

**AVALON FASHIONS II LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2021**

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**AVALON FASHIONS II LIMITED**

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**AVALON FASHIONS II LIMITED**  
**REGISTERED NUMBER: 06242300**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	5	12,930	20,194
		<u>12,930</u>	<u>20,194</u>
<b>Current assets</b>			
Stocks	6	99,041	127,264
Debtors: amounts falling due within one year	7	80,366	113,629
		<u>179,407</u>	<u>240,893</u>
Creditors: amounts falling due within one year	8	(58,958)	(38,079)
<b>Net current assets</b>		<u>120,449</u>	<u>202,814</u>
<b>Total assets less current liabilities</b>		<u>133,379</u>	<u>223,008</u>
<b>Net assets</b>		<u><u>133,379</u></u>	<u><u>223,008</u></u>
<b>Capital and reserves</b>			
Called up share capital		100	100
Profit and loss account		133,279	222,908
<b>Shareholder's funds</b>		<u><u>133,379</u></u>	<u><u>223,008</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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 profit and loss account 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 on 31 August 2022.

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**M Odabash**  
Director

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021

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**1. General information**

The company is a private company limited by shares, and is incorporated in England and Wales. The address of its registered office is 14th Floor, 33 Cavendish Square, London, W1G 0PW.

**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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Going concern**

The directors have prepared the financial statements on a going concern basis taking into account the current market position and prospects of the company and also the continued working capital support provided by the Parent Company's shareholders.

**2.3 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 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 turnover 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.

**2.4 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.

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**2. Accounting policies (continued)**

**2.4 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.

Depreciation is provided on the following basis:

Leasehold improvements	- straight line over 10 years
Plant and machinery	- straight line over 3-5 years
Fixtures and fittings	- straight line over 3-5 years

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

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

**2.5 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. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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.

**2.6 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.

**2.7 Financial instruments**

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

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 Profit and Loss Account.

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 balance sheet date.

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**2. Accounting policies (continued)**

**2.8 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.

**2.9 Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value where there is reasonable assurance that the grant will be received. Amounts received are recognised over the period in which the related costs are recognised.

In the current year grant accounting has been applied to the Coronavirus Job Retention Scheme ('Furlough') launched as part of HM Government's response to the Covid-19 pandemic. This is shown within Other operating income.

**2.10 Finance costs**

Finance costs are charged to profit or loss 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.

**2.11 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.12 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.13 Taxation**

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 balance sheet date in the countries where the Company operates and generates income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

**4. Employees**

The average monthly number of employees, including directors, during the year was 12 (2020 - 12).

**5. Tangible fixed assets**

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 September 2020	74,824	85,606	133,250	293,680
At 31 August 2021	74,824	85,606	133,250	293,680
<b>Depreciation</b>				
At 1 September 2020	68,387	85,606	119,493	273,486
Charge for the year on owned assets	2,037	-	5,227	7,264
At 31 August 2021	70,424	85,606	124,720	280,750
<b>Net book value</b>				
At 31 August 2021	4,400	-	8,530	12,930
<b>At 31 August 2020</b>	6,437	-	13,757	20,194

**6. Stocks**

	2021 £	2020 £
Finished goods and goods for resale	99,041	127,264

**7. Debtors**

**AVALON FASHIONS II LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	-	21,847
Other debtors	57,958	83,949
Prepayments and accrued income	22,408	7,833
	<u>80,366</u>	<u>113,629</u>

**8. Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	25,111	-
Accruals and deferred income	33,847	38,079
	<u>58,958</u>	<u>38,079</u>

**9. Commitments under operating leases**

At 31 August 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	174,750	153,125
Later than 1 year and not later than 5 years	312,000	96,750
Later than 5 years	370,500	-
	<u>857,250</u>	<u>249,875</u>

**10. Related party transactions**

The company has taken the exemption not to disclose transactions with fully owned subsidiaries.

**11. Controlling party**

The ultimate parent company is MO Freedom Limited. The ultimate controlling party throughout this and the previous period was the director of the parent company.

The accounts of the company are consolidated within the accounts of MO Freedom Limited and a copy of the consolidated accounts can be obtained from the company's registered office at 22 Bruton Street, London, W1J 6QE.



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**AVALON FASHIONS II LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2021**

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**12. Auditors' information**

The audit report unqualified. There are no matters to report.

The audit report was signed on 31 August 2022 by Abdultaiyab Pisavadi BSc FCA (Senior Statutory Auditor) on behalf of Simmons Gainsford LLP.

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.