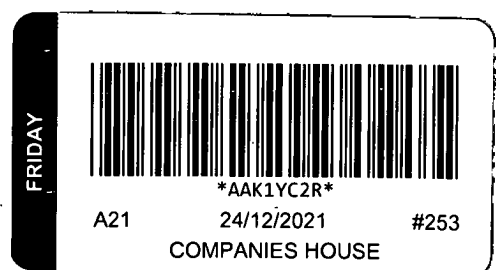


REGISTERED NUMBER: 06869084

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
FOR
MEIYUME RETAIL SOLUTIONS (UK) LIMITED



MEIYUME RETAIL SOLUTIONS (UK) LIMITED

Annual report and financial statements for the year ended 31 December 2020

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MEIYUME RETAIL SOLUTIONS (UK) LIMITED

**DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2020**

DIRECTORS:

S Dodd
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
2 Glass Wharf
Temple Quay
Bristol
BS2 0FR

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the year ended 31 December 2020.

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 2020.

Financial highlights

- Sales for the year totalled £2,577,000 (2019: £10,094,000).
- The company's loss for the financial year was £862,000 (2019: loss of £653,000)
- The net assets at the end of the year were £3,517,000 (2019: £4,379,000).

The fall in turnover was a direct result of the Covid-19 pandemic. This reflected disruption in demand and the cancellation of orders in the first half of the year as a direct result of the UK Government's lockdown measures in the fight against the Covid-19 outbreak, and additional costs to ensure safety of the Company employees. The company expects sales to recover to pre-pandemic levels in 2021.

On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak a pandemic. Since then, the outbreak of Coronavirus has had a major impact on the economy, individuals and the demand for product.

The Directors have reviewed the potential effect of Coronavirus on the business and taken appropriate actions to mitigate the impacts. Central Government support has been obtained including the furlough scheme and the VAT deferment scheme. Detailed risk assessments have been undertaken to minimise the risk of an outbreak in the business and financial forecasts have been revised to include the possible impact of the pandemic on the business. These continue to show that the business is able to remain a going concern.

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 remains uncertainty resulting from the Brexit decision and current status of exit negotiations, the impact of which is difficult to predict. The Directors have considered potentially significant issues that could affect the business including supply chain friction, tariffs and regulatory issues. They continue to monitor the situation and identify routes to mitigate any adverse impact.

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.

Foreign exchange risk

The company is exposed to foreign exchange risk in respect of its operations in the UK and abroad, and to a lesser extent, net assets denominated in foreign currencies. The Directors review the need for forward contracts whenever necessary.

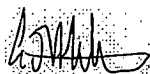
MEIYUME RETAIL SOLUTIONS (UK) LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)**

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.

The financial statements on pages 9 to 22 were approved by the Board of Directors on 21 December 2021 and signed on its behalf by



.....
G J Atherton - Director

Date: 21 December 2021

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report with the audited financial statements of the company for the year ended 31 December 2020.

GENERAL INFORMATION

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

DIVIDENDS

The directors do not recommend the payment of a final dividend (2019: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report, unless otherwise stated:

G H Pullen (resigned 31 December 2020)

G J Raymond (resigned 02 November 2021)

G J Atherton

S Dodd (appointed 02 November 2021)

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 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 (2019: £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.

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

Disclosure of information to auditors

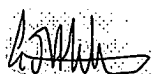
In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- As far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make him/herself 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.

The financial statements on pages 9 to 22 were approved by the Board of Directors on 21 December 2021 and signed on its behalf by



.....
G J Atherton - Director

Date: 21 December 2021

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

Independent auditors' report to the members of Meiyume Retail Solutions (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Meiyume Retail Solutions (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 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: Statement of financial position as at 31 December 2020; Income statement and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

Independent auditors' report to the members of Meiyume Retail Solutions (UK) Limited

Reporting on other information (continued)

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2020 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' responsibility, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

Independent auditors' report to the members of Meiyume Retail Solutions (UK) Limited

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to financial regulations and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management to enquire of any known instances of non-compliance with Laws and Regulations and Fraud;
- Reading board minutes to identify breaches of regulations and reviewing relevant correspondence where appropriate;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. 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.

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 obtained 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.



Stephen Patey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
21 December 2021

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

Income statement for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	2	2,577	10,094
Cost of sales		(1,782)	(7,803)
Gross profit		795	2,291
Administrative expenses		(1,844)	(3,085)
Operating loss	4	(1,049)	(794)
Finance costs	5	(4)	(8)
Loss before taxation		(1,053)	(802)
Tax on loss	6	191	149
Loss for the financial year		(862)	(653)

All items dealt with in arriving at the loss above relate to continuing operations.

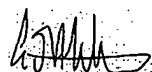
The company has no other comprehensive income other than the loss above and therefore no separate statement of comprehensive income has been presented.

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

Statement of financial position as at 31 December 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	7	333	356
Property, plant and equipment	8	125	16
Investments	9	1,092	1,092
		1,550	1,464
Current assets			
Inventories	10	134	219
Trade and other receivables	11	9,532	4,667
Cash and cash equivalents		728	360
		10,392	5,246
Creditors: amounts falling due within one year	12	(8,427)	(2,331)
Net current assets		1,967	2,915
Total assets less current liabilities		3,517	4,379
Net assets		3,517	4,379
Capital and reserves			
Called up share capital	14	-	-
Share premium account		1,092	1,092
Capital redemption reserve		6	6
Profit and loss account		2,419	3,281
Total shareholders' funds		3,517	4,379

The financial statements on pages 9 to 22 were approved by the Board of Directors on 21 December 2021 and signed on its behalf by



G J Atherton
Director

Meiyume Retail Solutions (UK) Limited
Registered number: 06869084

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total Shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2019	-	-	6	3,934	3,940
Loss for the financial year	-	-	-	(653)	(653)
Total comprehensive expense for the year	-	-	-	(653)	(653)
Arising on acquisition in the year	-	1,092	-	-	1,092
Transactions settled directly with equity	-	1,092	-	-	1,092
Balance as at 31 December 2019	-	1,092	6	3,281	4,379
Loss for the financial year	-	-	-	(862)	(862)
Total comprehensive expense for the year	-	-	-	(862)	(862)
Balance as at 31 December 2020	-	1,092	6	2,419	3,517

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 FRS 101. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial instruments: Disclosures'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - (i) 10(d), (statement of cash flows)
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - (iii) 16 (statement of compliance with all IFRS),
- 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

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2020 that have a material impact on the company's financial statements.

Consolidation

The financial statements contain information about Meiyume Retail Solutions (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it, and its subsidiary undertakings, are included by full consolidation in the consolidated financial statements of its parent, Meiyume Holdings (BVI) Limited, a company incorporated and registered in the British Virgin Islands.

Turnover

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

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2020

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:

Fixtures and fittings	- 25% 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.

Leases

For all future leases falling under the scope of IFRS 16, the company will adopt the requirements of the standard.

Currently, the company has one short term, rolling property lease, which is not considered to fall under the scope of IFRS 16. The company has elected to charge rentals payable under operating leases to the profit and loss account on a straight-line basis over the lease term, as permitted by IFRS 16, adopting the treatment of a short term lease with a term of less than 12 months.

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.

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2020

1 Principal accounting policies (continued)

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.

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 operated 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, including as a result of Covid-19, 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. There are considered to be no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

MEIYUME RETAIL SOLUTIONS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

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:

	2020 £'000	2019 £'000
United Kingdom	2,546	9,878
Rest of Europe	31	211
Rest of the world	-	5
	2,577	10,094

3 Employee information

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

	2020 Number	2019 Number
Sales	23	5
Administration	10	25
Total	33	30

The aggregate payroll costs of these persons were as follows:

	2020 £'000	2019 £'000
Wages and salaries	1,092	1,529
Social security costs	142	163
Other pension costs	38	110
	1,272	1,802

	2020 £'000	2019 £'000
Directors' remuneration	214	396

The company paid pension contributions amounting to £8,000 (2019: £17,000). in respect of one (2019: two) directors. The emoluments of the highest paid director were £206,000 (2019: £215,000) and the pension contributions £8,000 (2019: £9,000)

MEIYUME RETAIL SOLUTIONS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

4 Operating loss

	2020 £'000	2019 £'000
Operating loss is stated after charging:		
Depreciation of tangible fixed assets		
- owned assets (note 8)	39	9
Amortisation of intangible fixed assets (note 7)	85	32
Operating lease rentals		
- land and buildings	93	73
Services provided by the company's auditors		
- fees payable for the audit	14	14
- fees payable for other services – tax compliance	8	8

5 Finance costs

	2020 £'000	2019 £'000
Bank interest payable	-	8
Group interest payable	4	-
	4	8

6 Tax on loss

	2020 £'000	2019 £'000
Current tax:		
UK Corporation tax on loss of the year at 19% (2019: 19%)	(195)	(158)
Adjustment in respect of previous periods	17	2
Total current tax	(178)	(156)
Deferred tax:		
Origination of timing differences	(2)	8
Adjustment in respect of previous periods	(10)	-
Effects of changes in tax rates	(1)	(1)
Total deferred tax (note 13)	(13)	7
Total tax in the income statement	(191)	(149)

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

6 Tax on loss (continued)

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Loss before taxation	(1,053)	(802)
Loss before taxation multiplied by standard rate in the UK of 19% (2019: 19%)	(200)	(152)
Effects of:		
Expenses not deductible for tax purposes	3	3
Income not taxable for tax purposes	-	(1)
Adjustment in respect of previous periods	7	2
Effects of changes in tax rates	(1)	(1)
Total tax in the income statement	(191)	(149)

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 22 July 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 10 June 2021. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to decrease the tax expense for the period by £5,000 and to increase the deferred tax asset by £5,000.

7 Intangible Assets

	Software £'000
Cost	
At 1 January 2020	393
Additions	62
At 31 December 2020	455
Accumulated Amortisation	
At 1 January 2020	37
Charge for the year	85
At 31 December 2020	122
Net book value	
At 31 December 2020	333
At 31 December 2019	356

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

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

8 Property, plant and equipment

	Fixtures and fittings £'000	Computer and office equipment £'000	Total £'000
Cost			
At 1 January 2020	4	33	37
Additions	136	12	148
At 31 December 2020	140	45	185
Accumulated Depreciation			
At 1 January 2020	4	17	21
Charge for the year	29	10	39
At 31 December 2020	33	27	60
Net book value			
At 31 December 2020	107	18	125
At 31 December 2019	-	16	16

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

9 Investments

	£'000
Cost	
At 1 January 2020 and 31 December 2020	1,092
Accumulated impairment	
At 1 January 2020 and 31 December 2020	-
Net book value	
At 31 December 2020	1,092
At 31 December 2019	1,092

Investments relate to the following:

	Country of incorporation	Principal activity	Class and percentage of share held
Algreta Solutions Limited*	United Kingdom	Sale and distribution of security products	100% ordinary
Catalyst Tags Inc.	USA	Distribution	100% ordinary
Lighthouse Asia Limited	Hong Kong	Investment holding company	100% ordinary

*undertakings held directly by the company

The registered offices of the above are as follows:

- Algreta Solutions Limited – Aintree Avenue, White Horse Business Park, Trowbridge, BA14 0XB
- Catalyst Tags Inc. – 400 Exchange Street, Buffalo NY 14204, Erie County, State of New York, USA
- Lighthouse Asia Limited -7/F Hong Kong Spinners Industrial Building, Phases I & II, 800 Cheung Sha Wan Road, Kowloon, Hong Kong.

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

10 Inventories

	2020	2019
	£'000	£'000
Work-in-progress	53	173
Finished goods and goods for resale	81	46
	134	219

Amounts charged through cost of sales in relation to inventories amounted to £1,532,000 (2019: £7,339,000). In addition, £31,000 was debited through cost of sales in relation to movements on stock provision (2019: credited £46,000). Inventories are shown net of provisions of £nil (2019: £nil).

11 Trade and other receivables

	2020	2019
	£'000	£'000
Trade debtors	330	2,921
Amounts owed by group undertakings	8,603	1,361
Amounts owed by related parties	15	-
Other debtors	368	218
Group relief receivable	178	156
Deferred tax asset	15	2
Prepayments and accrued income	23	9
	9,532	4,667

Amounts owed by group undertakings include a loan of £7,611,000 (2019: £1,057,000) which is unsecured, with no fixed repayment terms. Interest is charged at 0.69%. Other amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade debtors are shown net of provisions of £nil (2019: £nil).

12 Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	748	1,652
Amounts owed to group undertakings	7,199	96
Amounts owed to related party undertakings	72	-
Taxation and social security costs	318	285
Other creditors	-	138
Accruals and deferred income	91	160
	8,427	2,331

Amounts owed to group undertakings include a loan of £7,000,000 (2019: £nil) which is unsecured and repayable on demand. Interest is charged at 0.69%. Other amounts owed to group undertakings are interest free, unsecured and also repayable on demand.

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

13 Deferred taxation

Deferred tax at 31 December 2020 represents corporation tax at 19% (2019: 17%).

Deferred tax asset	2020	2019
	£'000	£'000
At 1 January	2	9
Origination of timing differences (note 6)	2	(8)
Effect of changes in tax rates	1	1
Adjustment in respect of prior years	10	-
At 31 December	15	2

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:

	Amount unrecognised		Amount recognised	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Accelerated capital allowances	-	-	3	1
Other timing differences	-	-	12	1
	-	-	15	2

14 Called up share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
101 (2019: 101) ordinary shares of £1 each	101	101

15 Share based payments

Certain employees of the company, along with other group employees, had previously been granted awards over shares in Li & Fung Limited.

On 26 May 2020, Li & Fung Limited was delisted from the Hong Kong stock exchange by way of a privatisation arrangement. Under the Share Award Scheme Rules, in the event of a privatisation, the Li & Fung Limited Board had sole discretion to determine whether the vesting dates of any Share Awards were accelerated. They decided to accelerate the vesting of all unvested Share Awards on 26 May 2020, the effective date of privatisation.

MEIYUME RETAIL SOLUTIONS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

15 Share based payments (continued)

The awards vested in five tranches between 31 December 2015 and 31 December 2022. During the year, on privatisation, 39,000 (2019: 45,600) shares vested in relation to employees of Meiyume Retail Solutions (UK) Limited.

The company recognises a share based payment expense based on the fair value of the awards granted and the equivalent credit is booked as amounts due to group undertakings £3,000 (2019: £9,000).

Cash compensation is accrued in lieu of certain benefits. This amount £13,000 (2019: £35,000) is charged to the profit and loss account and recorded as an accrual.

The net amount charged in the profit and loss account for share awards in the year is therefore £16,000 (2019: £44,000).

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

Grant	Vest	2020 Share awards Number	2019 Share awards Number
2015	2015	-	1,619
2015	2016	-	3,076
2015	2017	-	4,626
2015/2017	2018	-	14,024
2015/2017	2019	-	45,600
2015/2017	2020	-	n/a

45,600 (2019: 19,842) share awards were exercised in the year at a price of HK\$ 0.85 (2019: HK\$ 1.2032) per share. On privatisation, a further 39,000 were exercised at a price of HK\$1.25.

16 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 £140,000 (2019: £110,000). At the year end accrued pension charges amounted to £84,000 (2019: £Nil). Pensions are paid to the fund provider by a related party undertaking and recharged to the company.

17 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 2020 the contingent liability amounted to £nil (2019: £nil).

MEIYUME RETAIL SOLUTIONS (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020**

18 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.

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 during the year ended 31 December 2020:

Debtor/(creditor)	Debtor 2020 £'000	Debtor 2019 £'000	Creditor 2020 £'000	Creditor 2019 £'000
At 1 January	-	-	-	(56)
Net cash (received)/paid	(2)	-	73	100
Recharges	17	-	(145)	(44)
At 31 December	15	-	(72)	-

19 Ultimate parent undertaking and controlling party

Meiyume Holdings (UK) Limited, a company incorporated in Great Britain and registered in England and Wales is the company's immediate parent undertaking.

The company's ultimate parent and controlling party is 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 for the year ended 31 December 2020 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 on request from Aintree Avenue, White Horse Business Park, Trowbridge, BA14 0XB, United Kingdom.