

Registered Number 05279065

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

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Lornamead Acquisitions Limited

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

Contents

Directors and advisers for the year ended 31 December 2015	1
Strategic report for the year ended 31 December 2015	2
Directors' report for the year ended 31 December 2015	4
Independent auditors' report to the members of Lornamead Acquisitions Limited	6
Income statement for the year ended 31 December 2015	8
Statement of financial position as at 31 December 2015	9
Statement of changes in equity for the year ended 31 December 2015	10
Notes to the financial statements for the year ended 31 December 2015	11

Lornamead Acquisitions Limited

Directors and advisers for the year ended 31 December 2015

Directors

R S Lister

N A Cottrell

Registered office

Centenary House

Centenary Way

Salford

Manchester

M50 1RF

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Central Square

29 Wellington Street

Leeds

LS1 4DL

Lornamead Acquisitions Limited

Strategic report for the year ended 31 December 2015

The directors present their Strategic Report of the company for the year ended 31 December 2015.

Principal activities

The company's principal activity during the year was to act as a holding company for Lornamead Group Limited which is itself a holding company for all operating companies and dormant companies within the Lornamead group. The company also holds most of the group's trademarks and earns income from its subsidiaries for the use of these trademarks. The operating subsidiaries manufacture, distribute, market and sell personal care products.

Results and dividends

The company's profit for the financial year is £3,875,000 (2014: £36,233,000) and the directors paid an interim dividend of £1,300,000 (2014: £21,000,000). The directors do not recommend the payment of a final dividend (2014: £nil).

Review of business and future developments

The results for the year ended 31 December 2015 are summarised as follows:

	£'000
Operating profit	1,891
Finance income	352
Income from shares in group undertakings	1,300
Profit on ordinary activities before taxation	3,543
Tax on profit on ordinary activities	332
Profit for the financial year	3,875

The profit for the financial year includes other operating income of £2,167,000 (2014: £2,346,000), £1,952,000 (2014: £1,871,000) of which relates to royalty income derived from the use of trademarks owned by the company.

Following the recent changes to UK GAAP, the Directors have elected to present the financial statements under FRS101, 'Reduced Disclosure Framework'. Details of the impact of these changes on the 2014 figures previously reported under UK GAAP are summarised in note 15 to the financial statements.

The position of the company at the end of the year is as expected.

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.

Lornamead Acquisitions Limited

Strategic report for the year ended 31 December 2015 (continued)

Principal risks

Most of the company's risk is attributable to the potential impairment in the value of its investments in subsidiaries and the value of its trademarks, due to each subsidiary operating within the highly competitive personal care industry. Through its subsidiaries the company will continue to develop its brands by bringing new products to existing markets and by continuing to bring existing brands to new markets. Investment carrying values are reviewed for impairment annually or whenever there is an indication of impairment.

The company is also exposed to exchange rate risk on its intercompany loans from both Euro and USD movements. There is a group treasury function based in Hong Kong which is aware of the exposure and discussions are held periodically on how best to manage the position. The directors currently believe no specific action is required to mitigate the risk, but continue to monitor the situation.

On behalf of the board



N A Cottrell
Director

30 September 2016

Lornamead Acquisitions Limited

Directors' report for the year ended 31 December 2015

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

General information

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

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

R S Lister

N A Cottrell

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.

Dividends, review of the business, future developments, key performance indicators and principal risks

Dividends, review of the business, future developments, key performance indicators and principal risks are covered in the Strategic report.

Political and charitable donations

The company made no political donations during the year (2014: £nil). Donations to UK charities amounted to £nil (2014: £nil).

Statement of directors' 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), including Financial Reporting Standard 101 Reduced Disclosure Framework. 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;
- 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.

Lornamead Acquisitions Limited

Directors' report for the year ended 31 December 2015 (continued)

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.

Disclosure of information to auditors

In so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. 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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



N A Cottrell
Director

30 September 2016

Lornamead Acquisitions Limited

Independent auditors' report to the members of Lornamead Acquisitions Limited

Report on the financial statements

Our opinion

In our opinion, Lornamead Acquisitions Limited's financial statements (the "financial statements"):

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

What we have audited

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

- the Statement of Financial Position as at 31 December 2015;
- the Income Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Lornamead Acquisitions Limited

Independent auditors' report to the members of Lornamead Acquisitions Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

30 September 2016

Lornamead Acquisitions Limited

Income statement for the year ended 31 December 2015

		2015 £'000	2014 £'000
Administrative expenses		(276)	(281)
Other operating income	2	2,167	2,346
Operating profit		1,891	2,065
Income from shares in group undertakings		1,300	33,000
Finance income	4	352	326
Profit on ordinary activities before taxation		3,543	35,391
Tax on profit on ordinary activities	5	332	842
Profit for the financial year		3,875	36,233

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 (2014: none) and therefore no separate statement of comprehensive income has been presented.

Lornamead Acquisitions Limited

Statement of financial position as at 31 December 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Intangible assets	6	1,526		1,796	
Investments	7	48,554		48,554	
			50,080		50,350
Current assets					
Debtors: amounts falling due					
- within one year	8	5,633		5,836	
- after more than one year	8	8,901		8,137	
		14,534		13,973	
Cash at bank and in hand		2,814		733	
		17,348		14,706	
Creditors: Amounts falling due within one year	9	(31)		(234)	
Net current assets			17,317		14,472
Total assets less current liabilities			67,397		64,822
Net assets			67,397		64,822
Capital and reserves					
Called up share capital	11		1		1
Profit and loss account			67,396		64,821
Total shareholders' funds			67,397		64,822

These financial statements were approved by the board of directors on 30 September 2016 and were signed on its behalf by:



N A Cottrell
Director

Lornamead Acquisitions Limited
Registered Number 05279065

Lornamead Acquisitions Limited

Statement of changes in equity for the year ended 31 December 2015

	Called up share capital	Capital contribution reserve	Capital redemption reserve	Share premium account	Profit and loss account	Total shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2014	17	2,000	3	50,445	(2,786)	49,679
Effect of transitional adjustments	-	-	-	-	(90)	(90)
Balance as at 1 January 2014 FRS101	17	2,000	3	50,445	2,876	49,589
Profit for the financial year	-	-	-	-	36,233	36,233
Total comprehensive income for the year	-	-	-	-	36,233	36,233
Capital reduction	(16)	(2,000)	(3)	(50,445)	52,464	-
Dividends paid	-	-	-	-	(21,000)	(21,000)
Total transactions recognised directly in equity	(16)	(2,000)	(3)	(50,445)	31,464	(21,000)
Balance as at 1 January 2015	1	-	-	-	64,821	64,822
Profit for the financial year	-	-	-	-	3,875	3,875
Total comprehensive income for the year	-	-	-	-	3,875	3,875
Dividends paid	-	-	-	-	(1,300)	(1,300)
Total transactions recognised directly in equity	-	-	-	-	(1,300)	(1,300)
Balance as at 31 December 2015	1	-	-	-	67,396	67,397

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015

1 Principal accounting policies

Summary of significant accounting policies

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

Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly in the year ended 31 December 2015 the company has undergone transition from reporting under UK GAAP to FRS 101 as issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101, 'Reduced Disclosure Framework'. The impact of the transition on the previously reported UK GAAP comparatives is summarised in note 15 to the financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, as applicable to companies adopting FRS 101. 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),
 - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements),
 - (v) 38B-D (additional comparative information),
 - (vi) 40A-D (requirements for a third statement of financial position, 111 (cash flow statement information), and
- 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.

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

1 Principal accounting policies (continued)

Basis of preparation (continued)

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.

New standards, amendments and IFRIC interpretations

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

Critical accounting estimates and assumptions

Carrying value of investments

Investments are the most significant balance on the company's balance sheet. The directors review the carrying value annually and ensure it is supportable by assessing the budgets and projections of the businesses to which it relates. Determining whether the company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate future cash flows expected to arise from the investment and suitable discount rates in order to calculate present values. If appropriate, an impairment would be booked.

Consolidation

The financial statements contain information about Lornamead Acquisitions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its subsidiary undertakings, are included by full consolidation in the consolidated financial statements of its parent, Li & Fung Limited, a company incorporated in Bermuda.

Cash flow statement

As permitted by FRS 101, the company has taken advantage of the disclosure exemption available under that standard in relation to the presentation of a cash flow statement.

Foreign currency translation

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Investment in subsidiaries

A subsidiary is a company in which the company, direct or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its board of directors. Investments in subsidiaries are stated at cost less provision, if necessary, for any permanent diminution in value. The results of the subsidiary are accounted for by the company on the basis of dividends received and receivable.

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

1 Principal accounting policies (continued)

Intangible assets

Intangible assets relate to trademarks held by the company and used by other group companies under royalty agreements. They are capitalised at cost and written off over their estimated useful lives of 10 years. Amortisation is included in administrative expenses.

Financial assets

The company has loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

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.

Share capital

Ordinary shares are classified as equity.

Current and deferred income tax

The tax expense for the period comprises current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds, respectively.

The tax expense for the period comprises current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities or as group relief to fellow subsidiary undertakings.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

1 Principal accounting policies (continued)

Current and deferred income tax (continued)

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is intention to settle the balances on a net basis.

Revenue recognition

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably).

Royalty income

Royalty income is recognised in line with the various trademark agreements in place with fellow group undertakings. Royalty income is usually calculated as a percentage of sales generated by the fellow subsidiary undertaking and is recognised when it is probable that economic benefits will flow to the company and the amount of revenue can be measured reliably. It is included within other income in the income statement.

Interest revenue

Interest income is recognised when it is probable that economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves and borrowings. 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 borrowings. 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.

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015

2 Operating profit

	2015 £'000	2014 £'000
Operating profit is stated after charging/(crediting):		
Amortisation of intangibles (note 6)	270	270
<i>Other operating income</i>		
- foreign exchange gains	(215)	(475)
- royalty income	(1,952)	(1,871)
Services provided by the company's auditor		
- fees payable for the audit	5	10

Royalty income is derived from the use of trademarks owned by the company.

3 Employee information

The company has no employees (2014: none), other than the directors of the company. None of the directors received remuneration in respect of services to this company.

4 Finance income

	2015 £'000	2014 £'000
Interest receivable on group loans	352	327
Bank charges	-	(1)
	352	326

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

5 Tax on ordinary activities

	2015 £'000	2014 £'000
Current tax:		
UK corporation tax at 20.25% (2014: 21.49%)	-	-
Adjustments to tax charge in respect of prior year	-	170
Total current tax charge	-	170
Deferred tax:		
Current year	(369)	(46)
Adjustment in respect of prior year	-	(969)
Effect of changes in tax rates	37	3
Total deferred tax (note 10)	(332)	(1,012)
Total tax credit in the income statement	(332)	(842)

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

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	3,543	35,391
Profit on ordinary activities multiplied by standard rate in the UK 20.25% (2014: 21.49%)	717	7,606
Effects of:		
Investment income not taxable	(263)	-
Other income not taxable	-	(7,092)
Adjustments to tax charge in respect of prior periods	-	(799)
Effect of changes in tax rates	37	3
Exempt amounts	8	8
Amounts not recognised	(831)	(568)
Total tax credit in the income statement	(332)	(842)

The rate of UK main corporation tax changed from 21% (2014: 23%) to 20% (2014: 21%) from 1 April 2015 (2014: 1 April 2014) giving a composite rate of 20.25% (2014: 21.5%).

In the Summer Budget 2015, the government announced legislation setting the corporation tax main rate at 19% for the years starting 1 April 2017, 2018, 2019 and at 18% for the year starting 1 April 2020. In the Budget 2016, the government announced a further reduction in the corporation tax main rate for the year starting 1 April 2020, setting the rate at 17%. As the Summer Budget 2015 changes had been substantively enacted at the balance sheet date, deferred tax balances have been remeasured and reflected at a rate of 19%. This is on the assumption these will predominantly unwind in the period between 1 April 2017 and 31 March 2020.

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

6 Intangible fixed assets

	Trademarks
	£'000
Cost	
At 1 January 2015 and 31 December 2015	13,374
Accumulated amortisation	
At 1 January 2015	2,146
Charge for the year	270
At 31 December 2015	2,416
Accumulated impairment	
At 1 January 2015 and 31 December 2015	9,432
Net book amount	
At 31 December 2015	1,526
At 31 December 2014	1,796

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

7 Investments

	£'000
Cost or valuation	
At 1 January 2015 and 31 December 2015	158,795
Provision	
At 1 January 2015 and 31 December 2015	110,241
Net book amount	
At 31 December 2015	48,554
At 31 December 2014	48,554

The company's investments in subsidiaries at the year end were as follows:

	Country of incorporation	Principal activity	Class and percentage of share held
Lornamead Group Limited*	United Kingdom	Holding company	100% ordinary
Lornamead UK Limited	United Kingdom	Sale of personal care products	100% ordinary
Lornamead Inc	USA	Sale of personal care products	100% ordinary
Natural White (UK) Limited <i>L</i>	United Kingdom	Non-trading	100% ordinary

*undertakings held directly by the company

L in liquidation

The registered office of the UK companies is Centenary House, Centenary Way, Salford, Manchester, M50 1RF.
Lornamead Inc's registered office is 1359 Broadway, 17th Floor, New York, USA.

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

8 Debtors

	2015 £'000	2014 £'000
<i>Amounts falling due within one year</i>		
Amounts owed by group undertakings	5,633	5,830
Other debtors	-	6
	5,633	5,836
<i>Amounts falling due after more than one year</i>		
Amounts owed by group undertakings	7,647	7,215
Deferred tax asset (note 10)	1,254	922
Total debtors	14,534	13,973

Amounts owed by group undertakings receivable within one year are unsecured, interest free and repayable on demand.

Amounts owed by group undertakings receivable after more than one year are unsecured, repayable in between two and five years and interest is charged on USD11,355,000 at LIBOR plus 4%.

9 Creditors – Amounts falling due within one year

	2015 £'000	2014 £'000
Group relief payable	-	197
Other creditors	-	25
Accruals and deferred income	31	12
	31	234

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

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

10 Deferred tax

Deferred tax asset

	2015 £'000	2014 £'000
At 1 January 2015	1,000	-
FRS101 conversion (note 15)	(78)	(90)
At 31 January 2015 under FRS101	922	(90)
Current year	369	46
Adjustment in respect of previous periods	-	969
Effect of changes in tax rates	(37)	(3)
At 31 December 2015	1,254	922

The deferred tax asset calculated at 19.5% (2014: 20%) is set out below:

	Recognised		Full potential asset	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fixed Assets	(65)	(78)	(65)	(78)
Losses	1,319	1,000	1,319	1,822
	1,254	922	1,254	1,744

All previously unrecognised losses have been recognised as a deferred tax asset at the year end. The directors assessed the future potential income streams of the company and agreed it was appropriate to recognise these losses because the company is expected to continue to trade profitably. Deferred tax assets are only recognised for tax loss carry forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

11 Called up share capital

	2015 £'000	2014 £'000
Allotted and fully paid		
1,000,000 (2014: 1,000,000) ordinary shares of 0.001pence each (2014: 0.001pence)	1	1

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

12 Dividends paid

	2015 £'000	2014 £'000
Equity - ordinary		
Final paid £1.30 (2014: £21.00) per 0.001pence ordinary share	1,300	21,000

13 Contingent liabilities

The company has entered into several guarantees in respect of bank overdrafts and loans of certain group companies.

At 31 December 2015 the contingent liability amounted to £nil (2014: £nil)

14 Related party transactions

The company has taken advantage of the exemption allowed by IAS24 'Related Party Transactions' not to disclose any transactions or balances with wholly owned members of the group, headed by Lornamead Acquisitions Limited and Li & Fung Limited, which are included within the consolidated financial statements of both those companies for the relevant periods.

15 Transition to FRS 101

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

Effects of transition

- (a) Income tax credit on ordinary activities - the impact of recalculating the deferred tax position under FRS101 criteria for the year ended 31 December 2014 is an additional tax credit of £12,000.
- (b) Debtors - the change in the deferred tax asset as at 31 December 2014 is a decrease of £78,000 and at 1 January 2014 a decrease of £90,000.
- (c) Profit and loss account reserve - the £78,000 effect of transition on the profit and loss account is made up as follows:

	£'000
Additional deferred tax charge in profit and loss account brought forward as at 1 January 2014	(90)
Additional deferred tax credit for the year ended 31 December 2014	12
Net impact on profit and loss account as at 31 December 2014	(78)

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

15. Transition to FRS 101 (continued)

Income statement for the year ended 31 December 2014

	As previously reported £'000	Effect of transition £'000	FRS 101 £'000
Administrative expenses	(281)	-	(281)
Other operating income	2,346	-	2,346
Operating profit	2,065	-	2,065
Income from shares in group undertakings	33,000	-	33,000
Net finance cost	326	-	326
Profit on ordinary activities before taxation	35,391	-	35,391
Income tax credit on ordinary activities	830	12	842
Profit for the financial year	36,221	12	36,233

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Transition to FRS 101 (continued)

Statement of financial position as at 31 December 2014

	As previously reported £'000	Effect of transition £'000	FRS 101 £'000
Fixed assets			
Intangible assets	1,796	-	1,796
Investments	48,554	-	48,554
	50,350	-	50,350
Current assets			
Debtors - due within one year	5,836	(78)	5,758
- due after more than one year	8,215	-	8,215
	14,051	(78)	13,973
Cash at bank and in hand	733	-	733
	14,784	(78)	14,706
Creditors: Amounts falling due within one year	(234)	-	(234)
Net current assets	14,550	(78)	14,472
Total assets less current liabilities	64,900	(78)	64,822
Net assets	64,900	(78)	64,822
Capital and reserves			
Called up share capital	1	-	1
Profit and loss account	64,899	(78)	64,821
Total shareholders' funds	64,900	(78)	64,822

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

15 Transition to FRS 101 (continued)

Statement of financial position as at 1 January 2014

	As previously reported £'000	Effect of transition £'000	FRS 101 £'000
Fixed assets			
Intangible assets	2,066	-	2,066
Investments	48,554	-	48,554
	50,620	-	50,620
Current assets			
Debtors - due within one year	9,123	(90)	9,033
- due after more than one year	10,213	-	10,213
	19,336	(90)	19,246
Cash at bank and in hand	6,108	-	6,108
	25,444	(90)	25,354
Creditors: Amounts falling due within one year	(26,385)	-	(26,385)
Net current liabilities	(941)	(90)	1,031
Total assets less current liabilities	49,679	(90)	49,589
Net assets	49,679	(90)	49,589
Capital and reserves			
Called up share capital	17	-	17
Share premium account	50,445	-	50,445
Capital redemption reserve	3	-	3
Capital contribution reserve	2,000	-	2,000
Profit and loss account	(2,786)	(90)	(2,876)
Total shareholders' funds	49,679	(90)	49,589

Lornamead Acquisitions Limited

Notes to the financial statements for the year ended 31 December 2015 (continued)

16 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is LF Europe Limited. The company's ultimate parent and controlling undertaking is Li & Fung Limited, a company 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, which is listed in Hong Kong. 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.