

AVALON FASHIONS II LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 AUGUST 2022

AVALON FASHIONS II LIMITED

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AVALON FASHIONS II LIMITED
REGISTERED NUMBER: 06242300

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	5	8,355	12,930
		<u>8,355</u>	<u>12,930</u>
Current assets			
Stocks	6	124,138	99,041
Debtors: amounts falling due after more than one year	7	57,958	57,958
Debtors: amounts falling due within one year	7	32,611	22,408
		<u>214,707</u>	<u>179,407</u>
Creditors: amounts falling due within one year	8	(83,883)	(58,958)
Net current assets		130,824	120,449
Total assets less current liabilities		<u>139,179</u>	<u>133,379</u>
Net assets		<u><u>139,179</u></u>	<u><u>133,379</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		139,079	133,279
Shareholders' funds		<u><u>139,179</u></u>	<u><u>133,379</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 17 October 2023.

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M Odabash

Director

The notes on pages 3 to 9 form part of these financial statements.

AVALON FASHIONS II LIMITED
REGISTERED NUMBER: 06242300

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2022

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

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

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.

2.4 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.

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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, 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.

2.9 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.10 Debtors

Debtors are initially measured at the transaction price and are measured subsequently carried at amortised cost using the effective interest method, less any impairment. Debtors classified as due within one year are not amortised.

2.11 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.

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

2.13 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

2. Accounting policies (continued)

2.13 Financial instruments (continued)

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

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 (2021 - 12).

AVALON FASHIONS II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

5. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 September 2021	74,824	85,606	133,250	293,680
Additions	-	-	1,017	1,017
	<u>74,824</u>	<u>85,606</u>	<u>134,267</u>	<u>294,697</u>
At 31 August 2022	74,824	85,606	134,267	294,697
	<u>74,824</u>	<u>85,606</u>	<u>134,267</u>	<u>294,697</u>
Depreciation				
At 1 September 2021	70,424	85,606	124,720	280,750
Charge for the year on owned assets	765	-	4,827	5,592
	<u>71,189</u>	<u>85,606</u>	<u>129,547</u>	<u>286,342</u>
At 31 August 2022	71,189	85,606	129,547	286,342
	<u>71,189</u>	<u>85,606</u>	<u>129,547</u>	<u>286,342</u>
Net book value				
At 31 August 2022	<u>3,635</u>	<u>-</u>	<u>4,720</u>	<u>8,355</u>
At 31 August 2021	<u>4,400</u>	<u>-</u>	<u>8,530</u>	<u>12,930</u>

6. Stocks

	2022 £	2021 £
Finished goods and goods for resale	<u>124,138</u>	<u>99,041</u>

AVALON FASHIONS II LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022**

7. Debtors

	2022	2021
	£	£
Due after more than one year		
Other debtors	57,958	57,958
	<u>57,958</u>	<u>57,958</u>
	2022	2021
	£	£
Due within one year		
Prepayments and accrued income	32,611	22,408
	<u>32,611</u>	<u>22,408</u>

8. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Amounts owed to group undertakings	70,986	25,111
Corporation tax	2,197	-
Accruals and deferred income	10,700	33,847
	<u>83,883</u>	<u>58,958</u>

9. Commitments under operating leases

At 31 August 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Not later than 1 year	174,750	174,750
Later than 1 year and not later than 5 years	674,813	312,000
Later than 5 years	292,500	370,500
	<u>1,142,063</u>	<u>857,250</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

10. Related party transactions

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' not to disclose other related party transactions between two or more wholly owned members of a group.

11. Controlling party

The immediate parent company is Avalon Fashions Limited, a company registered at 22 Bruton Street, London, W1J 6QE.

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

12. Auditors' information

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

The audit report was signed on 17 October 2023 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.