

REGISTERED NUMBER: 04572043 (England and Wales)

**Report of the Directors and**  
**Financial Statements for the Year Ended 31 December 2013**  
**for**  
**Avon European Financial Services Limited**

TUESDAY



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**for the Year Ended 31 December 2013**

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**Avon European Financial Services Limited**

**Company Information**  
**for the Year Ended 31 December 2013**

<b>DIRECTORS:</b>	A E Burgess A Judge W Wolff
<b>REGISTERED OFFICE:</b>	Nunn Mills Road Northampton Northamptonshire NN1 5PA
<b>REGISTERED NUMBER:</b>	04572043 (England and Wales)
<b>INDEPENDENT AUDITORS:</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Exchange House Central Business Exchange Midsummer Boulevard Milton Keynes MK9 2DF

**Report of the Directors**  
**for the Year Ended 31 December 2013**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2013.

**PRINCIPAL ACTIVITY**

The principal activity of the company is to lead the bank netting arrangements for selected subsidiaries of Avon Products Inc.

**REVIEW OF BUSINESS**

The loss for the year was £52,183 (2012: loss £74,759) and represents the excess of the company's operating costs over loan and bank interest income.

Avon European Financial Services Limited acts as the netting leader for the selected Avon subsidiaries participating in the netting arrangement and hence an analysis using key performance indicators or an identification of key business risks is not necessary for an understanding of the development, performance or position of the company.

The directors consider that the year end financial position and level of business is satisfactory.

**DIVIDENDS**

No dividends are paid or proposed (2012: £nil).

**FUTURE DEVELOPMENTS**

No further additions to the pooling arrangements are anticipated.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this

A E Burgess

Other changes in directors holding office are as follows:

T A Guazzo - resigned 9 September 2013

A Judge - appointed 19 June 2014

W Wolff - appointed 18 June 2014

S Hutchison - resigned 31 July 2014

**POLITICAL AND CHARITABLE CONTRIBUTIONS**

The company made no political or charitable donations during 2013 (2012: £nil).

**FINANCIAL RISK MANAGEMENT**

The short-term lending and borrowing rates which the company offers to the pool participants are directly linked to external benchmark interest rates and this limits the company's exposure to interest rate risk.

US Dollar, Euro and Sterling currency rates are kept separately for each participating pool member and consequently any foreign exchange risk remains with those members.

Due to the nature of the company's operations, it is considered other risks, such as credit risk and liquidity do not have a significant impact, and consequently no formal policies are in place.

Foreign exchange hedging is managed by Avon Products Inc. on behalf of Avon European Financial Services Limited using forward currency contracts within the global treasury management programme. Avon Products Inc. provides additional treasury services by making available cash management services and by providing debt financing as required.

**QUALIFYING THIRD-PARTY INDEMNITY PROVISIONS**

During the year and at the date of signing the directors of the company have been provided with directors' third party indemnity insurance.

**STRATEGIC REPORT**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

**Report of the Directors**  
**for the Year Ended 31 December 2013**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO INDEPENDENT AUDITORS**

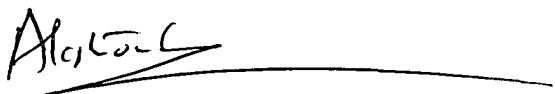
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each directors has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

**ON BEHALF OF THE BOARD:**



A Judge - Director

30 September 2014

**Independent Auditors' Report to the Members of**  
**Avon European Financial Services Limited**

## **Report on the financial statements**

### **Our opinion**

In our opinion the financial statements, defined below:-

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

### **What we have audited**

The financial statements, which are prepared by Avon European Financial Services Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; or
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Directors and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

**Independent Auditors' Report to the Members of**  
**Avon European Financial Services Limited**

**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Jackie Bradshaw (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Milton Keynes

30 September 2014

**Profit and Loss Account**  
**for the Year Ended 31 December 2013**

	Notes	31.12.13 £	31.12.12 £
<b>TURNOVER</b>		-	-
Administrative expenses		<u>(71,609)</u>	<u>(105,893)</u>
<b>OPERATING LOSS</b>	3	<u>(71,609)</u>	<u>(105,893)</u>
Interest receivable and similar income	4	20,197	31,170
Interest payable and similar charges	5	<u>(771)</u>	<u>(36)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(52,183)</u>	<u>(74,759)</u>
Tax on loss on ordinary activities	6	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(52,183)</u></u>	<u><u>(74,759)</u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year.

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

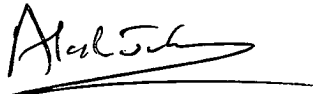
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.



**Balance Sheet**  
**31 December 2013**

	Notes	31.12.13 £	31.12.12 £
<b>CURRENT ASSETS</b>			
Debtors	7	1,393,878	1,999,475
Cash at bank and in hand		87,555	500
		<u>1,481,433</u>	<u>1,999,975</u>
<b>CREDITORS</b>			
Amounts falling due within one year	8	(32,288)	(498,647)
<b>NET CURRENT ASSETS</b>		<u>1,449,145</u>	<u>1,501,328</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,449,145</u>	<u>1,501,328</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1	1
Profit and loss account	11	1,449,144	1,501,327
<b>SHAREHOLDERS' FUNDS</b>	15	<u>1,449,145</u>	<u>1,501,328</u>

The financial statements on pages 6 to 12 were approved by the the Board of Directors on ~~30~~ September 2014 and were signed on its behalf by:



A Judge - Director

**Notes to the Financial Statements**  
**for the Year Ended 31 December 2013**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Cash flow statement**

The Company has taken advantage of the exemption in Financial Reporting Standard 1 (revised 1996), Cash Flow Statements, from including a cash flow statement on the grounds that the company is a wholly owned subsidiary of Avon Products Inc., and its cash flows are included in the consolidated financial statements of that company, which are publically available.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is only recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

**Taxation**

The charge for taxation is based on the loss for the financial year adjusted for disallowable items.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Gains or losses on translation are included in the determination of (loss)/profit.

**Going concern**

These financial statements have been prepared under the going concern convention.

**2. STAFF COSTS**

The company has no employees (2012: none) and therefore no staff costs (2012: £nil)

**3. OPERATING LOSS**

The operating loss is stated after (crediting)/charging:

	31.12.13	31.12.12
	£	£
Foreign exchange differences	(3,641)	3,509
Services provided by the company's auditors - fees payable for the audit	<u>8,240</u>	<u>8,000</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2013**

**3. OPERATING LOSS - continued**

Directors' remuneration	<u>-</u>	<u>-</u>
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None of the company's three directors received any emoluments from the company for their services as directors, nor did any of the directors receive any emoluments from any other party specifically for their services as directors of Avon European Financial Services Limited. It is not possible to make an accurate apportionment of the directors' emoluments received from other group companies in respect of their services to Avon European Financial Services Limited. Accordingly these financial statements include no emoluments for these directors.

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>31.12.13</b>	<b>31.12.12</b>
	<b>£</b>	<b>£</b>
Deposit account interest	-	25,038
Interest receivable from group undertakings	<u>20,197</u>	<u>6,132</u>
	<u><b>20,197</b></u>	<u><b>31,170</b></u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>31.12.13</b>	<b>31.12.12</b>
	<b>£</b>	<b>£</b>
Bank interest	<u>771</u>	<u>36</u>

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2013**

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

**Analysis of the tax credit**

The tax credit on the loss on ordinary activities for the year was as follows:

	31.12.13 £	31.12.12 £
Current tax:		
UK corporation tax	-	-
<b>Tax on loss on ordinary activities</b>	<u>-</u>	<u>-</u>

**Factors affecting the tax credit**

The tax assessed for the year is higher (2012: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.13 £	31.12.12 £
<b>Loss on ordinary activities before tax</b>	<u>(52,183)</u>	<u>(74,759)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(12,133)	(18,316)
Effects of:		
Tax losses surrendered for group relief	<u>12,133</u>	<u>18,316</u>
<b>Current tax credit for the year</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

During the year the main UK corporation tax reduced from 24% to 23% effective 1 April 2013. Legislation was enacted as part of the Finance Bill 2013 on 2 July 2013 to further reduce the main rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

**7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.13 £	31.12.12 £
Amounts owed by group undertakings	<u>1,393,878</u>	<u>1,999,475</u>

The amounts owed by group undertakings includes £1,391,330 (2012: £1,371,132) in respect of a loan to Avon Products Holding Limited which is unsecured and bears interest at 1.13125%. The remaining £2,548 (2012: £628,343) comprises short term borrowings via the intercompany netting process all of which have been repaid.

**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.13 £	31.12.12 £
Bank loans and overdrafts (see note 9)	2,548	473,647
Amounts owed to group undertakings	16,100	-
Accruals and deferred income	<u>13,640</u>	<u>25,000</u>
	<u>32,288</u>	<u>498,647</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2013**

**9. LOANS**

An analysis of the maturity of loans is given below:

	31.12.13	31.12.12
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>2,548</u>	<u>473,647</u>

**10. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.13	31.12.12
			£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

**11. RESERVES**

	Profit and Loss Account £
At 1 January 2013	1,501,327
Loss for the financial year	<u>(52,183)</u>
<b>At 31 December 2013</b>	<b><u>1,449,144</u></b>

**12. ULTIMATE PARENT COMPANY**

The immediate holding company is Avon European Holdings Limited, which is registered in England and Wales.

The ultimate parent company and controlling party is Avon Products Inc., which is incorporated in New York State, United States of America. The consolidated financial statements of Avon Products Inc., the parent undertaking of the largest and only group to incorporate these financial statements, are available on application from group headquarters at 777 Third Avenue, New York, NY 10017, USA.

**13. CONTINGENT LIABILITIES**

The company had no financial commitments at 31 December 2013 (2012: none).

**14. RELATED PARTY DISCLOSURES**

By virtue of the exemption conferred by Financial Reporting Standard 8 'Related Party Disclosures', the company is not required to disclose details of transactions between the company, its fellow subsidiaries and its intermediate and ultimate holding company.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2013**

15. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.13	31.12.12
	£	£
Loss for the financial year	(52,183)	(74,759)
<b>Net reduction of shareholders' funds</b>	<b>(52,183)</b>	<b>(74,759)</b>
Opening shareholders' funds	<u>1,501,328</u>	<u>1,576,087</u>
<b>Closing shareholders' funds</b>	<b><u>1,449,145</u></b>	<b><u>1,501,328</u></b>