOTAL SHAREHOLDERS' FUNDS			<u>3,278</u>		<u>2,237</u>

The financial statements were approved by the Board of Directors on 30 September 2016 and were signed on its behalf by:



N.A Cottrell - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total Shareholders' funds
	£'000	£'000	£'000	£'000
Balance as at 1 January 2014	-	-	714	714
Profit for the financial year	-	-	1,523	1,523
Total comprehensive income for the year	-	-	1,523	1,523
Balance as at 1 December 2014	-	-	2,237	2,237
Profit for the financial year	-	-	1,036	1,036
Total comprehensive income for the year	-	-	1,036	1,036
Arising on share based compensation.	-	5	-	5
Transactions settled directly with equity	-	5	-	5
Balance as at 31 December 2015	-	5	3,273	3,278

IMAGINE POS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1 Principal accounting policies

Summary of significant accounting policies

The principal accounting policies, which have been applied consistently throughout the year, unless otherwise stated, are set out below.

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly in the year ended 31 December 2015 the company has undergone transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101, 'Reduced Disclosure Framework'.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, as applicable to companies adopting FRS101. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d), (statement of cash flows)
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - (iii) 16 (statement of compliance with all IFRS),
- IAS 7, 'Statement of cash flows'
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of the group.

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 below.

Critical accounting estimates and assumptions

Impairment of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2015, other than the adoption of FRS101, have had a material impact on the company.

IMAGINE POS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1 Principal accounting policies (continued)

Turnover

Turnover represents amounts invoiced for goods and services net of VAT and trade discounts.

Property, plant and equipment and depreciation

Tangible assets are stated at cost less accumulated depreciation. The cost of tangible assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is provided to write off the cost less the estimated residual value of tangible assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold	- 10% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 20% on cost
Computer and office equipment	- 33.3% on cost

Depreciation is charged within administrative expenses in the income statement.

Computer software and system development costs

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 3 to 10 years. Amortisation is charged within administrative costs in the income statement.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate proportion of relevant overheads.

System developments costs recognised as assets are amortized over their estimated useful lives of 3 to 10 years.

Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

Contributions to the pension scheme are charged to the profit and loss account as incurred.

Current and deferred taxation

The charge for taxation is based on the profit for the year and takes into account timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for deferred tax liabilities on all material differences resulting from the different treatment for accounting and taxation purposes using currently enacted tax rates. No discounting is applied to the deferred tax timing differences. Deferred tax assets arising from timing differences are only recognised to the extent their recovery is considered more likely than not in the light of available information.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at rates of exchange ruling at the date of the transactions. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

IMAGINE POS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1 Principal accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Inventory

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Share based compensation

Certain employees of the company along with other group employees have been granted awards over the shares in Li & Fung Limited. The company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution. On exercise of the shares by the employees, the company is charged the intrinsic value of the shares by Li & Fung Limited. This amount is treated as a reduction of the capital contribution and is recognised directly in equity.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves and overdraft facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves and overdraft facilities. 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.

IMAGINE POS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

2 Turnover

Turnover represents invoiced sales less returns allowances and discounts to customers, excluding value added tax. The analysis of turnover by geographical area is as follows:

	2015	2014
	£'000	£'000
United Kingdom	11,108	11,838
Rest of Europe	118	122
Rest of the world	55	415
	11,281	12,375

3 Employee information

The monthly average number of persons employed by the company (excluding directors) during the year was as follows:

	2015	2014
	Number	Number
Sales	6	7
Administration	30	34
Total	36	41

The aggregate payroll costs of these persons were as follows:

	2015	2014
	£'000	£'000
Wages and salaries	1,503	1,609
Social security costs	165	157
Other pension costs	16	7
	1,684	1,773

IMAGINE POS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

4 Operating profit

	2015	2014
	£'000	£'000
Operating loss is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
- owned assets (note 7)	32	40
Amortisation of intangible fixed assets (note 6)	4	1
Loss on disposal of fixed assets	68	9
Operating lease rentals		
- plant and machinery	9	9
- other	75	102
Foreign exchange differences	(6)	10
Services provided by the company's auditors		
- fees payable for the audit	16	15
- fees payable for other services – tax compliance	5	5
Directors' remuneration	98	98

The company paid no pension contributions in respect of the directors (year ended 31 December 2014: none).

5 Tax on profit on ordinary activities

	2015	2014
	£'000	£'000
Current tax:		
UK Corporation tax at 20.25% (2014: 21.49%)	288	390
Total current tax	288	390
Deferred tax:		
Origination and reversal of timing difference	(20)	4
Effect of changes in tax rate	1	-
Total deferred tax (note 12)	(19)	4
Total tax in the income statement	269	394

IMAGINE POS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

5 Tax on profit on ordinary activities (continued)

The tax assessed for the year is higher (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation	1,305	1,917
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax of 20.25% (2014: 21.49%)	264	412
Effects of:		
Expenses not deductible for tax purposes	4	3
Income not taxable	-	(22)
Effect of changes in tax rate	1	1
Total tax in the income statement	269	394

The rate of UK main corporation tax changed from 21% (2014: 23%) to 20% (2014: 21%) from 1 April 2015 (2014: 1 April 2014) giving a composite rate of 20.25% (2014: 21.49%).

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015. As the change to 17% had not been substantively enacted at the balance sheet date its effects are not included in these financial statements. The overall effect of that change, if it had applied to the deferred tax balance at the balance sheet date, would be £1,000.

IMAGINE POS UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

6 Intangible assets

	Computer Software
	£'000
Cost	
At 1 January 2015	9
Additions	10
At 31 December 2015	19
Accumulated amortisation	
At 1 January 2015	1
Charge for the year	4
At 31 December 2015	5
Net book amount	
At 31 December 2015	14
At 31 December 2014	8

IMAGINE POS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

7 Property, plant and equipment

	Short leasehold £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer and office equipment £'000	Totals £'000
COST					
At 1 January 2015	80	14	6	93	193
Additions	54	-	-	8	62
Disposals	<u>(80)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80)</u>
At 31 December 2015	<u>54</u>	<u>14</u>	<u>6</u>	<u>101</u>	<u>175</u>
DEPRECIATION					
At 1 January 2015	8	6	4	62	80
Charge for year	11	3	1	17	32
Eliminated on disposal	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13)</u>
At 31 December 2015	<u>6</u>	<u>9</u>	<u>5</u>	<u>79</u>	<u>99</u>
NET BOOK VALUE					
At 31 December 2015	<u>48</u>	<u>5</u>	<u>1</u>	<u>22</u>	<u>76</u>
At 31 December 2014	<u>72</u>	<u>8</u>	<u>2</u>	<u>31</u>	<u>113</u>

8 Inventory

	2015 £'000	2014 £'000
Work-in-progress	104	219
Finished goods	<u>12</u>	<u>-</u>
	<u>116</u>	<u>219</u>

9 Trade and other receivables

	2015 £'000	2014 £'000
Trade debtors	3,784	4,152
Amounts owed by group undertakings	537	274
Other debtors	4	15
Deferred tax asset	6	-
Prepayments and accrued income	<u>20</u>	<u>11</u>
	<u>4,351</u>	<u>4,452</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

10 Creditors; amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	741	1,217
Amounts owed to group undertakings	6	39
Corporation tax payable	-	22
Group relief payable	289	368
Social security and other taxes	46	49
Other creditors	430	331
Accruals and deferred income	<u>1,128</u>	<u>907</u>
	<u>2,640</u>	<u>2,933</u>

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

IMAGINE POS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

11 Operating lease commitments

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Expiring:				
Within one year	33	57	3	6
Between one and five years	<u>93</u>	<u>18</u>	<u>-</u>	<u>3</u>
	<u>33</u>	<u>57</u>	<u>3</u>	<u>9</u>

12 Provisions for liabilities and deferred tax

The elements of the deferred tax asset/(liability), calculated at 19% (2014: 20%) are as follows:

	2015	2014
	£'000	£'000
Provision at start of year	(13)	(9)
Origination and reversal of timing difference	20	(4)
Effect of changes in rates	(1)	-
Total deferred tax asset/(liability)	6	(13)

The deferred tax (liability)/asset calculated at 19% (2014: 21%) is set out below:

	Recognised		Full potential	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Accelerated capital allowances	6	(13)	6	(13)
Other short term timing differences	-	-	-	-
	<u>6</u>	<u>(13)</u>	<u>6</u>	<u>(13)</u>

The deferred tax has been recognised as it is expected that the company will generate sufficient profits in the future to utilise it.

IMAGINE POS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015**

13 Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015 £	2014 £
100 (2014:100)	Ordinary	£1	<u>100</u>	<u>100</u>

14 Share based compensation

Certain employees of the company along with other group employees were granted awards over the shares in Li & Fung Limited. Awards for 3,400 shares were granted to employees of Imagine POS UK Limited in May 2015 with a fixed exercise price of £0.4447 per share and were exercised on 4 January 2016. The group makes annual grants in May each year. The company recognises a share-based payment expense based on the fair value of the awards granted, and an equivalent credit directly in equity as a capital contribution. On exercise of the shares by the employees, the company is charged the intrinsic value of the shares by Li & Fung Limited. This amount is treated as a reduction of the capital contribution and is recognised directly in equity. During the year, £6,000 has been charged through the income statement in respect of share awards.

Share awards and options outstanding at the end of the year have the following expiry date and exercise prices:

Grant- vest	Exercise price in £ per share option	2015 Share awards Number	2014 Share awards Number
2015-2016	0.4447	3,400	-

15 Transition to FRS101

This is the first year that the company has presented its results under FRS 101, 'Reduced Disclosure Framework'. The financial statements for the year ended 31 December 2014 were presented under UK GAAP. The date of transition to FRS 101 was 1 January 2014 with a requirement to restate comparative figures. Set out below are the changes made to the figures previously reported under UK GAAP.

Effects of transition

Intangible assets and property, plant and equipment – computer software assets with a net book value of £8,000 have been reclassified from property, plant and equipment to intangible assets in the statement of financial position as at 2014 and £nil as at 31 December 2013.

The transition to FRS101 had no impact on the income statement for either the year ended 31 December 2014 or 2013.

16 Pensions

The company operates a defined contribution pension scheme the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £16,000 (2014: £7,000). At the year end accrued pension charges amounted to one month's contributions (2014: one month).

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17 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is LF Europe Limited. LF Europe Limited is incorporated in Great Britain and registered in England & Wales. The company's ultimate parent undertaking and controlling party is Li & Fung Limited, a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange. The largest and smallest group in which the results of the company are consolidated is that headed by Li & Fung Limited, the ultimate controlling party. The consolidated financial statements of this company are available to the public from Investor Relations, Li & Fung Limited, 11th Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong.