

## **Image Skincare UK Limited**

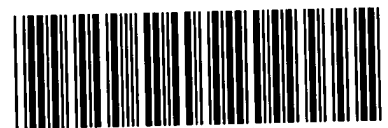
Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number 10280941

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# Image Skincare UK Limited

## Company Information

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<b>Directors</b>	S Schlackman D Goldstein D Corredera
<b>Company secretary</b>	TWM Corporate Services Limited
<b>Registered number</b>	10280941
<b>Registered office</b>	Venture House Parklands Railton Road Guildford Surrey GU2 9JX
<b>Independent auditor</b>	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

# Image Skincare UK Limited

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# Image Skincare UK Limited

## Directors' Report For the Year Ended 31 December 2019

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The Directors present their report together with the audited financial statements for the year ended 31 December 2019.

### Directors

The Directors who served during the year and to the date of this report were:

S Schlackman

D Goldstein (appointed 1 September 2019)

D Corredera (appointed 1 September 2019)

E Roosli (appointed 29 March 2019, resigned 1 September 2019)

M A Ronert (resigned 29 March 2019)

### Going concern

Since December 31, 2019 the Company has been impacted by the recent COVID-19 pandemic and restrictions imposed by governments around the world affecting normal business operations.

As indicated on page 8 the Company had net current liabilities of £947,889 (2018 - £997,387). Within current liabilities is an amount of £1,465,317 (2018 - £1,285,675) owed to Image International Manufacturing LLC, which is a sister entity under the joint parent entity Image International Holding Company LLC. Image International Manufacturing LLC has provided a letter of support to the Company confirming its intention not to recall the entire debt until such time as the Company is able to repay it without detriment to its ongoing operations and Image International Holding Company LLC has provided a letter of support to the Company confirming its intention to provide additional financial support as necessary for at least the next twelve months from the date of approval of these financial statements.

The Directors have performed an assessment of going concern for the twelve months following the signing of the financial statements, giving due consideration to historical and current business operations, together with its forward-looking projections, taking into account the above letters of support provided by the parent and sister entities. Those cash flow projections show that the overall Group and the Company are able to continue to operate within the existing working capital facilities available and without further funding being required, for the period of the forecasts. To date during COVID-19 Image International Holding Company LLC and Image International Manufacturing LLC have not experienced a decline in revenues versus prior year, maintained sufficient working capital and immediate access to additional cash borrowings required to continue operations. Image International Manufacturing LLC did implement cautionary measures to preserve cash by temporarily furloughing personnel, delaying in-market activities and avoiding unnecessary spend. In addition, the Company implemented cash saving measures including postponement of in-market activities and furloughing of personnel during the government stay-at-home restrictions, to limit the impact of reduced revenue to plan due to COVID-19.

Although there is uncertainty as to the outcome of the COVID-19 pandemic globally, the Directors consider that the Company will be a going concern for a period of twelve months from the date of approval of these financial statements. Whilst the Directors have every reason to believe that the support extended by the parent and sister entities will be forthcoming, they recognise that the letters of support do not represent legally binding contracts and therefore that such financial support cannot be guaranteed. These events or conditions indicate that a material uncertainty exists which may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

# Image Skincare UK Limited

## Directors' Report (continued) For the Year Ended 31 December 2019

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### Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *20 October 2020* and signed on its behalf.

**S Schlackman**  
Director



# **Image Skincare UK Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2019**

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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;
- 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.

# Image Skincare UK Limited

## Independent Auditor's Report to the Members of Image Skincare UK Limited

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### Opinion

We have audited the financial statements of Image Skincare UK Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

- We draw your attention to note 2.2 to the financial statements which indicates the Directors' consideration over going concern and, in particular that the Company is reliant on financial support from its parent entity, Image International Holding Company LLC, and sister entity, Image International Manufacturing LLC, which is not legally binding. As stated in note 2.2, these events and conditions, along with other matters as set out in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

# Image Skincare UK Limited

## Independent Auditor's Report to the Members of Image Skincare UK Limited (continued)

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### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

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



# Image Skincare UK Limited

## Independent Auditor's Report to the Members of Image Skincare UK Limited (continued)

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### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**BDO LLP**

**Nick Poulter** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Guildford  
United Kingdom

Date: 21 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Image Skincare UK Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2019

	2019 £	2018 £
Turnover	2,029,975	1,755,597
Cost of sales	(739,677)	(999,485)
<b>Gross profit</b>	<b>1,290,298</b>	<b>756,112</b>
Administrative expenses	(1,221,045)	(1,256,810)
<b>Operating profit/(loss)</b>	<b>69,253</b>	<b>(500,698)</b>
Interest receivable and similar income	30	300
Interest payable and similar expenses	(23)	-
<b>Profit/(loss) before tax</b>	<b>69,260</b>	<b>(500,398)</b>
Tax on profit/(loss)	7 -	-
<b>Profit/(loss) for the financial year</b>	<b>69,260</b>	<b>(500,398)</b>

There was no other comprehensive income for 2019 (2018 - £NIL).

The notes on pages 10 to 22 form part of these financial statements.

**Image Skincare UK Limited**  
Registered number:10280941

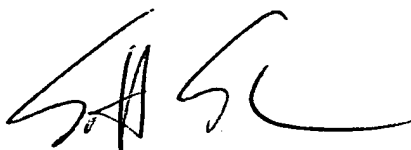
**Statement of Financial Position**  
**As at 31 December 2019**

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Intangible assets	8		120,221		96,983
Tangible assets	9		42,366		45,842
			<u>162,587</u>		<u>142,825</u>
<b>Current assets</b>					
Stocks	10	268,209		205,971	
Debtors: amounts falling due within one year	11	193,620		137,871	
Cash and cash equivalents	12	187,406		126,301	
		<u>649,235</u>		<u>470,143</u>	
Creditors: amounts falling due within one year	13	(1,597,124)		(1,467,530)	
<b>Net current liabilities</b>			<u>(947,889)</u>		<u>(997,387)</u>
<b>Total assets less current liabilities</b>			<u>(785,302)</u>		<u>(854,562)</u>
<b>Net liabilities</b>			<u>(785,302)</u>		<u>(854,562)</u>
<b>Capital and reserves</b>					
Called up share capital	14		100		100
Share premium account	15		189,463		189,463
Profit and loss account	15		(974,865)		(1,044,125)
<b>Total equity</b>			<u>(785,302)</u>		<u>(854,562)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 October 2020

**S Schlackman**  
Director



The notes on pages 10 to 22 form part of these financial statements.

# Image Skincare UK Limited

## Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	100	189,463	(1,044,125)	(854,562)
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	69,260	69,260
<b>Total comprehensive income for the year</b>	-	-	69,260	69,260
<b>At 31 December 2019</b>	<b>100</b>	<b>189,463</b>	<b>(974,865)</b>	<b>(785,302)</b>

## Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	100	189,463	(543,727)	(354,164)
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(500,398)	(500,398)
<b>Total comprehensive loss for the year</b>	-	-	(500,398)	(500,398)
<b>At 31 December 2018</b>	<b>100</b>	<b>189,463</b>	<b>(1,044,125)</b>	<b>(854,562)</b>

The notes on pages 10 to 22 form part of these financial statements.

# Image Skincare UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 1. General information

Image Skincare UK Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### 2.2 Going concern

Since December 31, 2019 the Company has been impacted by the recent COVID-19 pandemic and restrictions imposed by governments around the world affecting normal business operations.

As indicated on page 8 the Company had net current liabilities of £947,889 (2018 - £997,387). Within current liabilities is an amount of £1,465,317 (2018 - £1,285,675) owed to Image International Manufacturing LLC, which is a sister entity under the joint parent entity Image International Holding Company LLC. Image International Manufacturing LLC has provided a letter of support to the Company confirming its intention not to recall the entire debt until such time as the Company is able to repay it without detriment to its ongoing operations and Image International Holding Company LLC has provided a letter of support to the Company confirming its intention to provide additional financial support as necessary for at least the next twelve months from the date of approval of these financial statements.

The Directors have performed an assessment of going concern for the twelve months following the signing of the financial statements, giving due consideration to historical and current business operations, together with its forward-looking projections, taking into account the above letters of support provided by the parent and sister entities. Those cash flow projections show that the overall Group and the Company are able to continue to operate within the existing working capital facilities available and without further funding being required, for the period of the forecasts. To date during COVID-19 Image International Holding Company LLC and Image International Manufacturing LLC have not experienced a decline in revenues versus prior year, maintained sufficient working capital and immediate access to additional cash borrowings required to continue operations. Image International Manufacturing LLC did implement cautionary measures to preserve cash by temporarily furloughing personnel, delaying in-market activities and avoiding unnecessary spend. In addition, the Company implemented cash saving measures including postponement of in-market activities and furloughing of personnel during the government stay-at-home restrictions, to limit the impact of reduced revenue to plan due to COVID-19.

Although there is uncertainty as to the outcome of the COVID-19 pandemic globally, the Directors consider that the Company will be a going concern for a period of twelve months from the date of approval of these financial statements. Whilst the Directors have every reason to believe that the support extended by the parent and sister entities will be forthcoming, they recognise that the letters of support do not represent legally binding contracts and therefore that such financial support cannot be guaranteed. These events or conditions indicate that a material uncertainty exists which may cast

# Image Skincare UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.2 Going concern (continued)

significant doubt over the Company's ability to continue as a going concern. The financial statements do not include adjustments that would result if the Company was unable to continue as a going concern.

#### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 2.4 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### 2.5 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

# Image Skincare UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.6 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.7 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life, which is deemed to be 10 years based on the utilisation of the customer base.

##### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	- 3 years
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# Image Skincare UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 3 years
Motor vehicles	- 3 years
Fixtures and fittings	- 5 years
Office equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

#### 2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the weighted average method.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

#### 2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



# Image Skincare UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in the case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Image Skincare UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.14 Foreign currency translation

##### Functional and presentation currency

The Company's functional and presentational currency is GBP.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

All foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income' or 'administrative expenses'.

#### 2.15 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.16 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

# Image Skincare UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

In preparing these financial statements, the Directors have had to make the following judgements:

- Determine whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine whether there are indicators of impairment of the carrying value of stock. Professional judgement is applied in determining whether the carrying value of stock is in excess of the net realisable value. Factors taken into account in reaching such a decision include post year end sales, expiry dates and condition of stock.

Other key sources of estimation uncertainty:

- Tangible and intangible fixed assets (see note 8 and 9)

Tangible and intangible fixed assets are depreciated and amortised over their useful lives taking into account the residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### 4. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>17,250</u>	<u>15,800</u>
<b>Fees payable to the Company's auditor in respect of:</b>		
All other services	<u>62,587</u>	<u>41,396</u>

### 5. Employees

The average monthly number of employees, including Directors, during the year was 13 (2018 -11).

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## Notes to the Financial Statements For the Year Ended 31 December 2019

### 6. Directors' remuneration

No directors received remuneration during the year (2018 - £Nil).

### 7. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on loss for the year	-	-
<b>Total current tax</b>	-	-

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit/(loss) on ordinary activities before tax	69,260	(500,398)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	13,159	(95,076)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,482	4,150
Other timing differences	-	1,721
Deferred tax not recognised	(13,100)	79,815
Adjust closing deferred tax to average tax rate	(1,541)	9,390
<b>Total tax charge for the year</b>	-	-

#### Factors that may affect future tax charges

At the reporting date, the Company has estimated tax losses of £952,169 (2018 - £1,029,224) available for carry forward against future trading profits. The related deferred tax asset of £161,868 (2018 - £174,968) has not been recognised in respect of these losses as the timing of its recovery is uncertain.

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## Notes to the Financial Statements For the Year Ended 31 December 2019

### 8. Intangible assets

	Software £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2019	44,543	78,086	122,629
Additions	46,674	-	46,674
At 31 December 2019	91,217	78,086	169,303
<b>Amortisation</b>			
At 1 January 2019	12,639	13,007	25,646
Charge for the year	15,627	7,809	23,436
At 31 December 2019	28,266	20,816	49,082
<b>Net book value</b>			
At 31 December 2019	62,951	57,270	120,221
At 31 December 2018	31,904	65,079	96,983

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## Notes to the Financial Statements For the Year Ended 31 December 2019

### 9. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>					
At 1 January 2019	3,857	13,665	44,205	16,265	77,992
Additions	-	-	13,488	5,418	18,906
At 31 December 2019	3,857	13,665	57,693	21,683	96,898
<b>Depreciation</b>					
At 1 January 2019	2,115	7,592	13,821	8,622	32,150
Charge for the year	1,286	4,555	10,770	5,771	22,382
At 31 December 2019	3,401	12,147	24,591	14,393	54,532
<b>Net book value</b>					
At 31 December 2019	456	1,518	33,102	7,290	42,366
At 31 December 2018	1,742	6,073	30,384	7,643	45,842

### 10. Stocks

	2019 £	2018 £
Finished goods and goods for resale	268,209	205,971

Stock recognised in cost of sales during the year as an expense was £1,001,345 (2018 - £839,280).

An impairment loss of £18,973 (2018 - £42,107) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

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## Notes to the Financial Statements For the Year Ended 31 December 2019

### 11. Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	126,819	59,168
Amounts owed by group undertakings	-	112
Other debtors	16,320	11,505
Prepayments and accrued income	50,481	67,086
	<u>193,620</u>	<u>137,871</u>

An impairment loss of £Nil (2018 - £Nil) was recognised in respect of bad and doubtful debts during the year.

### 12. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>187,406</u>	<u>126,301</u>

### 13. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	50,491	13,047
Amounts owed to group undertakings	1,465,317	1,285,675
Other taxation and social security	20,073	76,797
Other creditors	3,111	863
Accruals and deferred income	58,132	91,148
	<u>1,597,124</u>	<u>1,467,530</u>

### 14. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares of £0.01 each	<u>100</u>	<u>100</u>

On 15 July 2016, on incorporation, the Company issued 10,000 ordinary shares of £0.01 each for a total consideration of £189,563.

# Image Skincare UK Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 15. Reserves

The Company's reserves are as follows:

#### Share premium account

The share premium reserve relates to amounts paid for share capital in excess of nominal value.

#### Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 16. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £15,121 (2018 - £8,614). Contributions totalling £2,095 (2018 - £1,961) were payable to the fund at the reporting date and are included in creditors.

### 17. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	8,000	24,000
Later than 1 year and not later than 5 years	-	8,000
	<u>8,000</u>	<u>32,000</u>

### 18. Related party transactions

The Company has taken advantage of the exemptions available in accordance with Section 1A of Financial Reporting Standard 102 not to disclose related party transactions with the parent company and other wholly owned subsidiaries. There are no other related party transactions.

### 19. Controlling party

The immediate and ultimate parent undertaking is Image International Holding Co LLC.

The largest and smallest group in which the results of the Company are consolidated is that headed by Image International Holding Co LLC. Consolidated financial statements for Image International Holding Co LLC are available from 4001 Kennett Pike, Suite 302, Wilmington, New Castle, Delaware, 19807, United States of America.

In the opinion of the Directors, Image International Holding Co LLC is the ultimate controlling party.



# **Image Skincare UK Limited**

## **Notes to the Financial Statements For the Year Ended 31 December 2019**

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### **20. Post balance sheet events**

Since the year end the Company has been impacted by the recent COVID-19 pandemic and restrictions imposed by governments around the world to travel and working practices. COVID-19 is a non-adjusting post balance sheet event for the year ended 31 December 2019.

The impact of this has been considered in the context of going concern within note 2.2.