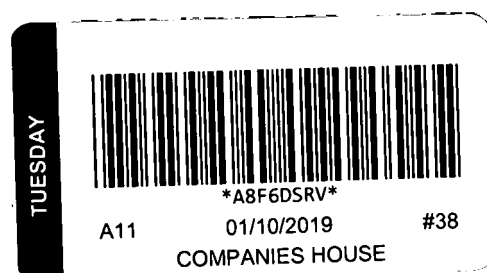


HMY UK Innovation in Retail LTD  
Annual report and financial statements  
for the year ended 31 December 2018

**Registered Number: 5822214**



HMY UK Innovation In Retail LTD

Annual report and financial statements

for the year ended 31 December 2018

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# HMV UK Innovation in Retail LTD

## Strategic report for the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

### Principal activities

The Company's principal activity is the manufacture, supply and installation of bespoke shelving systems.

### Review of the business and future prospects

The financial results for the year are set out in the profit and loss account on page 7. The Company has reported a reduction in turnover in the year, overall result have improved on last year.

In 2018 restructuring was required due to market conditions reducing the manufacturing base and overheads inline with turnover and as a result of these changes, the directors are confident that the Company will return to profitability in coming years.

The Company's net liabilities at the end of the financial year were £9,432,000 (2017: £5,939,000).

The directors do not recommend the payment of a dividend (2017: £nil).

The Company is now operating from a right-sized cost and manufacturing base and is therefore much better placed to show improved profitability in the coming years. Sales in 2019 are expected to revert to the levels of prior years where existing customer programmes are planned to grow and the Company is investing in an enhanced, targeted approach for new business opportunities.

### Key performance indicators ("KPIs")

The directors consider that the key performance indicators used to monitor the performance of the business are Earnings before Interest, Tax, Depreciation, Amortisation and Stock obsolescence ('EBITDA') and Return on Capital Employed ('ROCE'). These KPIs for the current and preceding year are laid out below:

	2018	2017
EBITDA	(2,528,000)	(£2,172,000)
ROCE	33%	75%

### Principal risks and uncertainties

The Principal risks and uncertainties facing the business are focussed around the reliability of customer programmes, with respect to both volume and timing. The Company minimises these risks by establishing clear lines of communication with customers, and by diversifying and spreading its customer base wherever possible.

On behalf of the board



S.A. Geekie  
Director  
26 June 2019

# **HMY UK Innovation in Retail LTD**

## **Directors' report for the year ended 31 December 2018**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2018. The Company's registered number is 5822214.

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include commodity price risk, credit risk, interest rate cash flow risk and foreign exchange risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company.

#### *Price risk*

The Company is exposed to commodity price risk as a result of its operations, being fluctuations in the price of steel. The exposure is mitigated by local sourcing of steel at forward rates.

#### *Credit risk*

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to approval by the directors.

#### *Interest rate cash flow risk*

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets consist only of cash balances, which earn interest at variable rates. Interest bearing liabilities consist of loans from the Company's parent undertaking on which the interest rate is fixed every six months.

#### *Foreign exchange risk*

The Company is exposed to foreign currency exchange rate fluctuations between sterling, Euro and US Dollar. The Euro and US Dollar exchange rate risk is partially mitigated by the use of natural hedging.

### **Going concern**

The Company meets its day-to-day working capital requirements through its group borrowing facilities. Although the current economic conditions continue to create uncertainty over the levels of future demand, the Company's forecasts and projections show that it is able to operate within the level of its current facilities. After making enquiries, the directors are confident that the Company has the necessary resources to operate for the foreseeable future and therefore the Company continues to adopt the going concern basis in preparing its financial statements.

### **Tangible fixed assets**

In the opinion of the directors, the value of land and buildings shown in the balance sheet is not substantially different from the market value at 31 December 2018.

### **Charitable and political donations**

No political donations were made during the year (2017: £nil). Charitable donations during the year were £330 (2017: £260).

### **Future Developments and dividends**

Future Developments and recommended dividends have been disclosed in the Strategic Report on page 1.

### **Prior year restatement**

As at 1 January 2017, which is the beginning of the earliest prior period presented, the amounts for Creditors: amounts falling due after more than one year was overstated by £5,379,000 and the amount for Creditors: amounts falling due within one year was understated by £5,379,000. This relates to amounts owed to group undertakings which were repayable on demand and were classified incorrectly in the prior year. The prior year figure for amounts owed to group undertakings of £5,367,000 at 31 December 2017 has been reclassified to amounts falling due within one year. This restatement has reduced the Creditors: amounts falling due after more than one year balance by £5,367,000 to £110,000 and increased the Creditors: amounts falling due within one year balance by £5,367,000 to £14,601,000 as at 31 December 2017. There is no impact of this restatement on profit or loss or equity.

# **HMY UK Innovation in Retail LTD**

## **Directors' report for the year ended 31 December 2018 (continued)**

### **Directors**

The directors who have served during the year and up to the date of signing the financial statements are as follows:

SA Geekie

G Taldu - appointed 21<sup>st</sup> January 2019

JAG Southam – appointed 26<sup>th</sup> October 2018

IM Smith – Company Secretary – appointed 31<sup>st</sup> May 2018

IGM Villamayor - resigned 21<sup>st</sup> January 2019

G Renault – resigned 26<sup>th</sup> October 2018

### **Overseas branches**

The Company operates an overseas branch in the Republic of Ireland.

### **Employment of disabled persons**

The policy of the Company is to give full consideration to employment applications from disabled persons who have the necessary aptitudes and abilities to perform the duties of the job. The Company seeks to develop the skills and talents of disabled persons by providing appropriate training. Where an employee becomes disabled whilst employed, arrangements are made wherever practicable to maintain employment by identifying a suitable job and providing any necessary retraining.

### **Employees**

It is the Company's policy to involve employees at all levels in the operation of the Company and to inform them of its financial position and activities through briefing meetings, which are held at regular intervals.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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.

# **HMY UK Innovation in Retail LTD**

## **Directors' report for the year ended 31 December 2018 (continued)**

### **Statement of disclosure of information to auditors**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



**S.A. Geekie**  
**Director**  
**26 June 2019**

# **HMV UK Innovation in Retail LTD**

## **Independent auditors' report to the members of HMV UK Innovation in Retail LTD**

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, HMV UK Innovation in Retail LTD's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# **HMY UK Innovation in Retail LTD**

## **Independent auditors' report to the members of HMY UK Innovation in Retail LTD (continued)**

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### *Auditors' 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 auditors' 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 on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

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

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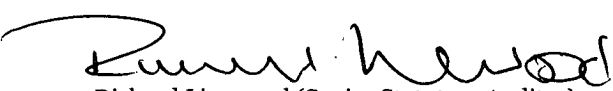
## **Other required reporting**

### **Companies Act 2006 exception reporting**

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

  
Richard Lingwood (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne

26 June 2019



**HMY UK Innovation in Retail LTD**  
**Profit and loss account for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>Turnover</b>	5	<b>12,937</b>	16,552
Cost of sales		<b>(8,818)</b>	(12,425)
<b>Gross profit</b>		<b>4,119</b>	4,127
Administrative Expenses		<b>(5,327)</b>	(8,086)
Exceptional Items	6	<b>(1,924)</b>	(432)
<b>Operating loss</b>	7	<b>(3,132)</b>	(4,391)
Interest payable and similar expenses	9	<b>(280)</b>	(267)
<b>Loss before taxation</b>		<b>(3,412)</b>	(4,658)
Tax on loss	10	<b>(81)</b>	3
<b>Loss for the financial year</b>		<b>(3,493)</b>	(4,655)

All results relate to continuing operations.

The Company has no other comprehensive income other than as included in the results above, and therefore no separate statement of other comprehensive income has been presented.

# HMY UK Innovation in Retail LTD

## Balance sheet as at 31 December 2018

		2018	As restated 2017
	Note	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	11	116	267
Tangible assets	12	2,475	3,446
		<b>2,591</b>	<b>3,713</b>
<b>Current assets</b>			
Inventories	13	543	1,697
Debtors	14	2,118	2,705
Cash at bank and in hand		699	657
		<b>3,360</b>	<b>5,059</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(15,380)</b>	<b>(14,601)</b>
<b>Net current liabilities</b>		<b>(12,020)</b>	<b>(9,542)</b>
<b>Total assets less current liabilities</b>		<b>(9,429)</b>	<b>(5,829)</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(3)</b>	<b>(110)</b>
<b>Net liabilities</b>		<b>(9,432)</b>	<b>(5,939)</b>
<b>Capital and reserves</b>			
Called up share capital	20	3,000	3,000
Retained earnings		<b>(12,432)</b>	<b>(8,939)</b>
<b>Total shareholders' deficit</b>		<b>(9,432)</b>	<b>(5,939)</b>

The notes on pages 10 to 28 are an integral part of these financial statements.

The financial statements on pages 7 to 28 were approved by the board of directors on 26 June 2019 and signed on its behalf by:



S.A. Geekie  
Director

Registered Number 5822214

# HMY UK Innovation in Retail LTD

## Statement of Changes in Equity for the year ended 31 December 2018

	<b>Called up Share Capital £'000</b>	<b>Profit and Loss Account £'000</b>	<b>Total Shareholders' Deficit £'000</b>
Balance as at 1 January 2017	3,000	(4,284)	(1,284)
Loss and total comprehensive expense for the Financial Year	-	(4,655)	(4,655)
Balance as at 31 December 2017 and 1 January 2018	3,000	(8,939)	(5,939)
Loss and total comprehensive expense for the Financial Year	-	(3,493)	(3,493)
<b>Balance as at 31 December 2018</b>	<b>3,000</b>	<b>(12,432)</b>	<b>(9,432)</b>

# **HMY UK Innovation in Retail LTD**

## **Notes to the financial statements for the year ended 31 December 2018**

### **1. General Information**

HMY UK Innovation in Retail LTD designs, manufactures and installs retail equipment throughout the retail industry. The Company has one manufacturing plant in the UK and sells primarily to the UK and the rest of Europe.

The company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Unit 13 Hobson Industrial Estate, Burnopfield, Newcastle Upon Tyne, NE16 6EA and a copy of the financial statements can be obtained from this address.

### **2. Statement of Compliance**

The individual financial statements of HMY UK Innovation in Retail LTD have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **Prior year restatement**

As at 1 January 2017, which is the beginning of the earliest prior period presented, the amounts for Creditors: amounts falling due after more than one year was overstated by £5,379,000 and the amount for Creditors: amounts falling due within one year was understated by £5,379,000. This relates to amounts owed to group undertakings which were repayable on demand and were classified incorrectly in the prior year. The prior year figure for amounts owed to group undertakings of £5,367,000 at 31 December 2017 has been reclassified to amounts falling due within one year. This restatement has reduced the Creditors: amounts falling due after more than one year balance by £5,367,000 to £110,000 and increased the Creditors: amounts falling due within one year balance by £5,367,000 to £14,601,000 as at 31 December 2017. There is no impact of this restatement on profit or loss or equity.

### **3. Statement of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **(a) Basis of Preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 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 in note 4.

#### **(b) Going Concern**

The Company meets its day-to-day working capital requirements through its group borrowing facilities. Although the current economic conditions continue to create uncertainty over the levels of future demand, the Company's forecasts and projections show that it is able to operate within the level of its current facilities. After making enquiries, the directors are confident that the Company has the necessary resources to operate for the foreseeable future and therefore the Company continues to adopt the going concern basis in preparing its financial statements.

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**3. Statement of significant accounting policies (continued)**

**(c) Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with. The Company has taken advantage of the following exemptions:

- (i) From preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent Company, FINANCIERE HMY S.A.S, includes the Company's cash flows in its own consolidated financial statements; and
- (ii) From disclosing the Company key management personnel compensation in total, as required by FRS 102 paragraph 33.7; and
- (iii) From the requirement to present a reconciliation of the number of shares outstanding at the beginning and the end of the year as required by 4.12(a)(iv).
- (iv) The requirement to disclose carrying value of financial assets and liabilities as per the requirements of Section 11 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f).

**(d) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes. The Company recognises revenue upon substantial completion of each project undertaken.

Sales are normally made with a credit term of 30 days net monthly. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

**(e) Profit recognition on contracting activities**

Profit on individual contracts is taken only when their outcome can be foreseen with reasonable certainty, based on the lower of the percentage margin earned to date and that prudently forecast at completion, taking account of agreed claims. Full provision is made for all known or expected losses on individual contracts.

**(f) Foreign Currency**

**i) Functional and presentation currency**

The Company's functional and presentation currency is the pound sterling.

**ii) Transactions and balances**

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

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**3. Statement of significant accounting policies (continued)**

**(f) Foreign Currency (continued)**

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.

All foreign exchange gains and losses are recognised in the profit and loss account in the line 'administrative expenses'.

**(g) Exceptional Items**

The Company classifies certain one-off charges or credits that have a material impact on the Company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Company.

**(h) Employee Benefits**

**(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

**(ii) Defined contribution pension plans**

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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**(iii) Annual bonus plan**

The Company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

**(i) Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

**(i) Current tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**3. Statement of significant accounting policies (continued)**

**(i) Current tax (continued)**

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.

**(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

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 sufficient 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 using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**(j) Intangible assets**

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of three years on a straight line basis.

Research and development costs are stated at costs less accumulated amortisation and accumulated impairment losses.

**(k) Tangible Assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

**(i) Land & buildings**

Land and buildings consist of freehold buildings. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**3. Statement of significant accounting policies (continued)**

(ii) Plant and machinery and fixtures, fittings, tools and equipment

Plant and machinery and fixtures, fittings, tools and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

Depreciation is provided on all tangible fixed assets other than freehold land so as to write off the cost in equal instalments over their estimated useful lives. The following rates are used:

Freehold buildings 20 to 36 years

Plant and machinery 5 to 10 years

Fixtures and fittings 3 to 15 years

(iv) Assets in the course of construction

Assets under construction represent costs incurred to date in bringing the asset to its current state of completion. Assets under construction are not depreciated.

(v) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Administration Expenses'.

**(l) Borrowing costs**

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(m) Leased Assets**

(i) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Company's incremental borrowing rate is used.

Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

(ii) Operating Leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.



# **HMY UK Innovation in Retail LTD**

## **Notes to the financial statements**

**for the year ended 31 December 2018 (continued)**

### **3. Statement of significant accounting policies (continued)**

#### **(n) Inventories**

Stocks and unbilled contract work in progress are stated at the lower of cost and net realisable value; cost in the case of manufactured stock and work in progress includes an appropriate proportion of production and administration overheads. Applications for progress payments are deducted from cost, with any excess included within 'accruals and deferred income'.

#### **(o) 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. Bank overdrafts are shown within borrowings in current liabilities.

#### **(p) Provisions & Contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

In particular

##### **(i) Restructuring provisions**

Restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

##### **(ii) Provision is not made for future operating losses.**

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

##### **(iii) Contingencies**

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

# **HMY UK Innovation in Retail LTD**

## **Notes to the financial statements**

**for the year ended 31 December 2018 (continued)**

### **3. Statement of significant accounting policies (continued)**

#### **(q) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **(r) Related party transactions**

There were no related party transactions with related parties which are not wholly owned with the same group. The Company has taken advantage of the exemption from disclosing transactions with members of the same group that are wholly owned.

### **4. Critical Accounting Judgments and estimation uncertainties**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(i) Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

#### **(ii) Inventory provisioning**

The Company's designs, manufactures and sells shelving solutions which is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required.

When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

#### **(iii) Impairment of debtors**

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

# **HMY UK Innovation in Retail LTD**

## **Notes to the financial statements**

**for the year ended 31 December 2018 (continued)**

### **5. Turnover**

The turnover and operating loss for the year were derived from the Company's principal activity.

An analysis of turnover by destination is given below:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	<b>9,004</b>	12,254
Europe	<b>3,587</b>	3,952
USA	<b>346</b>	346
	<b>12,937</b>	16,552

Analysis of turnover by category

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Sale of goods	<b>8,378</b>	10,651
Services	<b>4,559</b>	5,901
	<b>12,937</b>	16,552

### **6. Exceptional items**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Exceptional costs	<b>1,924</b>	432

Exceptional items relate primarily to costs incurred as a result of the Company's restructuring programme.

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**

**for the year ended 31 December 2018 (continued)**

**7. Operating loss**

	2018	2017
	£'000	£'000
Operating loss is stated after charging		
- Wages and Salaries	3,113	4,302
- Social Security Costs	285	380
- Other Pension costs	148	165
<b>Total Staff Costs</b>	<b>3,546</b>	<b>4,847</b>
Depreciation		
- owned assets	528	732
- leased assets	11	14
Amortisation of intangible fixed assets	65	198
Impairment of goodwill	-	1,275
Operating lease rentals payable in respect of:		
- plant and machinery	101	116
- vehicles	108	142
- fixtures, fittings and equipment	19	21
Foreign exchange losses	69	178
Auditors' remuneration		
- audit	25	25
- taxation compliance services	6	6

# **HMY UK Innovation in Retail LTD** **Notes to the financial statements**

**for the year ended 31 December 2018 (continued)**

## **8. Employees and Directors**

### **Employees**

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

<b>By activity</b>	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Plant and production staff	<b>43</b>	65
Administration	<b>68</b>	85
	<b>111</b>	150

### **Directors' emoluments**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate directors' emoluments	<b>193</b>	191
Company contributions to money purchase pension scheme	<b>29</b>	27
	<b>222</b>	218

### **Highest paid director**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate directors' emoluments	<b>193</b>	191
Company contributions to money purchase pension scheme	<b>29</b>	27
	<b>222</b>	218

Retirement benefits are accruing to one (2017: one) director under money purchase pension schemes.

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**9. Interest payable and similar expenses**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on loans owed to group undertakings	<b>267</b>	<b>252</b>
Bank interest payable	<b>7</b>	<b>4</b>
Interest payable on finance leases	<b>6</b>	<b>11</b>
	<b>280</b>	<b>267</b>

**10. Tax on loss**

**(a) Tax income included in loss**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
Adjustments in respect of prior years	<b>81</b>	<b>(3)</b>
<b>Total current tax</b>	<b>81</b>	<b>(3)</b>

# HMY UK Innovation in Retail LTD

## Notes to the financial statements

### for the year ended 31 December 2018 (continued)

#### 10. Tax on Loss (continued)

The tax assessed for the year is higher (2017: higher) from the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

##### (b) Reconciliation of tax credit

	2018	2017
	£'000	£'000
<b>Loss before taxation</b>	<b>(3,412)</b>	<b>(4,658)</b>
Loss multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(648)	(897)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4	8
Depreciation in excess of capital allowances	28	42
Movement in deferred tax not provided	616	847
Adjustments from previous periods	(81)	(3)
<b>Total tax credit for the year</b>	<b>(81)</b>	<b>(3)</b>

##### Factors that may affect future tax charges

The UK corporation tax rate was 19% from 1 April 2017, there has not been a change in 2018. Therefore 19% rate has been used for both 2017 & 2018. Accordingly, the Company's losses for this accounting year are taxed at 19%.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

There are no other factors expected to materially affect the tax (credit)/charge in future years.

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**11. Intangible assets**

	IT licences	Research & Development	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2018	979	184	1,163
Addition	5	-	5
Transfers	12	-	12
Disposals	(143)	(132)	(275)
<b>At 31 December 2018</b>	<b>853</b>	<b>52</b>	<b>905</b>
<b>Accumulated amortisation</b>			
At 1 January 2018	876	20	896
Charge for the year	18	47	65
Disposals	(143)	(29)	(172)
<b>At 31 December 2018</b>	<b>751</b>	<b>38</b>	<b>789</b>
<b>Net book amount</b>			
<b>At 31 December 2018</b>	<b>102</b>	<b>14</b>	<b>116</b>
At 31 December 2017	103	164	267



# HMY UK Innovation in Retail LTD

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 12. Tangible assets

	Freehold land and buildings	Plant, machinery, fixtures and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 January 2018	1,791	7,931	75	9,797
Additions	-	19	2	21
Transfers	-	-	(12)	(12)
Disposals	-	(3,389)	-	(3,389)
<b>At 31 December 2018</b>	<b>1,791</b>	<b>4,561</b>	<b>65</b>	<b>6,417</b>
<b>Accumulated depreciation</b>				
At 1 January 2018	677	5,674	-	6,351
Charge for the year	60	479	-	539
Disposals	-	(2,948)	-	(2,948)
<b>At 31 December 2018</b>	<b>737</b>	<b>3,205</b>	<b>-</b>	<b>3,942</b>
<b>Net book amount</b>				
<b>At 31 December 2018</b>	<b>1,054</b>	<b>1,356</b>	<b>65</b>	<b>2,475</b>
At 31 December 2017	1,114	2,257	75	3,446

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**13. Inventories**

	2018	2017
	£'000	£'000
Raw materials and consumables	141	324
Work in progress	-	43
Finished goods and goods for resale	402	1,330
	<b>543</b>	<b>1,697</b>

**14. Debtors**

	2018	2017
	£'000	£'000
Trade debtors	1,824	1,966
Amounts owed by group undertakings	24	278
Deferred tax asset	-	80
Other debtors	81	81
Prepayments and accrued income	189	300
	<b>2,118</b>	<b>2,705</b>

Amounts owed by group undertakings are not secured, have no fixed date of repayment and are not interest bearing.

**15. Creditors: amounts falling due within one year**

	2018	As restated 2017
	£'000	£'000
Trade creditors	2,012	1,851
Amounts owed to group undertakings	12,538	11,482
Taxation and social security	288	443
Finance Leases	27	41
Accruals and deferred income	515	784
	<b>15,380</b>	<b>14,601</b>

Amounts owed by group undertakings are unsecured, repayable on demand and bear interest at 2.75% above the 6-month LIBOR rate.

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**16. Creditors: amounts falling due after more than one year**

	2018	As restated 2017
	£'000	£'000
Finance Leases	3	29
Accruals and deferred income	-	81
	3	110

Amounts owed by group undertakings are unsecured, repayable on demand and bear interest at 2.75% above the 6-month LIBOR rate.

**17. Loans and other borrowings**

	2018	2017
	£'000	£'000
Amounts owed to group undertakings	12,538	11,482
Finance lease obligations	30	70
	12,568	11,552

Maturity of financial liabilities:

	2018	As restated 2017
	£'000	£'000
In one year or less, or on demand	12,565	11,523
In more than one year, but not more than two years	3	26
In more than two years, but not more than five years	-	3
	12,568	11,552

The amounts owed to group undertakings attract interest at 2.75% above the 6-month LIBOR rate.

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**17. Loans and other borrowings (continued)**

**Finance leases**

Future minimum payments under finance leases are as follows:

	2018	2017
	£'000	£'000
Within one year	32	47
In more than one year, but not more than five years	3	34
Total gross payments	35	81
Less: future finance charges	(5)	(11)
	30	70

**18. Pensions and similar obligations**

The Company makes contributions for defined contribution pension scheme for its employees. The amount recognised in the Balance Sheet within accruals is as follows

	2018	2017
	£'000	£'000
Defined contribution scheme liability	17	20

The amount recognised in the profit and loss account is as follows

	2018	2017
	£'000	£'000
Defined contribution scheme charge for the year	148	165

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**19. Financial instruments**

The Company has the following financial instruments

		2018	2017
	Note	£'000	£'000
Financial assets that are debt instruments measured at amortised cost			
Trade Receivables	14	1,824	1,966
Amounts owed by Group undertakings	14	24	278
Other Receivables	14	81	81
Prepayments and Accrued Income	14	189	300
		<b>2,118</b>	<b>2,625</b>
Financial liabilities measured at amortised cost			
Bank loans and overdrafts	15	-	-
Trade Creditors	15	2,012	1,851
Amounts owed to Group undertakings	17	12,538	11,482
Finance Leases	17	30	70
Accruals and deferred income	15	498	764
		<b>15,078</b>	<b>14,167</b>

**20. Called up share capital**

	2018	2017
	£'000	£'000
<b>Authorised, allotted and fully paid</b>		
3,000,000 (2017: 3,000,000) ordinary shares of £1 each	3,000	3,000

**21. Operating lease commitments**

As at 31 December the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018	2017
Payment due	£'000	£'000
Not later than one year	108	224
Later than one year and not later than five years	64	250
Total	172	474

**HMY UK Innovation in Retail LTD**  
**Notes to the financial statements**  
**for the year ended 31 December 2018 (continued)**

**22. Controlling parties**

The Company's immediate parent undertaking is HMY SAS. The ultimate parent undertaking and controlling party is LBO France Gestion, a Company incorporated in France, which is the parent Company of the largest and smallest group to prepare consolidated financial statements. Copies of the financial statements of FINANCIERE HMY S.A.S. are publicly available and can be consulted at the registered office of FINANCIERE HMY S.A.S., 50 Route d'Auxerre, 89470, Monéteau, France.