

Registration number: 02312852

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

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SUSAN MOLYNEUX COSMETICS LIMITED

CONTENTS

Balance Sheet	1
Notes to the Financial Statements	2 to 9

SUSAN MOLYNEUX COSMETICS LIMITED

**(REGISTRATION NUMBER: 02312852)
BALANCE SHEET AS AT 31 AUGUST 2019**

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	4	29,684	32,664
Tangible assets	5	25,092	27,181
		<u>54,776</u>	<u>59,845</u>
Current assets			
Stocks	6	186,309	255,452
Debtors	7	981,373	894,908
Cash at bank and in hand		19,825	2,812
		<u>1,187,507</u>	<u>1,153,172</u>
Creditors: Amounts falling due within one year	8	(266,968)	(304,809)
Net current assets		<u>920,539</u>	<u>848,363</u>
Net assets		<u>975,315</u>	<u>908,208</u>
Capital and reserves			
Called up share capital		106,986	106,986
Share premium reserve		114,706	114,706
Capital redemption reserve		108,308	108,308
Profit and loss account		645,315	578,208
Total equity		<u>975,315</u>	<u>908,208</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 9 form an integral part of these financial statements.

SUSAN MOLYNEUX 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.

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.

SUSAN MOLYNEUX COSMETICS LIMITED

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

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.

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 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
Fixtures, fittings and equipment	Straight line over 2 to 10 years
Land and Buildings	Straight line over 5 years

Intangible assets

Product development costs and trademark costs are capitalised and amortised over their useful life.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Product development	4 years straight line
Trademarks	20 years straight line

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.

SUSAN MOLYNEUX COSMETICS LIMITED

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

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 company will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

Stocks are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

SUSAN MOLYNEUX COSMETICS LIMITED

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

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.

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.

A non financial 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.

SUSAN MOLYNEUX COSMETICS LIMITED

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

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was as follows:

	2019	2018
	No.	No.
Average number of employees	<u>14</u>	<u>16</u>

4 Intangible assets

	Product development and trademark costs £
Cost	
At 1 September 2018	<u>92,711</u>
At 31 August 2019	<u>92,711</u>
Amortisation	
At 1 September 2018	60,047
Amortisation charge	<u>2,980</u>
At 31 August 2019	<u>63,027</u>
Carrying amount	
At 31 August 2019	<u>29,684</u>
At 31 August 2018	<u>32,664</u>

SUSAN MOLYNEUX COSMETICS LIMITED

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

5 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost			
At 1 September 2018	6,630	96,332	102,962
Additions	-	7,531	7,531
At 31 August 2019	6,630	103,863	110,493
Depreciation			
At 1 September 2018	6,238	69,543	75,781
Charge for the year	314	9,306	9,620
At 31 August 2019	6,552	78,849	85,401
Carrying amount			
At 31 August 2019	78	25,014	25,092
At 31 August 2018	392	26,789	27,181

Included within the net book value of land and buildings above is £78 (2018 - £392) in respect of long leasehold land and buildings.

6 Stocks

	2019 £	2018 £
Raw materials and consumables	186,309	255,452

7 Debtors

	Note	2019 £	2018 £
Trade debtors		99,473	146,984
Amounts owed by related parties	13	865,881	728,032
Prepayments		16,019	19,892
		981,373	894,908

SUSAN MOLYNEUX COSMETICS LIMITED

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

8 Creditors

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	9	65,968	39,303
Trade creditors		103,711	146,819
Social security and other taxes		23,713	40,228
Outstanding defined contribution pension costs		925	621
Other creditors		25,961	34,318
Corporation tax liability		44,200	41,030
Deferred tax liability		2,490	2,490
		<u>266,968</u>	<u>304,809</u>

9 Loans and borrowings

	2019 £	2018 £
Current loans and borrowings		
Bank overdrafts	<u>65,968</u>	<u>39,303</u>

10 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares 'A' of £1 each	15,938	15,938	15,938	15,938
Ordinary shares 'B' of £1 each	<u>91,048</u>	<u>91,048</u>	<u>91,048</u>	<u>91,048</u>
	<u>106,986</u>	<u>106,986</u>	<u>106,986</u>	<u>106,986</u>

All shares rank pari passu.

11 Contingent liabilities

The company is bound by a multilateral guarantee arrangements with its parent company, Lavender Cosmetics Limited. There is a debenture which is secured by a fixed and floating charge over the assets of both companies and it covers term loan facilities to Lavender Cosmetics Limited at the end of the year of £320,982 (2018 - £397,500).

SUSAN MOLYNEUX COSMETICS LIMITED

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

12 Financial commitments, guarantees and contingencies

The total of future minimum lease payments in 2019 is £102,200 (2018 - £146,000).

13 Related party transactions

Other related party transactions

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

Lavender Cosmetics Limited

(the direct and parent company)

During the year, management charges of £37,800 (2018 - £37,800) and product licence fees of £22,200 (2018 - £22,200) were charged to the company by Lavender Cosmetics Limited. At the balance sheet date the amount due from Lavender Cosmetics Limited was £865,881 (2018 - £728,032).

14 Control

The ultimate parent company of the only group of which the company is a member is Lavender Cosmetics Limited, which is registered in England and Wales. Lavender Cosmetics Limited is controlled by the director, who owns 100% of its called up share capital.