

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**  
**FOR**  
**IMAGINE POS UK LIMITED**



## **Annual report and financial statements for the year ended 31 December 2016**

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**IMAGINE POS UK LIMITED**  
**DIRECTORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**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)

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

**IMAGINE POS UK LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their strategic report for the year ended 31 December 2016.

**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 2016.

**Financial highlights**

- Sales for the year totalled £11,452,000 (2015: £11,281,000).
- The company's profit for the financial year is £637,000 (2015: £1,036,000)
- The reserves of the company at the end of the year were £3,920,000 (2015: £3,278,000)
- Cash balances increased from £1,361,000 to £2,870,000.

**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.

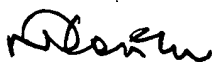
**Interest rate risk**

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: 16 October 2017

**IMAGINE POS UK LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2016.

**GENERAL INFORMATION**

The company is a private company limited by shares and is incorporated and domiciled in England.

**DIVIDENDS**

The directors do not recommend the payment of a dividend (2015: £nil).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2016 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, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006, which was in place both during the financial year and at the date of approval of the financial statements.

**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.

**IMAGINE POS UK LIMITED**  
**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)**


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.

**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: 16 October 2017

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

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## Report on the financial statements

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### 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 2016 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.

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### 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 2016;
- the Income Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- 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 United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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.

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## Opinion on other matter prescribed by the Companies Act 2006

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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.

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## Other matters on which we are required to report by exception

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### 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.

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### 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)

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities on page 3 and 4, 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.

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#### 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

16 October 2017

## Income statement for the year ended 31 December 2016

	Note	£'000	£'000
<b>Turnover</b>		<b>11,452</b>	11,281
Cost of sales		<b>(8,286)</b>	(7,507)
<b>Gross profit</b>		<b>3,166</b>	3,774
Administrative expenses		<b>(2,363)</b>	(2,469)
<b>Profit before taxation</b>		<b>803</b>	1,305
Income tax expense on ordinary activities	5	<b>(166)</b>	(269)
<b>Profit for the financial year</b>		<b>637</b>	1,036

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

The company has no other comprehensive income other than the profit above and therefore no separate statement of comprehensive income has been presented.

# Statement of financial position as at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Intangible assets	6	8	14
Property, plant and equipment	7	51	76
		<b>59</b>	<b>90</b>
<b>Current assets</b>			
Inventory	8	284	116
Trade and other receivables	9	3,491	4,351
Cash and cash equivalents		2,870	1,361
		<b>6,645</b>	<b>5,828</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(2,784)</b>	<b>(2,640)</b>
<b>Net current assets</b>		<b>3,861</b>	<b>3,188</b>
<b>Total assets less current liabilities</b>		<b>3,920</b>	<b>3,278</b>
<b>Net assets</b>		<b>3,920</b>	<b>3,278</b>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Capital redemption reserve		10	5
Profit and loss account		3,910	3,273
<b>Total shareholders' funds</b>		<b>3,920</b>	<b>3,278</b>

These financial statements were approved by the board of directors on 16 October 2017 and were signed on its behalf by:



NA Cottrell  
Director

Imagine POS UK Limited  
Registered number: 06869084

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Called up share capital</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total Shareholders' funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 1 January 2015</b>	-	-	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
<b>Balance as at 1 December 2015</b>	-	5	3,273	3,278
Profit for the financial year	-	-	637	637
Total comprehensive income for the year	-	-	637	637
Arising on share based compensation.	-	5	-	5
Transactions settled directly with equity	-	5	-	5
<b>Balance as at 31 December 2016</b>	-	10	3,910	3,920

## IMAGINE POS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

#### 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. 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, on a going concern basis and in accordance with the Companies Act 2006, as applicable to companies using 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.

IMAGINE POS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

**1 Principal accounting policies (continued)**

**New standards, amendments and IFRIC interpretations**

- A number of new standards, amendments to standards and interpretations are effective for the period ended 31 December 2016. These are currently considered either not relevant or to have no material impact on the Company.
- IFRS 9 “Financial Instruments” and IFRS 15 “Revenue Recognition” are new standards that are mandatory for accounting periods beginning on or after 1 January 2018, but the Company has not adopted them early. These are currently considered either not relevant or are not expected to have a material impact on the Company.
- IFRS 16 “Leases” was issued in January 2016 with an effective date of 1 January 2019. The standard specifies how leases are recognised, presented, measured and disclosed. This is likely to impact on the timing of the recognition of lease costs within the Income Statement. The Company has not yet completed its assessment of the impact of the standard on the Company’s results and financial position.

**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 amortised 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.

## IMAGINE POS UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2016

#### Principal accounting policies (continued)

##### 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.

##### 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 a straight line basis over the vesting period. On vesting of the shares, 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 - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**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:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	<b>11,070</b>	11,108
Rest of Europe	<b>21</b>	118
Rest of the world	<b>361</b>	55
	<b>11,452</b>	11,281

**3 Employee information**

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

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Sales	<b>5</b>	6
Administration	<b>26</b>	30
Total	<b>31</b>	36

The aggregate payroll costs of these persons were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>1,403</b>	1,503
Social security costs	<b>167</b>	165
Other pension costs	<b>66</b>	16
	<b>1,636</b>	1,684

IMAGINE POS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

4 Profit on ordinary activities before taxation

	2016 £'000	2015 £'000
<b>Profit on ordinary activities before taxation is stated after</b>		
Depreciation of tangible fixed assets		
- owned assets (note 7)	32	32
Amortisation of intangible fixed assets (note 6)	6	4
Loss on disposal of fixed assets	-	68
Operating lease rentals		
- plant and machinery	3	9
- other	40	75
Foreign exchange differences	6	(6)
<b>Services provided by the company's auditors</b>		
- fees payable for the audit	17	16
- fees payable for other services – tax compliance	5	5

	2016 £'000	2015 £'000
Directors' remuneration	100	98

The company paid pension contributions amounting to £5,000 (2015: £5,000). in respect of one (2015: one) director.

5 Tax on profit

	2016 £'000	2015 £'000
<b>Current tax:</b>		
UK Corporation tax on profit of the year at 20% (2015: 20.25%)	172	288
<b>Total current tax</b>	<b>172</b>	<b>288</b>
<b>Deferred tax:</b>		
Origination/reversal of timing differences	(7)	(20)
Adjustment in respect of previous periods	(1)	-
Effects of changes in tax rates	2	1
<b>Total deferred tax (note 12)</b>	<b>(6)</b>	<b>(19)</b>
<b>Total tax in the income statement</b>	<b>166</b>	<b>269</b>

**IMAGINE POS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**5 Tax on profit (continued)**

The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation	<b>803</b>	<b>1,305</b>
Profit before taxation multiplied by standard rate in the UK of 20% (2015: 20.25%)	<b>161</b>	<b>264</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>4</b>	<b>4</b>
Adjustment in respect of previous periods	<b>(1)</b>	<b>-</b>
Effects of changes in tax rates	<b>2</b>	<b>1</b>
<b>Total tax in the income statement</b>	<b>166</b>	<b>269</b>

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016 to reduce the main rate to 17% from 1 April 2020. This change was fully enacted in September 2016. A change to reduce the UK corporation tax rate to 19% from 1 April 2017 had already been substantively enacted on 26 October 2015. Therefore deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

IMAGINE POS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

6 Intangible Assets

	Software £'000
<b>Cost</b>	
At 1 January 2016 and 31 December 2016	19
<b>Accumulated Depreciation</b>	
At 1 January 2016	5
Charge for the year	6
<b>At 31 December 2016</b>	<b>11</b>
<b>Net book value</b>	
At 31 December 2016	8
At 31 December 2015	14

7 Property, plant and equipment

	Short leasehold £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer and office equipment £'000
<b>Cost</b>				
At 1 January 2016	54	14	6	101
Additions	-	3	-	4
Disposals	-	-	-	(5)
<b>At 31 December 2016</b>	<b>54</b>	<b>17</b>	<b>6</b>	<b>100</b>
<b>Accumulated Depreciation</b>				
At 1 January 2016	6	9	5	79
Disposals	-	-	-	(5)
Charge for the year	14	3	1	14
<b>At 31 December 2016</b>	<b>20</b>	<b>12</b>	<b>6</b>	<b>88</b>
<b>Net book value</b>				
At 31 December 2016	34	5	-	12
At 31 December 2015	48	5	1	22

**IMAGINE POS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**8 Inventory**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Work-in-progress	260	104
Finished goods and goods for resale	24	12
	<b>284</b>	<b>116</b>

**9 Trade and other receivables**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	2,671	3,784
Amounts owed by group undertakings	783	537
Other debtors	-	4
Deferred tax asset	12	6
Prepayments and accrued income	25	20
	<b>3,491</b>	<b>4,351</b>

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

**10 Creditors: amounts falling due within one year**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,233	741
Amounts owed to group undertakings	41	6
Taxation and social security costs	46	46
Group relief payable	172	289
Other creditors	263	430
Accruals and deferred income	1,029	1,128
	<b>2,784</b>	<b>2,640</b>

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

**11 Capital and other commitments**

At 31 December 2016 the company had total commitments under non-cancellable operating leases, expiring as follows:

	<b>Other</b>		<b>Land and buildings</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year	-	3	40	33
Within two to five years	-	-	53	93
	-	3	93	126

The company had no capital commitments contracted but not provided for as at 31 December 2016 (2015: £nil).

**IMAGINE POS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
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**12 Deferred taxation**

Deferred tax at 31 December 2016 represents corporation tax at 17% (2015: 19%).

<b>Deferred tax asset</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	6	(13)
Reversal/origination of timing differences (note 5)	7	20
Adjustment in respect of prior years	1	-
Effect of change in tax rates	(2)	(1)
<b>At 31 December</b>	<b>12</b>	<b>6</b>

The company has recognised a deferred tax asset as it is anticipated that it will be able to utilise the amounts in future years. The deferred tax asset position can be analysed as follows:

	<b>Amount unrecognised</b>		<b>Amount recognised</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Tax effect of timing differences because of:</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	-	-	12	6

**13 Called up share capital**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid		
100 (2015: 100) ordinary shares of £1 each	100	100

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**NOTES TO THE FINANCIAL STATEMENTS - continued  
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**14 Share based payments**

On 21 May 2015 certain employees of the company along with other group employees were granted awards over £30,000 shares in Li & Fung Limited. The awards vest in three tranches from December 2015 to December 2019. Awards for 6,700 (2015: 3,400) shares vested in relation to employees of Imagine POS UK Limited in December 2016 (2015: December 2015). 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 a straight line basis over the vesting period. During the year, £7,000 (2015: £6,000) has been charged through the income statement in respect of share awards granted in 2015. On vesting of the shares, the company is charged the intrinsic value of the shares by Li & Fung Limited. This amount, £2,000 (2015: £1,000) is treated as a reduction of the capital contribution and is recognised directly in equity. The net amount recognised through equity in the year is therefore £5,000 (2015: £5,000).

1,781 (2015: none) share awards were exercised in the year at a price of HK\$ 5.0632 (2015: £nil) per share.

Vested share awards outstanding at the end of the year are as follows:

Grant- vest	2016 Share awards Number	2015 Share awards Number
2015-2015	1,619	3,400
2015-2016	6,700	n/a

**15 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 £66,000 (2015: £16,000). At the year end accrued pension charges amounted to one month's contributions (2015: one month).

**16 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.