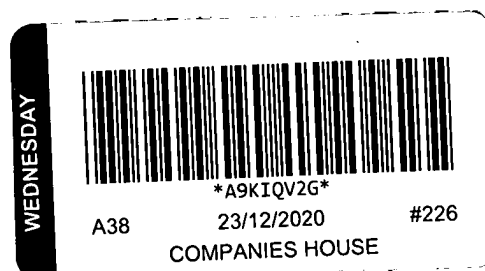


Micralite Limited

Registered number: 04246644

Annual report and financial statements

For the year ended 31 December 2019



MICRALITE LIMITED

COMPANY INFORMATION

Directors	N J Paxton C A Walsh (appointed 16 April 2019)
Registered number	04246644
Registered office	Micklethorn Broughton Skipton North Yorkshire BD23 3JA
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St. Peter's Square Manchester M2 3DE

MICRALITE LIMITED

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MICRALITE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activities of the Company are the design and manufacture of innovative and award-winning nursery products.

Directors

The directors who served during the year were:

N J Paxton
J D Halsall (resigned 23 May 2019)
C A Walsh (appointed 16 April 2019)

Directors' indemnities

Pursuant of the Company's articles of association, the Directors were throughout the financial year ended 31 December 2019 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006. This was the same in the financial year ended 31 December 2018.

Going Concern Statement

To assess the appropriateness of the preparation of the accounts on a going concern basis, a range of financial forecasts have been prepared to model hypothetical scenarios reflecting material deterioration in demand, or ability to meet demand, as a result of further disruption due to Covid19. Based on this assessment, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future. Plata Cross Limited has pledged its continued support for the company, and confirmed that intercompany payables will not be recalled until the Company is in a position to repay, for at least 12 months from the date of signing these financial statements.

MICRALITE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Principal risks and uncertainties**Directors assessment of the risks relating to Covid 19**

As a result of the virus outbreak in the UK the Management team took immediate measures both to safeguard the wellbeing of employees and also to adapt the business to the evolving circumstances. A number of key risks were identified, and scenario-based forecasts were produced to illustrate the potential impact on liquidity and financial performance. The main variables considered were potential stock outages, warehouse/logistics disruptions, demand softening and customer payment delays.

Overall, demand for our products has proved to be resilient during the pandemic, although scheduled new product launches were delayed due to operational challenges.

Looking forward, the lasting economic impact of the outbreak is yet to be determined and there remains also the risk of a second wave of the virus. However, Management are confident that with renewed focus and agility, the business is now well-positioned to adapt to such challenges, to capitalise on new opportunities and to pursue longer-term strategic objectives.

Directors' assessment of the risks attached to the UK's exit from the EU

Whilst the UK has now formally left the EU, the transitional period continues up to the end of 2020 and uncertainty about future arrangements continues. Management do not base any long-term strategic decisions on conjecture about the ultimate outcome of the negotiations. Whilst there may be challenges to address, Management are confident that the commercial viability of the business model will not be jeopardised by possible changes to tariff regimes or short-term operational disruptions in relation to border control processes.

Post balance sheet events

Since the Statement of Financial Position date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

Management have evaluated scenario-based forecasts to illustrate the potential impact on liquidity and financial performance of the trading companies within the Silver Cross group. Overall, demand for the company's products has proven to be resilient and Management are confident that the group is well-positioned to adapt to any further challenges caused by the pandemic and to capitalise on new opportunities, whilst pursuing longer-term strategic growth objectives.

MICRALITE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

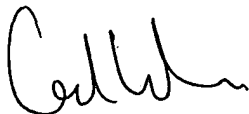
Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

MICRALITE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

This report was approved by the board on *22 December 2020* and signed on its behalf.



C A Walsh
Director

MICRALITE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MICRALITE LIMITED

Opinion

We have audited the financial statements of Micralite Limited (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the Company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 2, and the consideration in the going concern basis of preparation on page 12 and non-adjusting post balance sheet events on page 25.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID-19 continues to evolve and, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that COVID-19 is a nonadjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate.

MICRALITE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MICRALITE LIMITED

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; and
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

MICRALITE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MICRALITE LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors' 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Charlene Lancaster (Dec 22, 2020 18:54 GMT)

Charlene Lancaster (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
One St. Peter's Square
Manchester
M2 3DE

Date: 22 December 2020

MICRALITE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	As restated 2018 £
Turnover	4	496,879	226,865
Cost of sales		(663,670)	(159,378)
Gross (loss)/profit		(166,791)	67,487
Administrative expenses		(1,025,566)	(1,029,893)
Impairments	6	(372,243)	-
Operating loss	5	(1,564,600)	(962,406)
Loss before tax		(1,564,600)	(962,406)
Loss for the financial year		(1,564,600)	(962,406)

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 11 to 25 form part of these financial statements.

MICRALITE LIMITED
REGISTERED NUMBER: 04246644

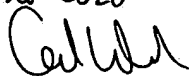
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	As restated 2018 £
Fixed assets			
Intangible assets	10	23,629	24,203
Tangible assets	11	88,783	163,796
		<u>112,412</u>	<u>187,999</u>
Current assets			
Stocks	12	364,481	666,028
Debtors: amounts falling due within one year	13	307,933	400,280
Cash at bank and in hand	14	41,603	123,915
		<u>714,017</u>	<u>1,190,223</u>
Creditors: amounts falling due within one year	15	(3,702,075)	(2,689,268)
Net current liabilities		<u>(2,988,058)</u>	<u>(1,499,045)</u>
Total assets less current liabilities		<u>(2,875,646)</u>	<u>(1,311,046)</u>
Net liabilities		<u>(2,875,646)</u>	<u>(1,311,046)</u>
Capital and reserves			
Called up share capital	16	1,000	1,000
Profit and loss account	17	(2,876,646)	(1,312,046)
Total equity		<u>(2,875,646)</u>	<u>(1,311,046)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

22 December 2020

C A Walsh
 Director



The notes on pages 11 to 25 form part of these financial statements.

MICRALITE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	1,000	(349,640)	(348,640)
Comprehensive income for the year			
Loss for the year (as restated)	-	(962,406)	(962,406)
At 1 January 2019 (as previously stated)	1,000	(1,292,198)	(1,291,198)
Prior year adjustments	-	(19,848)	(19,848)
At 1 January 2019 (as restated)	1,000	(1,312,046)	(1,311,046)
Comprehensive income for the year			
Loss for the year	-	(1,564,600)	(1,564,600)
At 31 December 2019	1,000	(2,876,646)	(2,875,646)

The notes on pages 11 to 25 form part of these financial statements.

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Micralite Limited ('the Company') is a private company, limited by shares incorporated in the United Kingdom and registered in England. The address of its registered office and principal place of business is:

Micklethorn
Broughton
Skipton
North Yorkshire
BD23 3JA

The financial statements have been presented in pound sterling which is the functional currency of the Company.

The principal activity of the Company continued to be that of the manufacturing and distribution of pushchairs.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Fosun International Limited as at 31 December 2019 and these financial statements may be obtained from www.fosun.com.

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.3 Going concern**

These financial statements have been prepared on a going concern basis. The current economic conditions present risks for all businesses. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projection for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

The directors have confirmed that they believe that the Company will be operating on a going concern basis for the duration of this pandemic. Demand from existing customers remains stable. The directors envisage the Company coming out of the current COVID-19 pandemic in a steady position that will enable the Company to continue its current performance. The Company has access to finance to cover any additional funding requirements they might have as a result of this outbreak. The Balance Sheet is reflecting a net current asset position. Plata Cross Limited has pledged its continued support for the company, and confirmed that intercompany payables will not be recalled until the Company is in a position to repay, for at least 12 months from the date of signing these financial statements.

Based on this assessment, the directors consider that the Company maintains an appropriate level of liquidity sufficient to meet the demands of the business.

In addition, the Company's assets are assessed for recoverability on a regular basis, the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.5 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administration expenditure'.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Pensions**Defined contribution pension plan**

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 in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.8 Material items on the face of the Statement of Comprehensive Income

Material items on the face of the Statement of Comprehensive Income are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.9 Intangible assets

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Website	-	3	years
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2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 33-50%
Computer equipment	- 30%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.15 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and assumptions concerning the future and judgments are made by the management in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty include:*(i) Useful lives of property, plant and equipment and intangible assets*

Management determines the estimated useful lives of the Company's property, plant and equipment and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

(ii) Impairment of property, plant and equipment

Management determines whether the Company's property, plant and equipment are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment as well as intangible asset, which is equal to the higher of net selling price or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

(iii) Allowance for inventories

Management reviews the condition of inventories at the end of each reporting period and makes allowance for inventories that are identified as obsolete, slow moving or no longer recoverable. For the 2019 year end management have reassessed the period over which stock is considered to be obsolete, extending from 6 months to 12 months. The Company carries out the inventory review on a product by product basis and makes allowances by reference to the latest market prices and current market conditions. Refer to note 12 for details of allowances for inventories made during the year to 31 December 2019.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Product sales	496,879	226,865

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	496,879	226,865

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Operating loss

The operating loss is stated after charging:

	2019	As restated 2018
	£	£
Exchange differences	36,235	5,462
Depreciation	97,700	73,418
Amortisation	10,574	1,997
Impairment	-	11,148
	<u> </u>	<u> </u>

6. Impairments

	2019	2018
	£	£
Impairment of intercompany debtors	372,243	-
	<u> </u>	<u> </u>

The Company has impaired in full the balance of £365k due from British Baby Products Inc following management's review of the value in use and expected group reorganisations, prior to any impacts of Covid-19.

7. Auditor's remuneration

	2019	2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	5,500	2,500
	<u> </u>	<u> </u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	1,150	750
	<u> </u>	<u> </u>

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	285,217	202,445
Social security costs	28,327	23,038
Cost of defined contribution scheme	3,584	1,964
	<u>317,128</u>	<u>227,447</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administration	<u>6</u>	<u>5</u>

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Taxation

	2019 £	2018 £
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>
Factors affecting tax charge for the year		
The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:		
	2019 £	2018 £
Loss on ordinary activities before tax	(1,564,600)	(962,406)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(297,274)	(182,857)
Effects of:		
Expenses not deductible for tax purposes	72,219	888
Unrecognised deferred tax	73,169	16,092
Changes in tax rate - deferred tax	8,605	222
Group relief surrendered	142,554	161,884
Other differences	727	3,771
Total tax charge for the year	<u>-</u>	<u>-</u>

The Company has not recognised a deferred tax asset of £125,644 (2018: £51,756) arising on tax losses carried forward due to uncertainty over future taxable profits.

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% from 1 April 2020, was enacted in September 2017.

At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%.

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Intangible assets

	Website £
Cost	
At 1 January 2019 (as previously stated)	19,700
Prior Year Adjustment	6,500
	<hr/>
At 1 January 2019 (as restated)	26,200
Additions	10,000
	<hr/>
At 31 December 2019	36,200
	<hr/>
Amortisation	
At 1 January 2019 (as previously stated)	541
Prior Year Adjustment	1,456
	<hr/>
At 1 January 2019 (as restated)	1,997
Charge for the year	10,574
	<hr/>
At 31 December 2019	12,571
	<hr/>
Net book value	
At 31 December 2019	23,629
	<hr/> <hr/>
At 31 December 2018 (as restated)	24,203
	<hr/> <hr/>

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Tangible fixed assets

	Plant and machinery £	Computer equipment £	Total £
Cost			
At 1 January 2019 (as previously stated)	249,989	6,500	256,489
Prior Year Adjustment	-	(6,500)	(6,500)
At 1 January 2019 (as restated)	249,989	-	249,989
Additions	22,687	-	22,687
At 31 December 2019	272,676	-	272,676
Depreciation			
At 1 January 2019 (as previously stated)	86,193	1,456	87,649
Prior Year Adjustment	-	(1,456)	(1,456)
At 1 January 2019 (as restated)	86,193	-	86,193
Charge for the year	97,700	-	97,700
At 31 December 2019	183,893	-	183,893
Net book value			
At 31 December 2019	88,783	-	88,783
At 31 December 2018 (as restated)	163,796	-	163,796

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Stocks

	2019 £	2018 £
Finished goods and goods for resale	364,481	666,028

A provision of £139,564 (2018:£nil) was recognised in cost of sales during the year.

13. Debtors

	2019 £	2018 £
Trade debtors	56,106	80,802
Amounts owed by group undertakings	219,388	286,212
Other debtors	1,122	1,663
Prepayments and accrued income	12,814	13,178
VAT recoverable	18,503	18,425
	307,933	400,280

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

14. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	41,603	123,915

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Creditors: Amounts falling due within one year

	2019 £	As restated 2018 £
Trade creditors	45,605	146,186
Amounts owed to group undertakings	3,597,379	2,355,673
Other taxation and social security	12,807	7,152
Other creditors and accruals	45,229	180,257
Deferred income	1,055	-
	<u>3,702,075</u>	<u>2,689,268</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. Silver Cross Nurseries (intermediate parent company) has provided support that the intercompany balances will not be recalled for a period of at least 12 months from the date these financial statements are signed.

16. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
1,000 (2018 - 1,000) Ordinary share capital shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

17. Reserves**Profit and loss account**

This relates to the retained profits and losses carried forwards.

18. Prior year adjustment

The directors have reassessed the classification of certain fixed assets capitalised in prior periods and determined that assets with a net book value of £5,044 should be reclassified from tangible to intangible assets to better reflect the nature of the underlying assets. The comparative intangible and tangible assets relating to 31 December 2018 have been restated accordingly.

Expenditure relating to the period 31 December 2018 of £19,848 was identified after the approval of the financial statements, no accrual had been made in the 31 December 2018 financial statements. The comparatives have been restated to increase administrative expenditure and accruals by £19,848.

the net effect on opening reserves of the above two restatements is a reduction to opening reserves of £19,848.

MICRALITE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Related party transactions

The Company has taken the exemption from disclosing transactions with the wholly owned members of the group.

20. Post balance sheet events

Post year end the developments and circumstances around COVID 19 have been identified as a significant but non-adjusting event that would affect the Company. Due to the uncertainties surrounding the potential implications to the Company, no estimate can be made at this time as to the financial effect thereof, however the impact of this on the entities ability to continue as a going concern has been included within note 2.3.

21. Controlling party

The Company's immediate parent is Micralite Holdings Limited, a company incorporated in England. The ultimate parent and controlling company is Fosun International Limited, a company incorporated in Hong Kong. The principal place of business of Fosun International Limited is Tower S1, Bund Finance Center, 600 Zhongshan, No. 2 Road (E), Shanghai, China.

Fosun International Limited prepares group financial statements, which include the results of the Company. Copies of the group's financial statements for Fosun International Limited can be obtained from www.fosun.com.