

**PREPARED FOR THE REGISTRAR
LAVENDER COSMETICS LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

Lavender Cosmetics Limited

Contents

Balance Sheet	<u>1</u>
Notes to the Financial Statements	<u>2 to 8</u>

Lavender Cosmetics Limited**(Registration number: 04722592)****Balance Sheet as at 31 August 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>5</u>	64,653	52,187
Investments	<u>6</u>	3,140,390	3,140,390
Other financial assets	<u>7</u>	121,000	-
		<u>3,326,043</u>	<u>3,192,577</u>
Current assets			
Debtors	<u>8</u>	21,188	93,843
Cash at bank and in hand		<u>4,327</u>	<u>282</u>
		25,515	94,125
Creditors: Amounts falling due within one year	<u>9</u>	<u>(1,283,009)</u>	<u>(1,101,251)</u>
Net current liabilities		<u>(1,257,494)</u>	<u>(1,007,126)</u>
Total assets less current liabilities		2,068,549	2,185,451
Creditors: Amounts falling due after more than one year	<u>9</u>	<u>(169,933)</u>	<u>(207,695)</u>
Net assets		<u>1,898,616</u>	<u>1,977,756</u>
Capital and reserves			
Called up share capital		80,398	80,398
Profit and loss account		<u>1,818,218</u>	<u>1,897,358</u>
Total equity		<u>1,898,616</u>	<u>1,977,756</u>

For the financial year ending 31 August 2021 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 31 May 2021

L Van Bekkum
Director

The notes on pages 2 to 8 form an integral part of these financial statements.

Lavender Cosmetics Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

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.

Group accounts not prepared

The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small group.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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.

Lavender Cosmetics Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

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.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

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.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and Buildings	Straight line over 5 years

Intangible assets

Trademark costs and brand names are capitalised and amortised over a period of four years.

Investments

Investments in subsidiaries are stated at historical cost less provision for any diminution in value. Dividends from investments are recognised when receivable.

Investments in racehorses are initially recognised at cost and subsequently recognised at fair value with any revaluation gains recognised in reserves and any revaluation losses recognised in the Profit and Loss account to the extent that they do not reverse previous gains.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

Lavender Cosmetics Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

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.

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.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Lavender Cosmetics Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

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.

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was 1 (2020 - 1).

4 Intangible assets

	Trademark costs and brand names £
Cost	
At 1 September 2020 and at 31 August 2021	68,362
Amortisation	
At 1 September 2020 and at 31 August 2021	<u>68,362</u>
Carrying amount	
At 31 August 2020 and 31 August 2021	<u><u>-</u></u>

Lavender Cosmetics Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

5 Tangible assets

	Furniture, fittings and equipment £
Cost	
At 1 September 2020	57,985
Additions	<u>30,079</u>
At 31 August 2021	<u>88,064</u>
Depreciation	
At 1 September 2020	5,798
Charge for the year	<u>17,613</u>
At 31 August 2021	<u>23,411</u>
Carrying amount	
At 31 August 2021	<u><u>64,653</u></u>
At 31 August 2020	<u><u>52,187</u></u>

6 Investments

	Subsidiaries £
Cost	
At 1 September 2020 and at 31 August 2021	<u>3,140,390</u>
Cost and carrying amount	
At 31 August 2020 and at 31 August 2021	<u><u>3,140,390</u></u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) 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	
			2021	2020
Subsidiary undertakings				
Susan Molyneux Cosmetics Limited	Windsor House Bayshill Road Cheltenham GL50 3AT	Ordinary A and B shares	100%	100%
Carlton Professional International Limited	Ellenborough House, Wellington Street, Cheltenham, 1YD	Ordinary	51%	51%

The principal activity of Susan Molyneux Cosmetics Limited, a company incorporated in England and Wales, is the manufacture and sale of cosmetics.

The principal activity of Carlton Professional International Limited, a company incorporated in England and Wales, is the sale of cosmetic products and equipment.

Lavender Cosmetics Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

7 Other financial assets (non-current)

	Racehorses at valuation £
Non-current financial assets	
Cost or valuation	
Additions	121,000
At 31 August 2021	121,000
Carrying amount	
At 31 August 2021	121,000

8 Debtors

	2021 £	2020 £
	Note	
Other debtors	12	19,811
Prepayments		1,377
		21,188
		93,843

9 Creditors

	2021 £	2020 £
	Note	
Due within one year		
Loans and borrowings	10	75,524
Trade creditors		1,579
Amounts due to related parties	12	1,193,740
Accrued expenses		4,318
Corporation tax liability		7,848
		1,283,009
		1,101,251
Due after one year		
Loans and borrowings	10	169,933
		207,695

Lavender Cosmetics Limited

Notes to the Financial Statements for the Year Ended 31 August 2021

10 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	75,524	75,524
	2021 £	2020 £
Non-current loans and borrowings		
Bank borrowings	169,933	207,695

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.

11 Control

The ultimate controlling party is the director.

12 Related party transactions

Susan Molyneux Cosmetics Limited

(a wholly owned subsidiary)

During the year, management charges of £37,800 (2020 - £37,800), product licence fees of £22,200 (2020 - £22,200) were received from Susan Molyneux Cosmetics Limited and payments were made on the company's behalf by Susan Molyneux Cosmetics Limited. At the balance sheet date the amount due to Susan Molyneux Cosmetics was £1,172,390 (2019 - £1,005,055).

Carlton Professional International Limited

(a subsidiary)

Costs were paid by Carlton Professional International Limited on behalf of the company totalling £21,350 (2020 - £nil). At the balance sheet date the amount due to Carlton Professional International Limited was £21,350 (2020 - £51).

L Van Bekkum

(Director)

During the year the Director was advanced £165,784 by and repaid £225,729 to the Company. At the balance sheet date the Company was owed £19,793 by L Van Bekkum (2020 - £79,739). The loan is interest free and has no fixed repayment terms.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.