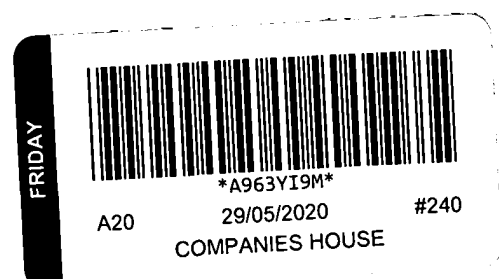


Registration number: 04722592

LAVENDER COSMETICS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



LAVENDER COSMETICS LIMITED

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LAVENDER COSMETICS LIMITED

(REGISTRATION NUMBER: 04722592)
BALANCE SHEET AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	3	428	1,753
Investments	4	<u>3,140,339</u>	<u>3,140,339</u>
		<u>3,140,767</u>	<u>3,142,092</u>
Current assets			
Debtors	5	77,946	113,217
Cash at bank and in hand		<u>410</u>	<u>56</u>
		78,356	113,273
Creditors: Amounts falling due within one year	6	<u>(959,513)</u>	<u>(883,373)</u>
Net current liabilities		<u>(881,157)</u>	<u>(770,100)</u>
Total assets less current liabilities		2,259,610	2,371,992
Creditors: Amounts falling due after more than one year	6	<u>(245,457)</u>	<u>(285,500)</u>
Net assets		<u>2,014,153</u>	<u>2,086,492</u>
Capital and reserves			
Called up share capital		80,398	80,398
Profit and loss account		<u>1,933,755</u>	<u>2,006,094</u>
Total equity		<u>2,014,153</u>	<u>2,086,492</u>

For the financial year ending 31 August 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the director on 1 May 2020

L Van Bekkum
Director

The notes on pages 2 to 7 form an integral part of these financial statements.

LAVENDER COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

No significant judgements have been made by management in preparing these financial statements.

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

LAVENDER COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current 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 taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Intangible assets

Product development costs are capitalised and amortised over a period of four years.

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for goods sold in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

LAVENDER COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Financial Instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

LAVENDER COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

3 Intangible assets

	Internally generated software development costs £
Cost	
At 1 September 2018 and at 31 August 2018	68,362
Amortisation	
At 1 September 2018	66,609
Amortisation charge	<u>1,325</u>
At 31 August 2019	<u>67,934</u>
Carrying amount	
At 31 August 2019	<u>428</u>
At 31 August 2018	<u>1,753</u>

4 Investments

	2019 £	2018 £
Investments in subsidiaries	<u>3,140,339</u>	<u>3,140,339</u>
Subsidiaries		£
Cost and carrying amount		
At 1 September 2018 and at 31 August 2018		<u>3,140,339</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Susan Molyneux Cosmetics Limited	Windsor House Bayshill Road Cheltenham GL50 3AT UK	Ordinary A and B shares	100%	100%

The principal activity of Susan Molyneux Cosmetics Limited is the manufacture and sale of cosmetics.

LAVENDER COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

5 Debtors

	2019 £	2018 £
Other debtors	<u>77,946</u>	<u>113,217</u>

6 Creditors

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	7	75,525	136,000
Amounts due to related parties	8	865,881	728,032
Accrued expenses		3,425	3,426
Corporation tax liability		<u>14,682</u>	<u>15,915</u>
		<u>959,513</u>	<u>883,373</u>
Due after one year			
Loans and borrowings	7	<u>245,457</u>	<u>285,500</u>

7 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
Bank borrowings	75,525	112,000
Other borrowings	<u>-</u>	<u>24,000</u>
	<u>75,525</u>	<u>136,000</u>

	2019 £	2018 £
Non-current loans and borrowings		
Bank borrowings	<u>245,457</u>	<u>285,500</u>

The bank loan is secured under a cross guarantee by and between Susan Molyneux Cosmetics Limited and Lavender Cosmetics Limited over the assets of the group.

LAVENDER COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

8 Related party transactions

Other related party transactions

During the year the company made the following related party transactions:

Susan Molyneux Cosmetics Limited

(a wholly owned subsidiary)

During the year, management charges of £37,800 (2017 - £37,800), product licence fees of £22,200 (2017 - £22,200) were received from Susan Molyneux Cosmetics Limited. At the balance sheet date the amount due to Susan Molyneux Cosmetics was £728,032 (2017 - £590,056).

L Van Bakkum

(Director)

At the balance sheet date the Company was owed the amount of £100,770 by L Van Bakkum (2017 - the Company owed £24,324).