

REGISTERED NUMBER: 06869084

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**  
**FOR**  
**IMAGINE POS UK LIMITED**

FRIDAY



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COMPANIES HOUSE

## **Annual report and financial statements for the year ended 31 December 2014**

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**IMAGINE POS UK LIMITED**  
**DIRECTORS AND ADVISERS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**DIRECTORS:**

G H Pullen  
N A Cottrell  
G J Raymond

**REGISTERED OFFICE:**

Centenary House  
Centenary Way  
Salford  
Manchester  
M50 1RF

**REGISTERED NUMBER:**

06869084

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

**IMAGINE POS UK LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their strategic report for the year ended 31 December 2014.

**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 2014.

- Sales for the year totalled £12,375,000 (year ended 31 December 2013: £5,569,000). They include the full year impact of the hive across of Nexpart Limited, Group A Limited and The Vault Projects Limited, completed in the previous year.
- The company's profit for the financial year is £1,523,000 (year ended 31 December 2013: £412,000)
- The reserves of the company at the end of the year were £2,237,000 (as at 31 December 2013: £714,000)
- Cash balances reduced from £1,594,000 to £391,000.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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.

**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.

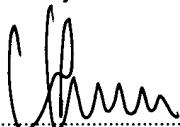
**Interest rate risk**

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.

Approved by the board:



.....  
G H Pullen - Director

Date: 30 June 2015

**IMAGINE POS UK LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2014.

**DIRECTORS**

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

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**

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

**DIVIDENDS**

The directors do not recommend the payment of a dividend (2013: £nil).

**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 DIRECTOR'S RESPONSIBILITIES**

The directors are responsible for preparing the Strategic report, 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 prepared 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

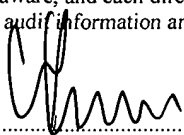
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

**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.

Approved by the board:



.....  
G H Pullen - Director

Date: 30 June 2015

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

## **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 2014 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**

Imagine POS UK Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account 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).

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**

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 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.

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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

30 June 2015

**IMAGINE POS UK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	Notes	2014 £'000	2013 £'000
<b>TURNOVER</b>	2	12,375	5,569
Cost of sales		<u>(8,244)</u>	<u>(3,420)</u>
<b>GROSS PROFIT</b>		4,131	2,149
Administrative expenses		<u>(2,214)</u>	<u>(1,566)</u>
<b>OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	1,917	583
Tax on profit on ordinary activities	5	<u>(394)</u>	<u>(171)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	14	<u>1,523</u>	<u>412</u>

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

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

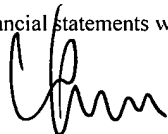
There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.



**BALANCE SHEET 31 December 2014**

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
<b>FIXED ASSETS</b>					
Tangible assets	6		121		119
<b>CURRENT ASSETS</b>					
Stocks	7	219		63	
Debtors	8	4,452		2,049	
Cash at bank and in hand		<u>391</u>		<u>1,594</u>	
		5,062		3,706	
<b>CREDITORS</b>					
Amounts falling due within one year	9	(2,933)		(3,102)	
<b>NET CURRENT ASSETS</b>					
			<u>2,129</u>		<u>604</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			2,250		723
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
	10		<u>(13)</u>		<u>(9)</u>
<b>NET ASSETS</b>					
			<u><u>2,237</u></u>		<u><u>714</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		-		-
Profit and loss account	14		<u>2,237</u>		<u>714</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>					
	15		<u><u>2,237</u></u>		<u><u>714</u></u>

The financial statements were approved by the Board of Directors on 30 June 2015 and were signed on its behalf by:



G H Pullen - Director

IMAGINE POS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

**Basis of preparing the financial statements**

The financial statements have been prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied throughout the year, are set out below.

The directors have taken advantage of the exemption in FRS 1 (revised 1996) 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

As the company is a wholly owned subsidiary and is included in the consolidated financial statements of Li & Fung Limited which are publicly available, the company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with entities which form part of the group.

**Turnover**

Turnover represents net invoiced sales of goods and services, excluding value added tax, except in respect of service contracts where turnover is recognised when the company obtains the right to consideration.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

**Stocks**

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.

**Deferred tax**

Deferred tax is recognised in respect of significant all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are only recognised where they are considered to be recoverable in the future.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**IMAGINE POS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**2. TURNOVER**

The turnover and profit on ordinary activities before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2014	2013
	£'000	£'000
United Kingdom	11,838	5,505
Europe	122	24
United States of America	415	40
	<u>12,375</u>	<u>5,569</u>

**3. STAFF COSTS**

The average monthly number of employees during the year was as follows:

	2014	2013
	£'000	£'000
Wages and salaries	1,609	911
Social security costs	157	85
Other pension costs	7	2
	<u>1,773</u>	<u>998</u>

	2014	2013
	Number	Number
Directors	3	3
Sales	7	4
Administration	34	24
	<u>44</u>	<u>31</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2014	2013
	£'000	£'000
Operating lease rentals:		
- plant and machinery	9	5
- other	102	63
Depreciation - owned assets	40	31
Loss on disposal of fixed assets	9	-
Foreign exchange differences	10	(1)
<i>Services provided by the company's auditors:</i>		
- Fees payable for the audit	<u>10</u>	<u>10</u>

**IMAGINE POS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**4. OPERATING PROFIT - continued**

	2014	2013
	£'000	£'000
Directors Remuneration	<u>98</u>	<u>73</u>

The company paid no pension contributions in respect of the directors (year ended 31 December 2013: none).

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2014	2013
	£'000	£'000
<b>Current tax</b>		
UK corporation tax	399	176
Adjustments in respect of prior years	<u>(9)</u>	<u>-</u>
Total current tax	390	176
<b>Deferred tax</b>		
Origination and reversal of timing differences	(5)	(5)
Adjustments in respect of prior years	<u>9</u>	<u>-</u>
Total deferred tax charge/(credit) (note 10)	<u>4</u>	<u>(5)</u>
Tax on profit on ordinary activities	<u>394</u>	<u>171</u>

**Factors affecting the tax charge**

The tax assessed for the year is lower (year ended 31 December 2013: higher) than the standard rate of corporation tax in the UK, 21.5% (2013:23.25%). The difference is explained below:

	2014	2013
	£'000	£'000
Profit on ordinary activities before taxation	<u>1,917</u>	<u>583</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	412	136
Effects of:		
Expenses not deductible for tax purposes	3	37
Capital allowances in excess of depreciation	8	-
Income not taxable	(22)	-
Adjustments in respect of prior years	(9)	-
Movement in short term timing differences	<u>(2)</u>	<u>3</u>
Current tax charge	<u>390</u>	<u>176</u>

**IMAGINE POS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)**

**Factors that may affect future tax charges**

During the year, as a result of the change in the UK main corporation tax rate from 23% to 21% from 1 April 2014, with a further reduction to 20% from 1 April 2015, that was substantively enacted on 2 July 2013, the relevant deferred tax balances have been remeasured. No further reductions to the UK corporation tax rate have been announced since July 2013. In any event any rate changes that are not substantively enacted at the balance sheet date are not recognised in these financial statements.

**6. TANGIBLE ASSETS**

	Short Leasehold	Fixtures and Fittings	Motor Vehicles	Computer and office equipment	Totals
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 January 2014	67	11	19	69	166
Additions	13	3	-	33	49
Disposals	-	-	(13)	-	(13)
At 31 December 2014	<u>80</u>	<u>14</u>	<u>6</u>	<u>102</u>	<u>202</u>
<b>Depreciation</b>					
At 1 Jan 2014	1	3	5	38	47
Charge for the year	7	3	3	25	38
Disposal	-	-	(4)	-	(4)
At 31 December 2014	<u>8</u>	<u>6</u>	<u>4</u>	<u>63</u>	<u>81</u>
<b>Net Book Value</b>					
At 31 December 2014	<u>72</u>	<u>8</u>	<u>2</u>	<u>39</u>	<u>121</u>
At 31 December 2013	<u>66</u>	<u>8</u>	<u>14</u>	<u>31</u>	<u>119</u>

**7. STOCKS**

	2014	2013
	£'000	£'000
Work-in-progress	<u>219</u>	<u>63</u>

IMAGINE POS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2014

8. DEBTORS

	2014	2013
	£'000	£'000
Trade debtors	4,152	1,723
Amounts owed by group undertakings	274	143
Other debtors	15	179
Prepayments and accrued income	11	4
	<u>4,452</u>	<u>2,049</u>

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

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£'000	£'000
Hire purchase contracts	-	3
Trade creditors	1,217	731
Amounts owed to group undertakings	39	1,559
Group relief payable	368	176
Corporation tax payable	22	-
Other taxation and social security	49	44
Other creditors	331	205
Accruals and deferred income	907	384
	<u>2,933</u>	<u>3,102</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 2014

10. PROVISIONS FOR LIABILITIES

	2014 £'000	2013 £'000
Deferred tax	13	9

	Deferred tax liability £'000
Balance at 1 January 2014	9
Debit to the profit and loss account (note 5)	4
Balance at 31 December 2014	13

The deferred tax liability/(asset) calculated at 21% (year ended 31 December 2013: 21%) is set out below:

	Recognised		Full potential	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Accelerated capital allowances	13	12	13	12
Other short term timing differences	-	(3)	-	(3)
	13	9	13	9

11. OPERATING LEASE COMMITMENTS

At 31 December 2014, the company had annual commitments under non-cancellable operating leases as set out below:

	2014 Land and buildings £'000	2014 Other £'000	2013 Land and buildings £'000	2013 Other £'000
Operating leases which expire:				
Within one year	39	-	-	-
In two to five years	18	9	63	5
	57	9	63	5

**IMAGINE POS UK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

**12. 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 £7,000 (2013: £2,000). At the year end accrued pension charges amounted to one month's contributions (2013: one month).

**13. CALLED UP SHARE CAPITAL**

	2014	2013
	£	£
100 (2013: 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

**14. PROFIT AND LOSS ACCOUNT**

	Profit and loss account
	£'000
At 1 January 2014	714
Profit for the financial year	<u>1,523</u>
At 31 December 2014	<u>2,237</u>

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2014	2013
	£'000	£'000
Profit for the financial year	1,523	412
Opening shareholders' funds	<u>714</u>	<u>302</u>
Closing shareholders' funds	<u>2,237</u>	<u>714</u>

**16. ULTIMATE CONTROLLING PARTY**

The company's immediate parent undertaking was Group A Limited until 25 September 2014. On that date Group A Limited transferred the shares it held in the company to LF Europe Limited and from that date LF Europe Limited became the company's immediate parent undertaking. 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.