Registered number: 07998526 (England and Wales)

AURELIA SKINCARE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

COMPANY INFORMATION

Directors	L M E J Albertini Ep. Garnier F Luo
Registered number	07998526
Registered office	Suite 1 3rd Floor 11-12 St. James's Square London United Kingdom SW1Y 4LB
Independent auditors	ZEDRA Corporate Reporting Services (UK) Limited (formerly F&L Corporate Reporting Services Limited)

AURELIA SKINCARE LIMITED

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AURELIA SKINCARE LIMITED
REGISTERED NUMBER:07998526

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		2020 £		*As restated 2019 £*
Fixed assets					
Intangible assets	6		**178,578**		*81,349*
Tangible assets	7		**320,701**		*450,539*
			499,279		*531,888*
Current assets					
Stocks	8	**815,659**		*883,504*	
Debtors: amounts falling due after more than one year	9	**26,373**		*26,373*	
Debtors: amounts falling due within one year	9	**619,869**		*300,702*	
Bank and cash balances		**1,054,662**		*272,888*	
		2,516,563		*1,483,467*	
Creditors: amounts falling due within one year	10	**(4,490,397)**		*(3,049,092)*	
Net current liabilities			**(1,973,834)**		*(1,565,625)*
Total assets less current liabilities			**(1,474,555)**		*(1,033,737)*
Creditors: amounts falling due after more than one year	11		**(160,820)**		*(276,517)*
			(1,635,375)		*(1,310,254)*
Provisions for liabilities					
Deferred taxation	12	**(96,153)**		*(90,421)*	
Other provisions	13	**(5,671)**		*(24,717)*	
			(101,824)		*(115,138)*
Net liabilities			**(1,737,199)**		*(1,425,392)*

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	2020 £	*2019* *£*
Capital and reserves			
Called up share capital		**1,271**	*1,271*
Share premium account	15	**1,105,614**	*1,105,614*
Profit and loss account	15	**(2,844,084)**	*(2,532,277)*
		(1,737,199)	*(1,425,392)*

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

L M E J Albertini Ep. Garnier
Director

Date: 2 August 2021

The notes on pages 4 to 17 form part of these financial statements.

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2019	**1,271**	**1,105,614**	**(434,456)**	**672,429**
Comprehensive income for the year				
Loss for the year	**-**	**-**	**(2,097,821)**	**(2,097,821)**
Total comprehensive income for the year	**-**	**-**	**(2,097,821)**	**(2,097,821)**
At 1 January 2020 (as previously stated)	**1,271**	**1,105,614**	**(2,441,856)**	**(1,334,971)**
Prior year adjustment (note 16)	**-**	**-**	**(90,421)**	**(90,421)**
At 1 January 2020 (as restated)	**1,271**	**1,105,614**	**(2,532,277)**	**(1,425,392)**
Comprehensive income for the year				
Loss for the year	**-**	**-**	**(311,807)**	**(311,807)**
At 31 December 2020	**1,271**	**1,105,614**	**(2,844,084)**	**(1,737,199)**

The notes on pages 4 to 17 form part of these financial statements.

1. General information

Aurelia Skincare Limited is a private company limited by shares, domiciled and incorporated in England and Wales. The registered office of the Company is Suite 1, 3rd Floor, 11-12 St. James's Square, London, United Kingdom, SW1Y 4LB.
The principal activity of the Company is the sale of probiotic skincare products.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

In December 2020, the directors announced that the Company's assets and liabilities will be transferred to Health and Happiness (H&H) UK Limited, a fellow subsidiary registered in England & Wales during the year 2021. Following the transfer, the directors intend to voluntarily dissolve the Company
Therefore, the directors have prepared the financial statements on a basis other than going concern.

2.4 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.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover from the sale of probiotic skincare products is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.
Turnover consists of the following revenue streams:
- Distribution of products to retail customers
- E-commerce sales

Turnover is recognised when the goods are delivered. Turnover may be deferred if consideration has been received but delivery has not yet occurred.

2. Accounting policies (continued)

2.6 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate is determined based on the Company's base rate of interest payable to its parent company, adjusted for anticipated credit risk, geographic risk profile and entity size adjustments.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments less any lease incentives;

The lease liability is included in creditors on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in tangible fixed assets, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.11.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

2. Accounting policies (continued)

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 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.

2.8 Development costs

Development costs relating to the e-commerce websites and product development are recognised as intangible assets under the cost model. Intangible assets are measured at cost less any accumulated amortisation and any impairment losses.
At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.
The estimated useful lives range as follows:

Web development	- 3 years
Product development	- 3 years

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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. Intangible assets, including patents and trademarks, are considered to have an infinite useful economic life.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

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.

The estimated useful lives range as follows:

Short-term leasehold property	- 3 - 5 years
Fixtures and fittings	- 5 years
Computer equipment	- 3 years
Right-of-use-asset	- Over the life of the lease

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 Other operating income

Included within other operating income is recharge amounts from group companies recognised on an allocation basis.
Other income is recognised in the year that it is earned.

2.13 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 weighted average basis. 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.

2.14 Debtors

Debtors are measured at transaction price, less any impairment. Amounts owed by group undertakings are intercompany loans repayable on demand.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

AURELIA SKINCARE LIMITED

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

2. Accounting policies (continued)

2.16 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other creditors includes intercompany loans payable, on which interest is payable as set out in the loan agreements. These loans are repayable on demand.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and recorded amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

Useful economic life of development costs

Management have considered the useful economic life of website development costs and the expected future economic benefit by reference to cashflow forecasts and supporting industry information. As a result, they have determined the useful economic life to be three years. This estimate may have a material effect on the carrying values of these assets.

Useful economic life of tangible fixed assets

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

Incremental borrowing rate

In accordance with IFRS 16, management have been required to assess the time value of money in relation to long term liabilities. As a result, they have identified that the Company's incremental borrowing rate is 7.69%. This has been identified and based on a number of factors including credit rating, base rate of borrowing and geographic risk premiums. The estimation and judgement involved in determining the rate could give rise to a material change in the carrying value of right-of-use assets and lease liabilities within the financial statements.

Provision for slow moving or obsolete stock

Management provide for slow moving or obsolete stock, based on shelf life. Management believe that with they will be capable of selling most items of stock prior to its shelf life ending. The nature of the products, being in their infancy on the market, means that there is some significant judgement relating to the net realisable value of stock.

4. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2020 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report:

We draw attention to note 2.3 of the financial statements which explains that the directors intend to transfer the business assets and liabilities to a fellow subsidiary company after the balance sheet date. Following the transfer, the directors intend to voluntarily dissolve the Company. Therefore, the directors do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern described in note 2.3.

The audit report was signed on 12 September 2021 by Dominic King ACA (Senior Statutory Auditor) on behalf of ZEDRA Corporate Reporting Services (UK) Limited.

5. Employees

	2020	*2019*
	£	*£*
Wages and salaries	**1,196,650**	*1,511,887*
Social security costs	**128,595**	*180,054*
Cost of defined contribution scheme	**32,909**	*27,166*
	1,358,154	*1,719,107*

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

	2020	*2019*
	No.	*No.*
Employees	**29**	*24*

6. Intangible assets

	Patents and trademarks	Website development	Product development	Total
	£	£	£	£
Cost				
At 1 January 2020	**54,964**	**74,911**	**-**	**129,875**
Additions - external	**22,500**	**87,061**	**-**	**109,561**
Additions - internal	**-**	**-**	**12,550**	**12,550**
Disposals	**(3,244)**	**-**	**-**	**(3,244)**
At 31 December 2020	**74,220**	**161,972**	**12,550**	**248,742**
Amortisation				
At 1 January 2020	**-**	**48,526**	**-**	**48,526**
Charge for the year on owned assets	**-**	**21,638**	**-**	**21,638**
At 31 December 2020	**-**	**70,164**	**-**	**70,164**

Net book value

At 31 December 2020	**74,220**	**91,808**	**12,550**	**178,578**
At 31 December 2019	*54,964*	*26,385*	*-*	*81,349*

Intangible assets capitalised during the year relate to externally generated e-commerce website development expenditure and internal product development, see note 2.8. Management judgements in relation to the useful economic life of the intangible asset have been disclosed in note 3.
Due to the close proximity of capitalisation to the year-end, no amortisation has been deemed necessary on product development assets.

7. Tangible fixed assets

	Short-term leasehold property	Fixtures and fittings	Computer equipment	Right-of-use-asset	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2020	**22,965**	**90,393**	**27,429**	**440,799**	**581,586**
Additions	**-**	**1,887**	**9,010**	**-**	**10,897**
Disposals	**-**	**-**	**-**	**(19,783)**	**(19,783)**

At 31 December 2020	**22,965**	**92,280**	**36,439**	**421,016**	**572,700**
Depreciation					
At 1 January 2020	**11,486**	**20,175**	**20,094**	**79,292**	**131,047**
Charge for the year	**3,910**	**18,138**	**5,731**	**112,956**	**140,735**
Disposals	**-**	**-**	**-**	**(19,783)**	**(19,783)**
At 31 December 2020	**15,396**	**38,313**	**25,825**	**172,465**	**251,999**
Net book value					
At 31 December 2020	**7,569**	**53,967**	**10,614**	**248,551**	**320,701**
At 31 December 2019	*11,479*	*70,218*	*7,335*	*361,507*	*450,539*

8. Stocks

	2020 £	*2019 £*
Raw materials and consumables	**24,052**	*17,579*
Packaging and components	**102,387**	*77,326*
Finished goods for resale	**689,220**	*788,599*
	815,659	*883,504*

9. Debtors

	2020 £	*As restated 2019 £*
Due after more than one year		
Other debtors	**26,373**	*26,373*
	26,373	*26,373*

	2020 £	*As restated 2019 £*
Due within one year		
Trade receivables	**461,427**	*136,795*
Amounts owed by group undertakings	**15,280**	*72,009*
Other receivables	**2,396**	*60,019*
Prepayments and accrued income	**140,766**	*31,879*
	619,869	*300,702*

Rent deposits have been reclassified from other debtors due within one year to other debtors due after more than one year in the prior year.

10. Creditors: Amounts falling due within one year

	2020 £	*2019 £*
Trade payables	**259,708**	*567,196*
Amounts owed to group undertakings	**3,828,349**	*2,222,187*
Other taxation and social security	**63,535**	*34,988*
Lease liabilities	**118,156**	*112,175*
Other payables	**8,915**	*5,330*
Accruals and deferred income	**211,734**	*107,216*
	4,490,397	*3,049,092*

11. Creditors: Amounts falling due after more than one year

	2020 £	*2019* *£*
Lease liabilities	**160,820**	*276,517*
	160,820	*276,517*

12. Deferred taxation

	2020 £
At beginning of year	**(90,421)**
Charged to profit or loss	**(5,732)**
At end of year	**(96,153)**

The provision for deferred taxation is made up as follows:

	2020 £	*2019* *£*
Accelerated capital allowances	**(96,153)**	*(90,421)*
	(96,153)	*(90,421)*

13. Provisions

	Stock provision £
At 1 January 2020	**24,717**
Charged to the profit or loss	**(19,046)**
At 31 December 2020	**5,671**

Management provides against stocks based on stock ageing and future expectation of stock movements.

14. Leases

Company as a lessee

The Company operates a portfolio of leases, individual leases are not considered by management to have materially different charateristics. Leases in place are rental agreements for either warehouse or office space used by the Company in the storage of inventory or administration and management of the Company.

Lease liabilities are due as follows:

	2020 £	*2019 £*
Not later than one year	**118,156**	*112,175*
Between one year and five years	**160,820**	*276,517*
	278,976	*388,692*

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2020 £	*2019 £*
Interest expense on lease liabilities	**29,280**	*33,897*
Depreciation - right-of-use assets	**112,956**	*79,292*

15. Reserves

Share premium account

Share premium represents the excess paid over the par value of shares.

Profit and loss account

The profit and loss account represents accumulated profits and losses.

16. Prior year adjustment

It was identified during the course of the year that an amount of £90,421 relating to accelerated capital allowance claims had not been included as a deferred tax liability in the prior year.
A prior year adjustment has been made to include this deferred tax liability in accordance with IAS 12 Income Taxes, with the corresponding charge being made to the prior year profit and loss.
The effect is to increase the brought forward retained deficit by £90,421.

17. Controlling party

As a wholly owned subsidiary of Health and Happiness (H&H) International Holdings Limited, which is listed on the Hong Kong stock exchange, the individual financial statements of the Company have been consolidated within the annual report of Health & Happiness (H&H) International Holdings Limited, a copy of which can be obtained from its website, www.hh.global.
The largest and smallest group of companies to produce consolidated financial statements inclusive of the Company is Health & Happiness (H&H) International Holdings Limited, the ultimate controlling party.

18. Post balance sheet events

In December 2020, the directors announced that the Company's assets and liabilities will betransferred to Health and Happiness (H&H) UK Limited, a fellow subsidiary registered in England & Wales during the year 2021. Following the transfer, the directors intend to voluntarily dissolve the Company.
There were no adjusting or other non-adjusting events occurring between the end of the reporting period and the date these financial statements were approved.