

Avalon Electronics Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 31 March 2018

Avalon Electronics Limited

Contents

Balance Sheet	<u>1</u>
Notes to the Financial Statements	<u>2</u> to <u>6</u>

Avalon Electronics Limited
(Registration number: 03674072)
Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Current assets			
Stocks	<u>6</u>	2,490	42,719
Debtors	<u>7</u>	195,632	636,591
Cash at bank and in hand		749,323	372,626
		947,445	1,051,936
Creditors: Amounts falling due within one year	<u>8</u>	(44,348)	(293,925)
Net assets		<u>903,097</u>	<u>758,011</u>
Capital and reserves			
Called up share capital		101	101
Profit and loss account		902,996	757,910
Total equity		<u>903,097</u>	<u>758,011</u>

For the financial year ending 31 March 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' 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 directors acknowledge their 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 Board on 20 September 2018 and signed on its behalf by:

.....

T I Mason
Director

The notes on pages 2 to 6 form an integral part of these financial statements.
Page 1

Avalon Electronics Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

1 General information

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

The address of its registered office is:

Motivo House
Alvington
Yeovil
Somerset
BA20 2FG
UK

These financial statements were authorised for issue by the Board on 20 September 2018.

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 that as disclosed in the accounting policies certain items are shown at fair value.

Revenue recognition

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

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 in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Tax

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

The current income 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.

Avalon Electronics Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

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
Office equipment	33.33% straight line

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Amortisation

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
Goodwill	25% reducing balance

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 merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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 receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

Avalon Electronics Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

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 subsequently measured at amortised cost using the effective interest method.

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.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 1 (2017 - 1).

4 Intangible assets

	Goodwill £	Total £
Cost or valuation		
At 1 April 2017	650,000	650,000
At 31 March 2018	650,000	650,000
Amortisation		
At 1 April 2017	650,000	650,000
At 31 March 2018	650,000	650,000
Carrying amount		
At 31 March 2018	-	-

The aggregate amount of research and development expenditure recognised as an expense during the period is £178,871 (2017 - £179,752).

Avalon Electronics Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

5 Tangible assets

	Office equipment £	Total £
Cost or valuation		
At 1 April 2017	1,403	1,403
At 31 March 2018	1,403	1,403
Depreciation		
At 1 April 2017	1,403	1,403
At 31 March 2018	1,403	1,403
Carrying amount		
At 31 March 2018	-	-

6 Stocks

	2018 £	2017 £
Raw materials and consumables	2,490	42,719

7 Debtors

	2018 £	2017 £
Trade debtors	130,145	605,560
Other debtors	58,860	27,892
Prepayments and accrued income	6,627	3,139
Total current trade and other debtors	195,632	636,591

8 Creditors

Creditors: amounts falling due within one year

	Note	2018 £	2017 £
Due within one year			
Trade creditors		22,615	57,449
Taxation and social security		28	1,868
Other creditors		750	749
Accruals and deferred income		20,955	233,859
		44,348	293,925

Avalon Electronics Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

9 Related party transactions

Transactions with directors

	At 1 April 2017 £	Advances to directors £	Repayments by director £	At 31 March 2018 £
2018				
T I Mason				
During the period	9,053	85,816	(68,825)	26,044

	At 1 April 2016 £	Advances to directors £	Repayments by director £	At 31 March 2017 £
2017				
T I Mason				
During the period	9,888	193,990	(194,825)	9,053

Dividends paid to directors

	2018 £	2017 £
T I Mason		
Interim dividends	27,000	58,500

10 Non adjusting events after the financial period

On 8 June 2018, 100% of the share capital was transferred to Avalon Electronics Holdings Limited. The trade was transferred and the current shareholders are prohibited from carrying on, engaging, holding an interest in or assisting in any way a restricted business (defined as the business carried on by the Company at any time in the period of 12 calendar months prior to the Completion date).

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.