

Registered number 2148337

LF Logistics (UK) Limited  
Annual report and financial statements  
for the year ended 31 December 2013

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# LF Logistics (UK) Limited

## Annual report and financial statements for the year ended 31 December 2013

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# **LF Logistics (UK) Limited**

## **Directors and advisors for the year ended 31 December 2013**

### **Directors**

RS Lister

NA Cottrell

### **Registered Office**

Centenary House, Centenary Way

Salford

Manchester

M50 1RF

### **Independent Auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

33 Wellington Street

Leeds

LS1 4JP

### **Bankers**

HSBC Bank PLC

City Branch

33 Park Row

Leeds

LS1 1LD

# **LF Logistics (UK) Limited**

## **Strategic report for the year ended 31 December 2013**

The directors present their Strategic Report of the company for the year ended 31 December 2013.

### **Principal activities**

The company's principal activity during the year was the storage and distribution of goods for customers.

### **Review of business and future developments**

The results for the year ended 31 December 2013 are set out on page 9.

LF Logistics (UK) Limited is ultimately wholly owned by Li & Fung Limited, a company which is quoted on the Hong Kong Stock Exchange.

During 2013 the company has continued to build on the warehousing investments made during 2011 and 2012 enabling the business to grow whilst also significantly improving warehousing efficiencies. The business has also been able to increase its service offerings to new and existing customers. The investment within e-commerce has continued during 2013 enabling a number of new business wins.

LF Logistics (UK) Limited has further increased its ties within the extensive worldwide Li & Fung Limited customer base, with further increases in revenue being generated from inter-company sales within the Li & Fung Limited family. In addition, the continued development of our international freight forwarding relationships across Asia and into Europe, enables the company to provide a global end to end supply chain solution for all international customers.

During 2013, the company secured a number of contract extensions with existing customers. This resulted in fixed assets, which had previously been impaired, being reinstated within the Financial Statements. These contracts remain aligned with our warehousing lease commitments to enable the business to significantly mitigate future expenditure risk.

The trading performance of the company was good during 2013 with underlying trading profit achieved. This was despite the continued testing market conditions in the United Kingdom, which continue to be particularly prevalent for our main customers within the retail sector. In spite of difficult market conditions, management's foresight to investment in the correct warehouse infrastructure continues to provide an excellent platform for improved operational performance and a healthy gross profit.

### **Principal risks and uncertainties**

The management of the United Kingdom business and the execution of the Group's strategy are subject to a number of risks. The management of these risks is undertaken by the Directors of LF Logistics (UK) Limited and appropriate measures are in place to monitor and mitigate them. The Directors consider the key risks to be:

# LF Logistics (UK) Limited

## Strategic report for the year ended 31 December 2013 (continued)

### Principal risks and uncertainties (continued)

#### *Competitors and economy*

The company is subject to competitive pressures and the wider impact of any economic downturn, particularly within the retail sector. The directors look to mitigate the risk by providing excellent customer service, by actively seeking new customers and by maintaining, so far as is practicable, a flexible overhead base.

#### *Employees*

The recruitment and retention of experienced and skilled employees is vital to the success of the company. Significant resources are devoted to the carefully targeted recruitment of new employees, and to the training and development of existing staff. Additionally, salaries are benchmarked against independent data to ensure that employees are remunerated at the correct level.

#### *Customer service*

Excellence in customer service is considered a prerequisite for the retention of customers, the cross selling of additional services to existing customers, and to gaining new accounts. Significant resource is dedicated to ensuring that the highest standards of customer service are achieved.

#### *Management information*

The need for timely and accurate financial and operational information is of paramount importance in understanding and mitigating operational and performance risks within the business. The Directors monitor a variety of internal measures, both financial and non-financial, in order to manage the business effectively.

#### *Health and safety*

The Directors strive to provide an environment that is both safe and healthy for all staff and contractors. Qualified health and safety professionals are employed wherever appropriate in the business, and relevant statistics collated and monitored.

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of credit risk and interest rate risk. The company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the Directors have not delegated the responsibility of monitoring financial risk to a sub-committee of the board. The company's finance department implements the policies set by the board.

#### *Credit risk*

The company has implemented 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 periodically as a result of any changes in circumstances.

# LF Logistics (UK) Limited

## Strategic report for the year ended 31 December 2013 (continued)

### Financial risk management (continued)

#### *Interest rate risk*

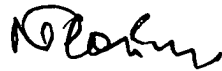
The company has interest bearing liabilities for which the interest rates are either fixed (typically finance leases) or variable (typically bank overdrafts). The finance cost on variable rate liabilities is dependent on the Bank of England base rate.

### Key performance indicators

The directors monitor the performance of the business using a variety of key performance indicators. Examples of these include gross margin and balance sheet measures such as debtor's days.

Financial	2013	2012	Measure
Days debtors	48	47	Count back basis
Gross margin	44%	44%	Gross profit/turnover

On behalf of the board



NA Cottrell

Director

24 September 2014

# **LF Logistics (UK) Limited**

## **Directors' report for the year ended 31 December 2013**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2013.

### **Results and dividends**

The profit and loss account for the year is set out on page 9. There have been no dividends paid or declared in the year (2012: none).

### **Risk management**

Principal risks and uncertainties, financial risk management and key performance indicators are all covered in the Strategic Report.

### **Directors**

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

J Parkes (resigned 1 May 2013)  
RS Lister  
NA Cottrell (appointed 1 May 2013)

### **Employees**

The board places considerable value on the involvement of its employees. Through regular meetings it keeps them informed on matters affecting the performance of the company and their employment.

It is the company's policy when considering applicants for vacancies to offer equal opportunity to disabled persons, subject only to their abilities in relation to the jobs for which they apply. Whenever possible, employees becoming disabled will be maintained in employment and given such individual encouragement for training, career development and promotion as the particular disability and the company's needs permit.

### **Political and charitable donations**

The company made £nil political donations during the year (2012: £nil) and made £706 charitable donations (2012: £249).

### **Going concern**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of its fellow subsidiary company LF Europe Limited. The directors have received confirmation that LF Europe Limited intends to support the company for at least one year from the date of signing these financial statements.

### **Statement of directors' responsibilities**

The directors are responsible for preparing Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

## Directors' report for the year ended 31 December 2013 (continued)

### Statement of directors' responsibilities (continued)

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; and
- prepare the financial statements on the going concern basis unless and 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.

### Statement of disclosure of information to auditors

In accordance with section 418 of the Companies Act 2006, each of the persons who is director at the date of the approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information 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.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the AGM.

On behalf of the Board



NA Cottrell

Director

24 September 2014



# LF Logistics (UK) Limited

## Independent auditors' report to the members of LF Logistics (UK) Limited

### Report on the financial statements

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#### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

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#### What we have audited

The financial statements, which are prepared by LF Logistics (UK) Limited, comprise:

- the Balance sheet as at 31 December 2013;
- the Profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation 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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#### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

In addition, we read all the financial and non-financial information in the Annual report and financial statements 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.

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

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

## **Independent auditors' report to the members of LF Logistics (UK) Limited (continued)**

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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.

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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 6, 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 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.



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

24 September 2014

# LF Logistics (UK) Limited

## Profit and loss account for the year ended 31 December 2013

		2013	2012
	Note	£'000	£'000
<b>Turnover</b>	2	<b>31,347</b>	37,741
Cost of sales			
- recurring		(17,998)	(22,758)
- non recurring	5	328	1,590
		(17,670)	(21,168)
<b>Gross profit</b>		<b>13,677</b>	16,573
Distribution costs			
- recurring		(11,154)	(12,816)
- non recurring	5	1,874	8,084
		(9,280)	(4,732)
Administrative expenses		(1,750)	(2,165)
<b>Operating profit</b>		<b>2,647</b>	9,676
Interest payable and similar charges	7	105	(331)
<b>Profit on ordinary activities before taxation</b>	6	<b>2,752</b>	9,345
Tax on profit on ordinary activities	8	(16)	(1)
<b>Profit for the financial year</b>	15	<b>2,736</b>	9,344

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 gains above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the gains on ordinary activities before taxation and the result for the year stated above and their historical costs equivalents.

# LF Logistics (UK) Limited

## Balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Tangible assets	9	3,597	4,113
<b>Current assets</b>			
Stocks	10	32	41
Debtors	11	7,925	9,469
Cash at bank and in hand		47	35
		<b>8,004</b>	<b>9,545</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(24,502)</b>	<b>(26,582)</b>
<b>Net current liabilities</b>		<b>(16,498)</b>	<b>(17,037)</b>
<b>Total assets less current liabilities</b>		<b>(12,901)</b>	<b>(12,924)</b>
<b>Provisions for liabilities</b>	13	<b>(2,349)</b>	<b>(5,062)</b>
<b>Net liabilities</b>		<b>(15,250)</b>	<b>(17,986)</b>
<b>Capital and reserves</b>			
Called up share capital	14	50	50
Profit and loss account	15	(15,300)	(18,036)
<b>Total shareholders' deficit</b>	16	<b>(15,250)</b>	<b>(17,986)</b>

These financial statements were approved by the board of directors on <sup>24</sup> September 2014 and were signed on its behalf by:



NA Cottrell  
Director

LF Logistics (UK) Limited  
Registered number: 2148337

# LF Logistics (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013

### 1. Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### **Basis of preparation**

These financial statements are 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 company is a wholly owned subsidiary company of a group headed by Li & Fung Limited, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement.

As the company is a wholly owned subsidiary of Li & Fung Limited, it has taken advantage of the exemption contained in FRS 8, 'Related party transactions', and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

#### **Basis of preparation – going concern**

The company has net current liabilities of £16,498,000 (2012: £17,037,000) arising primarily from provisions required for extraordinary costs recognised in the acquisition process.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of its fellow subsidiary company LF Europe Limited. The directors have received confirmation that LF Europe Limited intends to support the company for at least one year from the date of signing these financial statements.

#### **Fixed assets and depreciation**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight-line basis, over their estimated economic lives. The estimated economic lives used for this purpose are:

Leasehold property	over the duration of the lease
Plant and machinery	10 – 15 years

# **LF Logistics (UK) Limited**

## **Notes to the financial statements for the year ended 31 December 2013 (continued)**

### **1. Statement of accounting policies (continued)**

#### **Operating leases**

Rentals payable under operating leases, net of lease incentives, are charged to the profit and loss account on a straight-line basis over the period of the lease.

#### **Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The provision for vacant property costs relates to those occupancy costs payable under the terms of a number of leases, which will be incurred against warehouses with ongoing under utilisation.

The provision for accelerated depreciation on tangible fixed assets relates to the writing down in value of fixed assets across three sites which are either no longer utilised or which have ongoing under utilisation.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

#### **Deferred taxation**

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred tax'.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### **Pensions**

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 disclosed in note 0 represents contributions payable by the company to the fund.

# LF Logistics (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 1. Statement of accounting policies (continued)

#### Finance leases

Where the company enters into a lease, which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element that reduces the outstanding obligation for future instalments.

#### Turnover

Turnover represents invoiced sales less allowances to customers, excluding value added tax, and represents the invoiced value of services supplied. Turnover is recognised at the point the service is supplied to the customer.

#### Accrued / deferred income

Income is recognised in the financial statements at the point at which it is earned. This includes making appropriate provisions for both accrued and deferred income.

#### Operating exceptional items

Exceptional items are material items which fall within the ordinary activities of the Company and which need to be disclosed by virtue of their size or incidence. Such items are included within the operating result and classified as operating exceptional items.

### 2. Turnover

The company's turnover and operating profit relate entirely to its principal activity. The geographical analysis of turnover is:

	2013 £'000	2012 £'000
United Kingdom	27,813	33,956
Rest of the world	3,534	3,785
<b>Total</b>	<b>31,347</b>	<b>37,741</b>

# LF Logistics (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 3. Employee numbers and costs

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2013	2012
Administration	47	52
Logistics	324	410
<b>Total</b>	<b>371</b>	<b>462</b>

The aggregate payroll costs of these persons were as follows:

	2013 £'000	2012 £'000
Wages and salaries	7,778	9,707
Social security costs	663	787
Other pensions costs (note 0)	69	91
<b>Staff costs</b>	<b>8,510</b>	<b>10,585</b>

### 4. Directors' emoluments

	2013 £'000	2012 £'000
Directors' aggregate emoluments	203	288

Retirement benefits are accruing to no directors (2012: none) under money purchase schemes to which the company contributed £nil (2012: £nil).

The emoluments of the highest paid director, excluding pension contributions, were £203,000 (2012: £288,000). The company made £nil (2012: £nil) contribution to money purchase schemes in respect of the highest paid director.



# LF Logistics (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 5. Exceptional cost of sales and distribution costs

<b>Cost of sales</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Cost of sales		
Excluding exceptional items	<b>17,998</b>	22,758
Exceptional Items		
Provision for vacant property release (a)	<b>(328)</b>	(1,590)
<b>Cost of sales including exceptional items</b>	<b>17,670</b>	21,168

<b>Distribution costs</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Distribution costs		
Excluding exceptional items	<b>11,154</b>	12,816
Exceptional Items		
Provision for vacant property release (a)	<b>(1,487)</b>	(7,218)
Provision for accelerated depreciation release (b)	<b>(387)</b>	(866)
<b>Distribution costs including exceptional items</b>	<b>9,280</b>	4,732

- a) The provision for vacant property release is the partial reversal of a 2010 provision for occupancy costs payable under the terms of a number of leases, to be incurred against warehouses with ongoing under utilisation, which was identified as no longer being required in 2010.
- b) The provision for accelerated depreciation release is the partial reversal of a 2010 provision on tangible fixed assets, relating to the write down of fixed assets across three sites which have experienced ongoing underutilisation.

# LF Logistics (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 6. Profit on ordinary activities before taxation

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation is stated after charging:		
<b>Services provided by the company's auditor</b>		
Fees payable for the audit	24	37
Fee payable for other services	-	9
Depreciation		
Owned assets (note 9)	1,166	912
Leased assets	-	83
Operating lease rentals		
Land and buildings	3,783	3,820
Other	12	30

### 7. Interest payable and similar charges

	2013 £'000	2012 £'000
Bank interest payable	156	175
Unwinding of Interest on Provision for vacant property	(65)	141
Finance lease interest payable	14	15
<b>Total</b>	<b>105</b>	<b>331</b>

# LF Logistics (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 8. Tax on profit on ordinary activities

	2013 £'000	2012 £'000
Analysis of charge in year		
<b>Current tax</b>		
United Kingdom Corporation tax	16	-
Adjustments in respect of prior years	-	1
<b>Total current tax</b>	<b>16</b>	<b>1</b>
<b>Deferred tax</b>	<b>-</b>	<b>-</b>
Adjustments in respect of prior years	-	-
<b>Total deferred tax charge (note 13)</b>	<b>-</b>	<b>-</b>
<b>Total tax on profit on ordinary activities</b>	<b>16</b>	<b>1</b>

The standard rate of Corporation Tax in the United Kingdom changed from 24% to 23% with effect from 1 April 2013. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 23.25%. The differences are explained below:

<b>Current tax reconciliation</b>	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	2,752	9,345
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of: 23.25% (2012: 24.5%)	640	2,290
Effects of:		
Expenses not deductible for tax purposes	16	25
Capital allowances in excess of / less than depreciation	(252)	5
Utilisation of tax losses	(388)	(2,320)
Adjustments in respect of prior years	-	1
<b>Total current tax charge</b>	<b>16</b>	<b>1</b>

# LF Logistics (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 9. Tangible fixed assets

	Long term leasehold improvements	Plant and machinery	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2013	1,234	10,574	11,808
Additions	4	259	263
<b>At 31 December 2013</b>	<b>1,238</b>	<b>10,833</b>	<b>12,071</b>
<b>Accumulated depreciation</b>			
At 1 January 2013	804	6,504	7,308
Charge for the year	129	1,036	116
<b>At 31 December 2013</b>	<b>933</b>	<b>7,540</b>	<b>8,473</b>
<b>Net book amount</b>			
<b>At 31 December 2013</b>	<b>305</b>	<b>3,293</b>	<b>3,598</b>
At 31 December 2012	556	3,557	4,113

As at 31 December 2013 the capitalised cost of assets under finance leases was £nil (2012: £3,564,000) and the net book value of these assets was £nil (2012: £356,000).

### 10. Stocks

	2013	2012
	£'000	£'000
Raw materials	32	41

# LF Logistics (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 11. Debtors

	2013 £'000	2012 £'000
Trade debtors	3,128	3,851
Amounts owed by group undertakings	1,534	2,162
Other debtors	127	669
Prepayments and accrued income	3,136	2,787
<b>Total</b>	<b>7,925</b>	<b>9,469</b>

The amounts owed by group undertakings have arisen during the normal course of business and are unsecured, interest free and have no fixed date of repayment.

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

	2013 £'000	2012 £'000
Bank loans and overdrafts	6,355	7,479
Trade creditors	2,418	2,888
Amounts owed to group undertakings	10,416	11,125
Other creditors	1,914	152
Other taxation and social security	688	1,057
Accruals and deferred income	2,695	3,881
Group relief payable	16	-
<b>Total</b>	<b>24,502</b>	<b>26,582</b>

The bank overdraft is unsecured and is repayable on demand with interest chargeable at a rate dependent on the Bank of England base rate. Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

# LF Logistics (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 13. Provision for liabilities

Provision for vacant property	£'000
At 1 January 2013	5,062
Utilised in year	(898)
Released in year (note 5)	(1,815)
<b>At 31 December 2013</b>	<b>2,349</b>

The provision for vacant property costs relates to those occupancy costs payable under the terms of a number of leases, which will be incurred against warehouses with ongoing under utilisation. This is for the period 2012 – 2016.

#### Deferred tax

The elements of the deferred tax assets are as follows:

	31 December 2013		31 December 2012	
	Recognised £'000	Unrecognised £'000	Recognised £'000	Unrecognised £'000
Accelerated capital allowances	-	(993)	-	(1,583)
Short term timing differences	-	(2)	-	(3)
Losses	-	(1,489)	-	(2,094)
<b>Total</b>	<b>-</b>	<b>(2,484)</b>	<b>-</b>	<b>(3,680)</b>

# LF Logistics (UK) Limited

## Notes to the financial statements for the year ended 31 December 2013 (continued)

### 14. Called up share capital

	2013 £'000	2012 £'000
<b>Allotted and fully paid</b>		
50,000 (2012: 50,000) ordinary shares of £1 each	50	50

### 15. Profit and loss account

	£'000
At 1 January 2013	(18,036)
Profit for the financial year	2,736
<b>At 31 December 2013</b>	<b>(15,300)</b>

### 16. Reconciliation of movements in shareholders' deficit

	2013 £'000	2012 £'000
Profit for the financial year	2,736	9,344
Opening shareholders' deficit	(17,986)	(27,330)
<b>Closing shareholders' deficit</b>	<b>(15,250)</b>	<b>(17,986)</b>

## LF Logistics (UK) Limited

### Notes to the financial statements for the year ended 31 December 2013 (continued)

#### 17. Financial commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases expiring as follows:

	2013	2013	2012	2012
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	-	-	-	-
Within two to five years	4,215	13	3,955	13
After five years	-	-	-	-
<b>Total</b>	<b>4,215</b>	<b>13</b>	<b>3,955</b>	<b>13</b>

#### 18. Pension commitments

The company operates a defined contribution pension scheme, with assets held in a separately administered fund. Membership of the scheme is available to all permanent employees.

The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year and amounted to £61,000 (2012: £91,000). Contributions amounting to £9,000 (2012: £12,000) were payable to the scheme at the year end and are included in creditors.



## **LF Logistics (UK) Limited**

### **Notes to the financial statements for the year ended 31 December 2013 (continued)**

#### **19. Ultimate parent undertaking and controlling party**

The immediate parent undertaking is LF Logistics Holdings (UK) Limited, incorporated in Great Britain and registered in England & Wales.

The ultimate parent undertaking and controlling party is Li & Fung Limited, a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange.

Li & Fung Limited is the parent undertaking of the largest and smallest undertakings to consolidate these financial statements at 31 December 2013.

The consolidated financial statements of Li & Fung Limited can be obtained from the principal place of business; 11th Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong or via the group website at [www.lifung.com](http://www.lifung.com).