

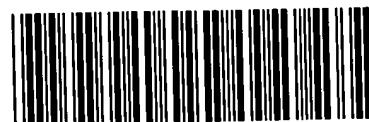
Registered number  
04572043

Avon European Financial Services Limited

Annual Report and Financial Statements

31 December 2020

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**Avon European Financial Services Limited  
Annual Report and Financial Statements  
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**Avon European Financial Services Limited  
Company Information**

**Directors**

S Hutchison

M Bovington

**Independent Auditors**

PricewaterhouseCoopers LLP

Exchange House

Central Business Exchange

Midsummer Boulevard

Milton Keynes, Buckinghamshire

MK9 2DF

**Registered office**

Nunn Mills Road

Northampton

Northamptonshire

NN1 5PA

**Registered number**

04572043

**Avon European Financial Services Limited**

**Registered number: 04572043**

**Directors' Report**

The directors present their report and audited financial statements for the year ended 31 December 2020.

**Principal activities**

The company's principal activity of the company is to lead the bank netting arrangements and the cash pooling for selected subsidiaries of Natura &Co Holding S.A. The registered office is Nunn Mills Road, Northampton, Northamptonshire, NN1 5PA. The company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom.

**Directors**

The following persons served as directors during the year and up to the date of this report:

S Hutchison (appointed 14 September 2021)  
M Passingham (resigned 15 October 2021)  
M Bovington (appointed 31 July 2020)  
G Malhotra (resigned 31 July 2020)

**Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

**Avon European Financial Services Limited**

**Registered number: 04572043**

**Directors' Report**

**Going concern**

The directors have considered the future activities of the company through to 31 December 2022, a period more than 12 months from the date of signing these financial statements. The activities of the company are not expected to change during this time. The company has received a financial support letter from its ultimate parent undertaking, Natura &Co Holding S.A. The letter guarantees that the company will be provided with sufficient support, as required, to enable it to meet its liabilities as they fall due. The letter is effective through to 30 April 2023 and has provided the directors with assurance that the company will retain liquidity and continue in operational existence throughout the going concern period of review. In view of this the directors consider it appropriate to prepare the financial statements on a going concern basis of preparation.

**Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Post balance sheet events**

There have been no significant events affecting the company since the year end.

**Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.


**Small company provisions**

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

**Strategic Report**

The company has availed of the exemption for disclosing a Strategic Report on the grounds that it qualifies as a small company under the provisions of Section 414B of the Companies Act 2006.

This report was approved by the board on 7 December 2021 and signed on its behalf.

DocuSigned by:  
  
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S Hutchison  
Director

# Independent auditors' report to the members of Avon European Financial Services Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Avon European Financial Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 31 December 2020; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

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

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- discussions with management and the corporate controller regarding any known or suspected instances of non-compliance with laws and regulations; and
- identifying and testing journal entries with unusual combinations or descriptions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

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.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

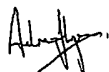
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

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: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Andrew Lyon (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands  
7 December 2021



**Avon European Financial Services Limited**  
**Income Statement**  
**for the year ended 31 December 2020**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Administrative expenses	(84,298)	(82,654)
Other operating expenses	(34,216)	(10,724)
<b>Operating loss</b>	<u>(118,514)</u>	<u>(93,378)</u>
Interest receivable and similar income	216,486	165,206
<b>Profit before taxation</b>	<u>97,972</u>	<u>71,828</u>
Tax on profit	-	-
<b>Profit for the financial year</b>	<u>97,972</u>	<u>71,828</u>

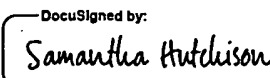
The notes on pages 10 to 13 form part of these financial statements.

**Avon European Financial Services Limited**  
**Registered number:** 04572043  
**Balance Sheet**  
**as at 31 December 2020**

	Note	2020 £	2019 £
<b>Current assets</b>			
Cash at bank and in hand	5	656,420	704,519
<b>Creditors: amounts falling due within one year</b>	6	(55,361)	(201,432)
<b>Net current assets</b>		601,059	503,087
<b>Total assets less current liabilities</b>		601,059	503,087
<b>Capital and reserves</b>			
Called up share capital		1	1
Profit and loss account		601,058	503,086
<b>Total equity</b>		601,059	503,087

The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS102 Section 1A - small entities.

The financial statements on pages 7 to 13 were approved and authorised for issue by the board and were signed on its behalf on 7 December 2021.

DocuSigned by:  
  
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 S Hutchison  
 Director

The notes on pages 10 to 13 form part of these financial statements.

**Avon European Financial Services Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 December 2020**

	Share capital	Profit and loss account	Total
	£	£	£
<b>At 1 January 2019</b>	1	431,258	431,259
Profit for the financial year	-	71,828	71,828
<b>At 31 December 2019</b>	<u>1</u>	<u>503,086</u>	<u>503,087</u>
<b>At 1 January 2020</b>	1	503,086	503,087
Profit for the financial year	-	97,972	97,972
<b>At 31 December 2020</b>	<u>1</u>	<u>601,058</u>	<u>601,059</u>

The notes on pages 10 to 13 form part of these financial statements.

**Avon European Financial Services Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**1 General information**

Avon European Financial Services Limited is a private company limited by shares and incorporated in England, United Kingdom. Its registered office is Nunn Mills Road, Northampton, Northamptonshire, NN1 5PA.

**2 Accounting policies**

**2.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by section 1A of the standard) and the Companies Act 2006.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3). Accounting policies have been consistently applied to all years presented, unless otherwise stated. The following principal accounting policies have been applied:

**2.2 Going concern**

The directors have considered the future activities of the company through to 31 December 2022, a period more than 12 months from the date of signing these financial statements. The activities of the company are not expected to change during this time. The company has received a financial support letter from its ultimate parent undertaking, Natura &Co Holding S.A. The letter guarantees that the company will be provided with sufficient support, as required, to enable it to meet its liabilities as they fall due. The letter is effective through to 30 April 2023 and has provided the directors with assurance that the company will retain liquidity and continue in operational existence throughout the going concern period of review. In view of this the directors consider it appropriate to prepare the financial statements on a going concern basis of preparation.

**2.3 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.4 Debtors**

Short term debtors are measured at the transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at the transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

**2.5 Creditors**

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of any transaction costs, and are measured subsequently at amortised cost determined using the effective interest method.

**Avon European Financial Services Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**Accounting policies continued**

**2.6 Taxation**

Tax is recognised in the Income Statement. The current income tax charge is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted on the balance sheet date in the countries where the Company operates and generates income. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits; and
- The deferred tax balances are reversed if and when all conditions for retaining associated allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of the liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.7 Foreign currency translation**

The Company's functional and presentational currency is GBP. Transactions in foreign currencies are initially recorded in Avon European Financial Services Limited's functional currency (GBP) 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 at the balance sheet date. All differences are taken to the Income Statement.

**2.8 Interest expense**

Interest expense is charged to the Income Statement 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.

**2.9 Interest income**

Interest income is recognised in the Income Statement using the effective interest rate method.

**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 affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The company's directors believe that no significant sources of estimation uncertainty affect these financial statements.

**Avon European Financial Services Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

<b>4 Employees</b>	<b>2020</b>	<b>2019</b>
	<b>Number</b>	<b>Number</b>
Average number of persons employed by the company	<u>0</u>	<u>0</u>
The company has no employees other than the directors, who did not receive any remuneration (2019 - £Nil).		
<b>5 Cash at bank and in hand</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<u>656,420</u>	<u>704,519</u>
	<u>656,420</u>	<u>704,519</u>
<b>6 Creditors: amounts falling due within one year</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	153,034
Amounts owed to group undertakings	33,707	32,241
Accruals and deferred income	<u>21,654</u>	<u>16,157</u>
	<u>55,361</u>	<u>201,432</u>

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

**7 Events after the reporting date**

There have been no significant events affecting the company since the year end.

**8 Contingent liabilities**

The company takes part in a cash pooling arrangement with other Avon entities in the group. As part of the cash pool the members are jointly liable for any borrowed funds up to the value of the funds they have in the cash pool at that time. At 31 December 2020 Avon European Financial Services Limited had £578,618 in the cash pool (2019 £687,180).

**9 Related party transactions**

The company has not disclosed information on transactions with other members of the group headed by Natura &Co Holding S.A. in line with FRS102, on the basis that 100% of the voting rights are controlled within the group and consolidated financial statements are publicly available.

**Avon European Financial Services Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2020**

**10 Controlling party**

Natura &Co Holding S.A. (incorporated in Brazil) was regarded by the directors as being the company's ultimate parent undertaking and controlling party.

Avon European Holdings Limited (incorporated in England) is the company's immediate parent.

The results of Avon European Financial Services Limited for the year ended 31 December 2020, were incorporated into the consolidated financial statements of Natura &Co Holding S.A. for the year ended 31 December 2020, being the largest and only group to incorporate them. The consolidated financial statements of Natura &Co Holding S.A. are available on application from Avenida Alexandre Colares, No. 1188, Sala A17-Bloco A, Parque Anhanguera, Sao Paulo, Sao Paulo 05106-000, Brazil.