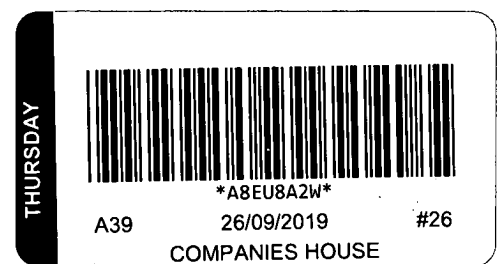


**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**  
**FOR**  
**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**



## **Annual report and financial statements for the year ended 31 December 2018**

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**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**

**DIRECTORS AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**DIRECTORS:**

G H Pullen  
G J Raymond  
G J Atherton

**REGISTERED OFFICE:**

Aintree Avenue  
White Horse Business Park  
Trowbridge  
BA14 0XB

**REGISTERED NUMBER:**

06869084 (England and Wales)

**INDEPENDENT AUDITORS:**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Hardman Square  
Manchester  
M3 3EB

**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

**PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS**

The principal activity of the company is that of a point of sale business, operating primarily in the beauty market.

The company continues to explore potential growth in existing categories as well as emerging markets. It will continue to invest in new product development wherever appropriate.

**REVIEW OF BUSINESS**

The results for the year and the financial position of the company are shown in the annexed financial statements for the year ended 31 December 2018.

**Financial highlights**

- Sales for the year totalled £9,769,000 (2017: £10,731,000).
- The company's profit for the financial year was £193,000 (2017: £581,000)
- The net assets at the end of the year were £3,940,000 (2017: £4,497,000).

**CHANGE OF OWNERSHIP**

On 31 January 2018, the company's ultimate parent undertaking at the time, Li & Fung Limited, announced that at a Special General Meeting 99.94% of independent shareholder votes had been in favour of various strategic divestments announced on 14 December 2017. The divestments were completed on 3 April 2018 and as a result, Meiyume Retail Solutions (UK) Limited (formerly Imagine POS UK Limited) has become part of a smaller, more entrepreneurial specialist Beauty group, with the structure and resources to better support its full growth potential.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Financial risks**

The company's operations are exposed to a variety of financial risks that include credit risk, foreign currency risk and interest rate risk. The company has in place a risk management programme that seeks to limit any adverse effects of the risks on the financial performance of the company. The directors have delegated the responsibility for implementation of the policies they set, and for monitoring financial risk management, to the company's finance department.

There is an element of uncertainty resulting from Brexit, the impact of which is difficult to predict. The directors are currently monitoring the situation.

**Credit risk**

The company has policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the company's finance department.

**Interest rate risk**

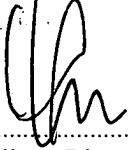
The company's interest bearing assets include only cash balances, all of which earn interest at a fixed rate.

**STRATEGIC REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**KEY PERFORMANCE INDICATORS**

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using a large number of key performance indicators is not necessary for an understanding of the development, performance or position of the business. Instead, the directors' focus is on straightforward business measures such as turnover, gross profit margin and overall profitability.

**ON BEHALF OF THE BOARD:**



.....  
G H Pullen - Director

Date: *24 September*

2019

**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2018.

**GENERAL INFORMATION**

The company is a private company limited by shares and is incorporated and domiciled in Great Britain and registered in England & Wales.

On 3 December 2018, the company changed its name from Imagine POS UK Limited to Meiyume Retail Solutions Limited.

**DIVIDENDS**

The directors paid an interim dividend of £750,000 (2017: £nil). The directors do not recommend the payment of a final dividend (2017: £nil).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

G H Pullen

G J Raymond

G J Atherton (appointed 18 June 2018)

N A Cottrell (resigned 18 June 2018)

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, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006, which was in place both during the financial year and at the date of approval of the financial statements.

**POLITICAL DONATIONS AND EXPENDITURE**

The company made no political or charitable donations during the year (2017: £nil).

**REVIEW OF THE BUSINESS, PRINCIPAL RISKS AND UNCERTAINTIES AND FUTURE DEVELOPMENTS**

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

**POLICY ON PAYMENT OF CREDITORS**

The company seeks the best possible terms from both UK and overseas suppliers appropriate to its business and gives consideration to quality, delivery and price. Terms are agreed with each supplier when the company enters into binding purchase contracts for the supply of goods. The purchase order sent to the supplier clearly states the payment terms agreed. The group will continue to honour its contractual and legal obligations and to make payment on the agreed dates.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 101 "Reduced Disclosure Framework", 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.

**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)**

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 101, 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 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 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.

**Directors' confirmations**

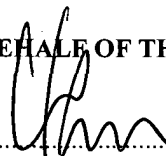
In the case of each director in office at the date the Directors' Report is approved:

- 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.

**INDEPENDENT AUDITORS**

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

**ON BEHALF OF THE BOARD:**

  
.....  
G H Pullen - Director

Date: 24 September 2019

## **Independent auditors' report to the members of Meiyume Retail Solutions (UK) Limited (formerly Imagine POS UK Limited)**

### **Report on the financial statements**

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#### **Opinion**

In our opinion, Meiyume Retail Solutions (UK) Limited (formerly Imagine POS UK Limited)'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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 Statement of financial position as at 31 December 2018; the Income statement 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.

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#### **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.

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#### **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.

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#### **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.



## **Independent auditors' report to the members of Meiyume Retail Solutions (UK) Limited (formerly Imagine POS UK Limited)**

**(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, 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.



Nicholas Boden (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

24 September 2019

**Income statement for the year ended 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>Turnover</b>	2	<b>9,769</b>	10,731
Cost of sales		(7,484)	(7,805)
<b>Gross profit</b>		<b>2,285</b>	2,926
Administrative expenses		(2,049)	(2,201)
<b>Profit before taxation</b>	4	<b>236</b>	725
Tax on profit	5	(43)	(144)
<b>Profit for the financial year</b>		<b>193</b>	581

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 and therefore no separate statement of comprehensive income has been presented.

## Statement of financial position as at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	6	288	160
Property, plant and equipment	7	15	35
		<b>303</b>	<b>195</b>
<b>Current assets</b>			
Inventories	8	139	202
Trade and other receivables	9	4,842	2,315
Cash and cash equivalents		443	3,686
		<b>5,424</b>	<b>6,203</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(1,787)</b>	<b>(1,901)</b>
<b>Net current assets</b>		<b>3,637</b>	<b>4,302</b>
<b>Total assets less current liabilities</b>		<b>3,940</b>	<b>4,497</b>
<b>Net assets</b>		<b>3,940</b>	<b>4,497</b>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Capital redemption reserve		6	6
Profit and loss account		3,934	4,491
<b>Total shareholders' funds</b>		<b>3,940</b>	<b>4,497</b>

These financial statements were approved by the board of directors on 24 September 2019 and were signed on its behalf by:



G H Pullen  
Director

**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**  
**(REGISTERED NUMBER: 06869084)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Called up share capital</b>	<b>Capital redemption reserve</b>	<b>Profit and loss account</b>	<b>Total Shareholders' funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 1 January 2017</b>	-	10	3,910	3,920
Profit for the financial year	-	-	581	581
<b>Total comprehensive income for the year</b>	-	-	<b>581</b>	<b>581</b>
Arising on share based compensation.	-	6	-	6
Realisation of share based compensation	-	(10)	-	(10)
<b>Transactions settled directly with equity</b>	-	<b>(4)</b>	-	<b>(4)</b>
<b>Balance as at 31 December 2017</b>	-	<b>6</b>	<b>4,491</b>	<b>4,497</b>
Profit for the financial year	-	-	193	193
<b>Total comprehensive income for the year</b>	-	-	<b>193</b>	<b>193</b>
Equity dividends paid	-	-	(750)	(750)
<b>Transactions settled directly with equity</b>	-	-	<b>(750)</b>	<b>(750)</b>
<b>Balance as at 31 December 2018</b>	-	<b>6</b>	<b>3,934</b>	<b>3,940</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

**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. The financial statements have therefore been prepared in accordance with FRS 101, 'Reduced Disclosure Framework'.

The financial statements have been prepared under the historical cost convention, on a going concern basis and in accordance with the Companies Act 2006, as applicable to companies using FRS101. 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),
- 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.

**New standards, amendments and IFRIC interpretations**

IFRS 9 "Financial Instruments" and IFRS 15 "Revenue Recognition" are new standards that are mandatory for accounting periods beginning on or after 1 January 2018. These are currently considered not to have a material impact on the Company.

IFRS 16 "Leases" was issued in January 2016 with an effective date of 1 January 2019. The standard specifies how leases are recognised, presented, measured and disclosed. The impact of this standard on the company is currently being assessed, but is not expected to be material.

**Turnover**

Turnover represents amounts invoiced for goods and services net of VAT and trade discounts.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

**1 Principal accounting policies (continued)**

**Property, plant and equipment and depreciation**

Tangible assets are stated at cost less accumulated depreciation. The cost of tangible assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is provided to write off the cost less the estimated residual value of tangible assets by equal instalments over their estimated useful economic lives as follows:

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

Depreciation is charged within administrative expenses in the income statement.

**Computer software and system development costs**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 3 to 10 years. Amortisation is charged within administrative costs in the income statement.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate proportion of relevant overheads.

System developments costs recognised as assets are amortized over their estimated useful lives of 3 to 10 years.

**Operating leases**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

**Pension costs**

Contributions to the pension scheme are charged to the profit and loss account as incurred.

**Current and deferred taxation**

The charge for taxation is based on the profit for the year and takes into account timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made for deferred tax liabilities on all material differences resulting from the different treatment for accounting and taxation purposes using currently enacted tax rates. No discounting is applied to the deferred tax timing differences. Deferred tax assets arising from timing differences are only recognised to the extent their recovery is considered more likely than not in the light of available information.

**Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at rates of exchange ruling at the date of the transactions. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

**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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

**1 Principal accounting policies (continued)**

**Inventory**

Work in progress is valued at the lower of cost and net realisable value.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

**Share based compensation**

The Company's former ultimate holding company operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sale growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Group revises its estimates on the number of options that are expected to vest. It recognizes the impact of the revision of original estimates, if any, in the profit and loss account.

**Going concern**

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

**Revenue recognition**

*Sales of goods*

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities. The company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

**Critical accounting estimates and assumptions**

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.

***Impairment of trade receivables***

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

**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2 Turnover**

Turnover represents invoiced sales less returns allowances and discounts to customers, excluding value added tax. The analysis of turnover by geographical area is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
United Kingdom	<b>9,752</b>	10,713
Rest of Europe	<b>3</b>	-
Rest of the world	<b>14</b>	18
	<b>9,769</b>	10,731

**3 Employee information**

The monthly average number of persons employed by the company (excluding directors) during the year was as follows:

	<b>2018</b>	<b>2017</b>
	<b>Number</b>	<b>Number</b>
Sales	<b>5</b>	5
Administration	<b>17</b>	17
Total	<b>22</b>	22

The aggregate payroll costs of these persons were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>1,273</b>	1,224
Social security costs	<b>142</b>	146
Other pension costs	<b>77</b>	61
	<b>1,492</b>	1,431

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Directors' remuneration	<b>249</b>	101

The company paid pension contributions amounting to £10,000 (2017: £5,000), in respect of two (2017: one) directors. The emoluments of the highest paid director were £152,000 (2017: £101,000) and the pension contributions £6,000 (£5,000).



**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**4 Profit before taxation**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit before taxation is stated after (crediting)/ charging:</b>		
Depreciation of tangible fixed assets		
- owned assets (note 7)	<b>13</b>	28
Amortisation of intangible fixed assets (note 6)	<b>3</b>	5
Operating lease rentals		
- plant and machinery	-	1
- land and buildings	<b>45</b>	61
Foreign exchange differences	-	5
<b>Services provided by the company's auditors</b>		
- fees payable for the audit	<b>16</b>	16
- fees payable for other services – tax compliance	<b>5</b>	5

**5 Tax on profit**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax:</b>		
UK Corporation tax on profit of the year at 19% (2017: 19.25%)	<b>37</b>	141
Adjustment in respect of previous periods	<b>10</b>	(4)
<b>Total current tax</b>	<b>47</b>	137
<b>Deferred tax:</b>		
Origination of timing differences	<b>9</b>	4
Adjustment in respect of previous periods	<b>(12)</b>	3
Effects of changes in tax rates	<b>(1)</b>	-
<b>Total deferred tax (note 11)</b>	<b>(4)</b>	7
<b>Total tax in the income statement</b>	<b>43</b>	144

**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**5 Tax on profit (continued)**

The tax assessed for the year is lower (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Profit before taxation	<b>236</b>	725
Profit before taxation multiplied by standard rate in the UK of 19% (2017: 19.25%)	<b>45</b>	140
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>9</b>	5
Income not taxable for tax purposes	<b>(6)</b>	-
Adjustment in respect of previous periods	<b>(2)</b>	(1)
Other items	<b>(2)</b>	-
Effects of changes in tax rates	<b>(1)</b>	-
<b>Total tax in the income statement</b>	<b>43</b>	144

Changes to UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015 and as part of Finance Bill 2016 on 6 September 2016. These changes include reductions to the main rate to reduce it from 19% to 17% 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.

**6 Intangible Assets**

	<b>Software</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 January 2018	176
Additions	131
Disposals	(14)
<b>At 31 December 2018</b>	<b>293</b>
<b>Accumulated Depreciation</b>	
At 1 January 2018	16
Charge for the year	3
Disposals	(14)
<b>At 31 December 2018</b>	<b>5</b>
<b>Net book value</b>	
<b>At 31 December 2018</b>	<b>288</b>
At 31 December 2017	160

The amortisation charge for the year is included within administrative expenses.

**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
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**7 Property, plant and equipment**

	<b>Short leasehold £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Computer and office equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>				
At 1 January 2018	54	18	111	183
Additions	-	-	6	6
Disposals	(54)	(14)	(94)	(162)
<b>At 31 December 2018</b>	<b>-</b>	<b>4</b>	<b>23</b>	<b>27</b>
<b>Accumulated Depreciation</b>				
At 1 January 2018	36	15	97	148
Disposals	(41)	(14)	(94)	(149)
Charge for the year	5	2	6	13
<b>At 31 December 2018</b>	<b>-</b>	<b>3</b>	<b>9</b>	<b>12</b>
<b>Net book value</b>				
<b>At 31 December 2018</b>	<b>-</b>	<b>1</b>	<b>14</b>	<b>15</b>
At 31 December 2017	18	3	14	35

The depreciation charge for the year is included within administrative expenses.

**8 Inventories**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Work-in-progress	98	119
Finished goods and goods for resale	41	83
	<b>139</b>	<b>202</b>

Amounts charged through cost of sales in relation to inventories amounted to £7,226,000 (2017: 7,412,000). In addition, £64,000 was charged through cost of sales in relation to movements on stock provision (2017: £83,000).

**9 Trade and other receivables**

	<b>2018 £'000</b>	<b>2017 £'000</b>
Trade debtors	2,108	941
Amounts owed by group undertakings	2,615	1,217
Other debtors	-	132
Deferred tax asset	9	5
Prepayments and accrued income	110	20
	<b>4,842</b>	<b>2,315</b>

Amounts owed by group undertakings include a loan of £2,250,000 which is unsecured, on which interest is charged at 0.69% p.a. and which is repayable on or before 30 June 2019. Other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**10 Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	1,018	1,269
Amounts owed to group undertakings	34	175
Amounts owed to related parties	56	-
Taxation and social security costs	144	145
Group relief payable	47	137
Other creditors	1	24
Accruals and deferred income	487	151
	<b>1,787</b>	<b>1,901</b>

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

**11 Deferred taxation**

Deferred tax at 31 December 2018 represents corporation tax at 17% (2017: 17%).

<b>Deferred tax asset</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	5	12
Origination of timing differences (note 5)	(8)	(4)
Adjustment in respect of prior years	12	(3)
<b>At 31 December</b>	<b>9</b>	<b>5</b>

The company has recognised a deferred tax asset as it is anticipated that it will be able to utilise the amounts in future years. The deferred tax asset position can be analysed as follows:

	<b>Amount unrecognised</b>		<b>Amount recognised</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Accelerated capital allowances	-	-	9	5

**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12 Called up share capital**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Allotted, called up and fully paid		
100 (2017: 100) ordinary shares of £1 each	<b>100</b>	<b>100</b>

**13 Share based payments**

In 2015 and 2017, certain employees of the company, along with other group employees, were granted awards over shares in Li & Fung Limited. The awards vest in five tranches between 31 December 2015 and 31 December 2022.

Following Li & Fung's divestment of the company, the accounting treatment of share based compensation has been modified. The company continues to recognise a share based payment expense based on the fair value of the awards granted, but the equivalent credit of £14,000 is now booked as amounts due to group undertakings (2017: £10,000 credit directly in equity as capital contribution).

Following divestment, cash compensation is accrued in lieu of certain benefits. This amount is charged to the profit and loss account and recorded as an accrual £24,000 (2017: £4,000 treated as a reduction to capital contribution, recognised directly in equity).

The net amount recognised through equity for share awards in the year is therefore £nil (2017: £6,000).

Details of the share awards outstanding at the end of the year are as follows:

<b>Grant</b>	<b>Vest</b>	<b>2018 Share awards Number</b>	<b>2017 Share awards Number</b>
<b>2015</b>	<b>2015</b>	<b>1,619</b>	<b>1,619</b>
<b>2015</b>	<b>2016</b>	<b>3,076</b>	<b>3,076</b>
<b>2015</b>	<b>2017</b>	<b>4,626</b>	<b>10,000</b>
<b>2015/2017</b>	<b>2018</b>	<b>36,600</b>	<b>n/a</b>

5,374 (2017: 3,624) share awards were exercised in the year at a price of HK\$ 4.1643 (2017: 3.5924) per share.

**14 Pensions**

The company operates a defined contribution pension scheme the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company and amounted to £77,000 (2017: £61,000). At the year end accrued pension charges amounted to £8,000 (2017: £5,000).

**MEIYUME RETAIL SOLUTIONS (UK) LIMITED (FORMERLY IMAGINE POS UK LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**15 Capital and other commitments**

At 31 December 2018, the company had total commitments under non-cancellable operating leases, expiring as follows:

	<b>Land and buildings</b>	
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	-	32

The company had no capital commitments contracted but not provided for as at 31 December 2018 (2017: £nil).

**16 Contingent liabilities**

The company has entered into several guarantees in respect of bank overdrafts and loans of certain group and related party companies. At 31 December 2018 the contingent liability amounted to £nil (2017: £nil).

**17 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 Meiyume Holdings (BVI) Limited, which are included within the consolidated financial statements of that company for the relevant period.

It has also taken advantage of the same exemption not to disclose any transactions or balances with wholly owned members of the group, headed by Li & Fung Limited, which are included within the consolidated financial statements of that company for the period ended 3 April 2018.

The company had the following balances and transactions with its related parties and fellow group undertakings in the group above that consolidated by Meiyume Holdings (BVI) Limited as at 3 April 2018 and 31 December 2018 and during the year ended 31 December 2018:

	<b>(Creditor/debtor</b>
	<b>£'000</b>
At 1 January 2018	-
At 3 April 2018 – date of spin off	5
Net cash paid	17
Recharges	(78)
<b>At 31 December 2018</b>	<b>(56)</b>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2018

18 Ultimate parent undertaking and controlling party

Lornamead Group Limited, a company incorporated in Great Britain and registered in England & Wales is the company's immediate parent undertaking.

Until 3 April 2018, the company's ultimate parent undertaking and controlling party was Li & Fung Limited. On that date, the sub group to which the company belonged, headed by LF Pegasus Limited, a company incorporated in the British Virgin Islands, was sold by Li & Fung Limited. The company's immediate parent undertaking remained Lornamead Group Limited, but from that date, by virtue of its indirect 55% holding in LF Pegasus Limited, the ultimate parent and controlling party became King Lun Holdings Limited, a company incorporated in the British Virgin Islands.

The largest and smallest group in which the results of the company are consolidated up to 3 April 2018 is that headed by Li & Fung Limited, the former 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, 11<sup>th</sup> Floor, LiFung Tower, 888 Cheung Sha Wan Road, Kowloon, Hong Kong.

From 3 April 2018, the largest and smallest group in which the results of the company are consolidated is that headed by Meiyume Holdings (BVI) Limited, an intermediate holding company, which is incorporated and registered in the British Virgin Islands. The consolidated financial statements of this company are available to the public from Aintree Avenue, White Horse Business Park, Trowbridge, BA14 0XB, United Kingdom.