

Report of the Directors and
Financial Statements for the Year Ended 31 December 2014
for
Avon European Financial Services Limited

THURSDAY



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COMPANIES HOUSE

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for the Year Ended 31 December 2014

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Avon European Financial Services Limited

Company Information
for the Year Ended 31 December 2014

DIRECTORS:

A Judge
W Wolff
G Jones

REGISTERED OFFICE:

Nunn Mills Road
Northampton
Northamptonshire
NN1 5PA

REGISTERED NUMBER:

04572043 (England and Wales)

INDEPENDENT AUDITORS:

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Exchange House
Central Business Exchange
Midsummer Boulevard
Central Milton Keynes
MK9 2DF

Report of the Directors
for the Year Ended 31 December 2014

The directors present their report with the audited financial statements of the company for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

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

REVIEW OF BUSINESS

The loss for the financial year was £79,032 (2013: loss £52,183) and represents the excess of the company's operating costs over loan 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 (2013: £nil).

FUTURE DEVELOPMENTS

No further additions to the pooling arrangements are anticipated.

DIRECTORS

The directors who have held office during the period from 1 January 2014 to the date of this report are as follows:

A Judge - appointed 19 June 2014
A Burgess - resigned 19 December 2014
S Hutchison - resigned 31 July 2014
W Wolff - appointed 18 June 2014
G Jones - appointed 19 December 2014

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable donations during 2014 (2013: £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 2014

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

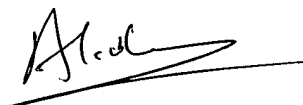
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware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

22 May 2015

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

Report on the financial statements

Our opinion

In our opinion, Avon European Financial Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 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.

What we have audited

Avon European Financial Services Limited's financial statements comprise:

- the Balance Sheet as at 31 December 2014;
- 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 the preparation of the financial statements 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.

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.

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 International Standards on Auditing (UK and Ireland) ("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.

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

What an audit of financial statements involves


We conducted our audit in accordance with 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;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Daniel Brew (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
22 May 2015

**Profit and Loss Account
for the Year Ended 31 December 2014**

	Notes	2014 £	2013 £
TURNOVER		-	-
Administrative expenses		(92,382)	(71,609)
OPERATING LOSS	3	(92,382)	(71,609)
Interest receivable and similar income	4	15,558	20,197
		(76,824)	(51,412)
Interest payable and similar charges	5	(2,208)	(771)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(79,032)	(52,183)
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR		<u>(79,032)</u>	<u>(52,183)</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

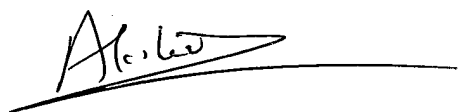
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

Avon European Financial Services Limited (Registered number: 04572043)

**Balance Sheet
31 December 2014**

	Notes	2014 £	2013 £
CURRENT ASSETS			
Debtors	7	1,406,888	1,393,878
Cash at bank and in hand		25,810,189	87,555
		<u>27,217,077</u>	<u>1,481,433</u>
CREDITORS			
Amounts falling due within one year	8	(25,846,964)	(32,288)
NET CURRENT ASSETS		<u>1,370,113</u>	<u>1,449,145</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,370,113</u>	<u>1,449,145</u>
CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	1,370,112	1,449,144
SHAREHOLDERS' FUNDS	15	<u>1,370,113</u>	<u>1,449,145</u>

The financial statements on pages 6 to 11 were approved by the the Board of Directors on 22 May 2015 and were signed on its behalf by:



A Judge - Director

Notes to the Financial Statements
for the Year Ended 31 December 2014

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 (2013: none) and therefore no staff costs (2013: £nil)

3. OPERATING LOSS

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

	2014	2013
	£	£
Foreign exchange differences	1,191	(3,641)
Services provided by the company's auditors - fees payable for the audit	<u>8,500</u>	<u>8,240</u>
Directors' remuneration	<u>-</u>	<u>-</u>

None of the company's five 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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Interest receivable from group undertakings	<u>15,558</u>	<u>20,197</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Bank interest	<u>2,208</u>	<u>771</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2014 nor for the year ended 31 December 2013.

Factors affecting the tax charge

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

	2014	2013
	£	£
Loss on ordinary activities before tax	<u>(79,032)</u>	<u>(52,183)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.500% (2013 - 23.250%)	(16,992)	(12,133)
Effects of:		
Expenses not deductible for tax purposes	3,951	-
Tax losses surrendered for group relief	<u>13,041</u>	<u>12,133</u>
Current tax charge	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

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

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Amounts owed by group undertakings	<u>1,406,888</u>	<u>1,393,878</u>

The amounts owed by group undertakings represents £1,406,888 (2013: £1,391,330) in respect of a loan to Avon Products Holding Limited which is unsecured and bears interest at 1.079% (2013: 1.13125%) The remaining £2,548 in 2013 comprised short term borrowings via the intercompany netting process all of which have been repaid.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2014**

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Bank loans and overdrafts (see note 9)	25,835,561	2,548
Amounts owed to group undertakings	2	16,100
Accruals and deferred income	11,401	13,640
	<u>25,846,964</u>	<u>32,288</u>

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

The bank overdraft is unsecured and repayable on demand. Bank interest applies to the overdraft.

9. LOANS

An analysis of the maturity of loans is given below:

	2014	2013
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>25,835,561</u>	<u>2,548</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014	2013
			£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

11. RESERVES

	Profit and Loss Account £
At 1 January 2014	1,449,144
Loss for the financial year	<u>(79,032)</u>
At 31 December 2014	<u>1,370,112</u>

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 2014 (2013: none).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

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.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Loss for the financial year	(79,032)	(52,183)
Net reduction of shareholders' funds	(79,032)	(52,183)
Opening shareholders' funds	1,449,145	1,501,328
Closing shareholders' funds	1,370,113	1,449,145