

Registered number: 04246644

MICRALITE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



MICRALITE LIMITED

COMPANY INFORMATION

Directors	N J Paxton J D Halsall (resigned 23 May 2019) 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

CONTENTS

	Page
Directors' Report	1 - 2
Independent Auditor's Report	3 - 5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 - 25

MICRALITE LIMITED

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

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors

The directors who served during the year were:

N J Paxton
J D Halsall (resigned 23 May 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Principal risks and uncertainties

Directors' assessment of the risks attached to the United Kingdom's exit of the European Union

Management have considered the impact on the business of various permutations of the ongoing Brexit negotiations, including a 'no-deal' outcome. However, given the uncertainty about the myriad possible tariff regimes that might apply post-Brexit and indeed the timing of Brexit itself, Management do not base any long term strategic decisions on conjecture about the ultimate outcome. Management are confident that whilst there will be challenges to address, the commercial viability of the business model will not be jeopardised by changes to tariff regimes, whilst the impact of any short term operational disruptions are mitigated through detailed inventory planning.

MICRALITE LIMITED

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

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

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

This report was approved by the board on 30 September 2019 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 2018 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 2018 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

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 1, 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.

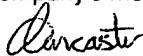
Auditor's responsibilities for the audit of the financial statements

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 (Senior statutory auditor)

for and on behalf of

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

Date: 30 September 2019

MICRALITE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018 £	17 Months to 31 December 2017 £
Turnover	4	226,865	364,878
Cost of sales		(159,378)	(211,042)
Gross profit		<u>67,487</u>	<u>153,836</u>
Administrative expenses		(1,010,045)	(409,476)
Operating loss	5	<u>(942,558)</u>	<u>(255,640)</u>
Interest payable and expenses		-	(97)
Loss before tax		<u>(942,558)</u>	<u>(255,737)</u>
Tax on loss	9	-	10,508
Loss for the financial year		<u>(942,558)</u>	<u>(245,229)</u>

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 9 to 24 form part of these financial statements.

MICRALITE LIMITED
REGISTERED NUMBER: 04246644

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	10	19,159	11,148
Tangible assets	11	168,840	180,800
		<u>187,999</u>	<u>191,948</u>
Current assets			
Stocks	12	666,028	4,467
Debtors: amounts falling due within one year	13	400,280	54,041
Cash at bank and in hand	14	123,915	125,465
		<u>1,190,223</u>	<u>183,973</u>
Creditors: amounts falling due within one year	15	(2,669,420)	(724,561)
Net current liabilities		<u>(1,479,197)</u>	<u>(540,588)</u>
Total assets less current liabilities		<u>(1,291,198)</u>	<u>(348,640)</u>
Net liabilities		<u>(1,291,198)</u>	<u>(348,640)</u>
Capital and reserves			
Called up share capital	17	1,000	1,000
Profit and loss account	18	(1,292,198)	(349,640)
Total equity		<u>(1,291,198)</u>	<u>(348,640)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
30 September 2019

C A Walsh 
Director

The notes on pages 9 to 24 form part of these financial statements.

MICRALITE LIMITED

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

	Called up share capital £	Profit and loss account £	Total equity £
At 1 August 2016	1,000	(104,411)	(103,411)
Comprehensive income for the period			
Loss for the year	-	(245,229)	(245,229)
Total comprehensive income for the period	-	(245,229)	(245,229)
At 1 January 2018	1,000	(349,640)	(348,640)
Comprehensive income for the year			
Loss for the year	-	(942,558)	(942,558)
Total comprehensive income for the year	-	(942,558)	(942,558)
At 31 December 2018	1,000	(1,292,198)	(1,291,198)

The notes on pages 9 to 25 form part of these financial statements.

MICRALITE LIMITED

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

1. General information

Micralite Limited ('the Company') is a limited company 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 2018 and these financial statements may be obtained from www.fosun.com.

MICRALITE LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

These financial statements have been prepared on a going concern basis. The directors have considered the various business risks applicable to the Company and have assessed the level of potential uncertainty in relation to the financial projections for a period of at least twelve months from the date of signing of the financial statements.

Although the Company has negative reserves, the directors of the immediate parent undertaking, Silver Cross Nurseries Limited, have agreed to support the Company to enable it to meet its commitments as and when they become due.

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 2018**

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 the Statement of Comprehensive Income 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 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

MICRALITE LIMITED

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

2. Accounting policies (continued)

2.8 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 the Statement of Comprehensive Income 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.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 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:

Patents	-	10	years
Website	-	10	years

MICRALITE LIMITED

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

2. Accounting policies (continued)

2.11 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, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	20% Reducing balance
---------------------	---	----------------------

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 the Statement of Comprehensive Income.

2.12 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.

2.13 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.

2.14 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.

2.15 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 2018

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 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 non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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.

MICRALITE LIMITED

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

2. Accounting policies (continued)

2.17 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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.

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.

MICRALITE LIMITED

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

4. Turnover

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

	31 December 2018 £	17 Months to 31 December 2017 £
Product sales	226,865	364,878

Analysis of turnover by country of destination:

	31 December 2018 £	17 Months to 31 December 2017 £
United Kingdom	226,865	364,878

5. Operating loss

The operating loss is stated after charging:

	31 December 2018 £	17 Months to 31 December 2017 £
Exchange differences	5,462	12,430
Depreciation	73,418	14,231
Amortisation	-	3,122
Impairment	11,148	-

MICRALITE LIMITED

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

6. Auditor's remuneration

	31 December 2018 £	17 Months to 31 December 2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	2,500	3,500
Fees payable to the Company's auditor and its associates in respect of:		
All other services	750	750

MICRALITE LIMITED

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

7. Employees

Staff costs were as follows:

	31 December 2018 £	17 Months to 31 December 2017 £
Wages and salaries	202,445	95,983
Social security costs	23,038	6,371
Cost of defined contribution scheme	1,964	169
	<u>227,447</u>	<u>102,523</u>

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

	31 December 2018 No.	17 Months to 31 December 2017 No.
Administration	<u>5</u>	<u>2</u>

No director received any emoluments during the current year (2017 – £NIL).

8. Interest payable and similar expenses

	31 December 2018 £	17 Months to 31 December 2017 £
Bank interest payable	-	97
	<u>-</u>	<u>97</u>

MICRALITE LIMITED

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

9. Taxation

	31 December 2018 £	17 Months to 31 December 2017 £
Total current tax	-	-
Deferred tax		
Adjustments in respect of prior periods	-	(10,508)
Total deferred tax	-	(10,508)
Taxation on profit/(loss) on ordinary activities	-	(10,508)

MICRALITE LIMITED

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

9. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	31 December 2018 £	17 Months to 31 December 2017 £
Loss on ordinary activities before tax	(942,558)	(255,737)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(179,086)	(51,147)
Effects of:		
Expenses not deductible for tax purposes	888	(22,588)
Adjustments to tax charge in respect of prior periods - deferred tax	-	(10,508)
Unrecognised deferred tax	16,092	-
Unrelieved tax losses carried forward	-	47,000
Changes in tax rate - deferred tax	222	9,353
Group relief surrendered	161,884	17,382
Total tax charge for the year/period	-	(10,508)

The Company has not recognised a deferred tax asset of £51,756 (2017: £63,033) arising on tax losses carried forward due to uncertainty over future taxable profits.

Factors that may affect future tax charges

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Finance Bill 2016 provides that the rate from 1 April 2020 will be 17%.

MICRALITE LIMITED

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

10. Intangible assets

	Patents £	Website £	Total £
Cost			
At 1 January 2018	21,974	-	21,974
Additions	-	19,700	19,700
Disposals	(21,974)	-	(21,974)
At 31 December 2018	-	19,700	19,700
Amortisation			
At 1 January 2018	10,826	-	10,826
Charge for the year	-	541	541
On disposals	(21,974)	-	(21,974)
Impairment charge	11,148	-	11,148
At 31 December 2018	-	541	541
Net book value			
At 31 December 2018	-	19,159	19,159
At 31 December 2017	11,148	-	11,148

MICRALITE LIMITED

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

11. Tangible fixed assets

	Plant and machinery £	Computer equipment £	Total £
Cost			
At 1 January 2018	432,611	-	432,611
Additions	54,958	6,500	61,458
Disposals	(237,580)	-	(237,580)
At 31 December 2018	<u>249,989</u>	<u>6,500</u>	<u>256,489</u>
Depreciation			
At 1 January 2018	251,811	-	251,811
Charge for the year	71,962	1,456	73,418
Disposals	(237,580)	-	(237,580)
At 31 December 2018	<u>86,193</u>	<u>1,456</u>	<u>87,649</u>
Net book value			
At 31 December 2018	<u>163,796</u>	<u>5,044</u>	<u>168,840</u>
At 31 December 2017	<u>180,800</u>	<u>-</u>	<u>180,800</u>

MICRALITE LIMITED

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

12. Stocks

	2018 £	2017 £
Finished goods and goods for resale	666,028	4,467

Stock recognised in cost of sales during the year as an expense was £154,231 (2017 - £211,042) .

An impairment loss of £NIL (2017 - £74,200) was recognised in administration costs during the year due to a one-off obsolete stock write-off.

13. Debtors

	2018 £	2017 £
Trade debtors	80,802	4,476
Amounts owed by group undertakings	286,212	-
Other debtors	1,663	-
Prepayments and accrued income	13,178	33,593
VAT recoverable	18,425	15,972
	<u>400,280</u>	<u>54,041</u>

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

14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	123,915	125,465

MICRALITE LIMITED

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

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	146,186	106,103
Amounts owed to group undertakings	2,355,673	544,066
Other taxation and social security	7,152	2,413
Accruals and deferred income	160,409	71,979
	<u>2,669,420</u>	<u>724,561</u>

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

16. Deferred taxation

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	2,000	6,000
STTD's	(2,000)	(6,000)
	<u>-</u>	<u>-</u>

17. Share capital

	2018 £	2017 £
Authorised, allotted, called up and fully paid		
1,000 (2017 - 1,000) Ordinary share capital shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

18. Reserves

Profit and loss account

This relates to the retained profits and losses carried forwards.

MICRALITE LIMITED

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

19. Related party transactions

The Company was charged a management fee of £Nil (2017: £7,800) from C P Design, a business owned by Mr C W Percival, a former director.

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

20. Controlling party

The Company's immediate parent is Silver Cross Nurseries 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.