

Registered number: 06945009

HSNF LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

THURSDAY



ACALOH3U

A19

24/08/2023

#76

COMPANIES HOUSE

HSNF LIMITED

COMPANY INFORMATION

Directors	B White D Yonatan (appointed 6 April 2022) Dan Ilan (appointed 22 March 2023) Roman Maksymenkov (appointed 22 March 2023) Ajitpal Saini (appointed 22 March 2023)
Registered number	06945009
Registered office	Finsgate 5-7 Cranwood Street London EC1V 9EE
Independent auditors	Donald Reid Limited Chartered Accountants & Statutory auditors 18a/20 King Street Maidenhead Berkshire SL6 1DT

HSNF LIMITED

CONTENTS

	Page
Group strategic report	3 - 5
Directors' report	6 - 7
Independent auditors' report	8 - 11
Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Consolidated statement of financial position	13 - 14
Company statement of financial position	15 - 16
Consolidated statement of changes in equity	17 - 18
Company statement of changes in equity	19 - 20
Consolidated statement of cash flows	21 - 22
Company statement of cash flows	23 - 24
Notes to the consolidated financial statements	25 - 61
Company detailed profit and loss account and summaries	61

HSNF LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

Introduction

During the financial year 2022, HSNF Ltd made significant progress in its pursuit of growth and market leadership in the beauty eCommerce industry. The CEO's review provides an overview of the company's performance and highlights key initiatives undertaken.

E-commerce saw a paradigm shift during COVID. Consumers turned to online shopping when pandemic lockdowns caused brick-and-mortar stores to shut for extended periods. The pandemic drove more buyers online, it had a positive impact on e-commerce performance. The supply chain disruption was a challenging factor, which stimulated expansion of supplier base together with product range diversification. Both became a top-ranked strategy to mitigate the risks of business interruption.

In the post COVID environment the company has sustained its revenue flow, remained profitable and continued to grow the range of its own branded products.

In the year to June 2022 the Company reported turnover of £34.8m, operating profit of £2.7m and profit before tax of £2.6m.

Digital marketing and brand awareness played a pivotal role in driving the company's growth. The strategic focus on expanding the online presence and increasing brand visibility yielded positive results. Through targeted digital marketing campaigns, collaborations with influencers, and engaging social media content, the company successfully reached a wider audience and strengthened brand recognition.

Additionally, the CEO's review emphasizes the importance of customer-centricity in the company's business model. By prioritizing customer experience and satisfaction, HSNF Ltd was able to establish strong customer loyalty and repeat business. Efforts were made to enhance the user interface and improve website functionality, resulting in a seamless and enjoyable shopping experience for customers.

The operations team has demonstrated exceptional performance in meeting the increased demand for online services. Their dedication and efficiency have enabled us to keep up with the growing customer needs. Moreover, we have made significant capital investments during the year, including the launch of our distribution centre in Poznan, Poland, and the opening of websites catering to the Polish and German markets. These expansions have allowed us to reach new customer segments and strengthen our presence in key regions.

Our team has undergone remarkable expansion, with the number of employees increasing from 58 to 78 in the UK, and an additional 5 new team members joining our distribution centre in Poland. This upward trajectory in team size is a clear reflection of our unwavering commitment to building a robust and skilled workforce. Furthermore, our continuous growth is fuelled by our proactive approach in seeking out talented individuals who can contribute to our organization's success. This ongoing expansion exemplifies our dedication to assembling a diverse and proficient team capable of driving our company towards continued prosperity.

We are pleased to announce the appointment of David Yonatan as an Executive Director to our Board. His extensive knowledge, financial acumen, and business experience have greatly enriched the capabilities and expertise of our existing Board. With his valuable insights, we are confident in our ability to make informed strategic decisions and drive further growth.

While the effects of the post-pandemic and various macroeconomic and geopolitical risks persist, we remain vigilant and adaptable. However, our continued investments in our people and systems over the years have yielded robust and resilient results. We are confident that these investments will continue to drive our success in the coming years, enabling us to navigate challenges and seize opportunities in the ever-evolving business landscape.

HSNF LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Business Model:

HSNF Ltd operates as a multi-brand beauty eCommerce business, with three key hero brands: Mylee, PraNaturals, and Magnitone. These brands cater to different beauty categories, including nail care, skincare and waxing. The business utilizes a combination of retail and wholesale channels, leveraging its strong presence in leading retail chains and online marketplaces in the UK and EU.

The core strategy of the Company is centred around the thriving ecommerce market. Our primary focus lies in driving growth through brand development, expanding our existing brands range, and exploring new geographical markets.

We are committed to nurturing and strengthening our existing brands. By continuously investing in product innovation, research, and development, we aim to enhance the value proposition and relevance of our brands in the beauty industry. This includes expanding our product offerings, improving quality, and adapting to evolving consumer preferences.

Key Performance Indicators:

Key performance indicators (KPIs) are essential in measuring and evaluating the company's performance. Some of the KPIs that HSNF Ltd tracks include:

Revenue Growth: Monitoring year-on-year revenue growth to assess the company's ability to increase sales and capture market share.

Customer Acquisition and Retention: Analysing customer acquisition rates and retention metrics to gauge the effectiveness of marketing campaigns and customer loyalty initiatives.

Conversion Rate: Measuring the percentage of website visitors who make a purchase, indicating the effectiveness of the online platform and user experience.

Average Order Value: Tracking the average value of each customer order, helping to identify trends and opportunities for upselling or cross-selling.

Gross Profit Margin: Assessing the profitability of the business by monitoring the percentage of revenue retained after deducting the cost of goods sold.

Risks and Uncertainties:

The CEO's review acknowledges the risks and uncertainties faced by HSNF Ltd during the financial year 2022. These include:

Supply Chain Disruptions: The post -COVID disruptions in the global supply chain, leading to potential delays in product sourcing and delivery as well as importation cost increases.

Foreign exchange: Volatility poses risks to our profitability and margins. Fluctuations in exchange rates can lead to gains or losses when converting revenues and expenses into our reporting currency.

Intense Market Competition: The beauty eCommerce industry is highly competitive, with numerous players vying for market share. HSNF Ltd faces the risk of competitors launching similar products or offering competitive pricing.

Regulatory and Compliance Risks: The company must navigate regulatory requirements related to product safety, labelling, and data protection to ensure legal compliance.

HSNF LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

Viability Assessment:

HSNF Ltd conducted a viability assessment to evaluate its ability to continue operating and generating sustainable profits. The assessment considered various factors, including financial performance, market conditions, and strategic initiatives. Based on the positive financial results and the company's strong market position, the viability assessment confirmed that HSNF Ltd is well-positioned for future growth and profitability.

Corporate Responsibility:

The CEO's review highlights HSNF Ltd's commitment to corporate responsibility. The company recognizes its role in creating a positive impact on society and the environment. Initiatives such as ethical sourcing, Hema & cruelty free ingredients, sustainable packaging, and community engagement programs were implemented to promote corporate social responsibility.

Conclusion:

The CEO's review concludes by expressing optimism for the future of HSNF Ltd. The company's strong financial performance, strategic initiatives, and customer-centric approach position it for continued growth and success in the highly competitive beauty eCommerce market. By leveraging digital marketing, enhancing brand awareness, and prioritizing customer experience, HSNF Ltd aims to solidify its market leadership and drive sustainable profitability.

This report was approved by the board on 11 Aug 2023

and signed on its behalf.


B White
Director

HSNF LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The directors present their report and the financial statements for the year ended 30 June 2022.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, Directors' report and the consolidated financial statements, in accordance with applicable law.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Principal activity

HSNF Limited (the "Company") was incorporated 25 June 2009. The principal activity of the Company continued to be that of retail and wholesale sales of beauty products.

Results and dividends

The profit for the year, after taxation, amounted to £1,844,000 (2021 - £6,843,953).

Directors

The directors who served during the year were:

B White
D Yonatan (appointed 6 April 2022)

Political contributions

The Company made no contributions during the year.

HSNF LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022**

Financial instruments

The Company's financial risk management objectives and policies are disclosed in note 27. Details of the use of financial instruments are also given in notes 5.2 and 27.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

The auditors, Donald Reid Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 Aug 2023 and signed on its behalf.



B White
Director

HSNF LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSNF LIMITED

Opinion

We have audited the financial statements of HSNF Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise the Consolidated statement of profit or loss and other comprehensive income, the Consolidated statement of financial position, the Company Statement of financial position, the Consolidated statement of cash flows, the Company Statement of cash flows, the Consolidated statement of changes in equity, the Company Statement of changes in equity and the related notes, including a summary of significant accounting policies set out on pages 25 - 31. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 June 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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. Our evaluation of the directors' assessment of the Group's and the parent Company's ability to continue to adopt the going concern basis of accounting included:

- A review of management forecast and cash flow forecast
- A comparison of post year end performance to management forecast to evaluate the accuracy of the forecast

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 Group's or the parent 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.

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

HSNF LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSNF LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

HSNF LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSNF LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Group's and the parent 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 Group or the parent 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:

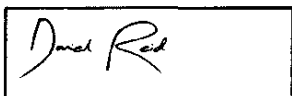
- enquiring of management concerning actual and potential litigation claims;
- performing analytical procedures to identify any unusual results that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings;
- assessing any management override of controls by testing journal entries and other adjustments and reviewing accounting estimates for indications of potential bias;
- evaluating any transactions that are unusual or outside the normal course of business and maintaining alert to any fraud risks throughout the audit;

A further description of our responsibilities for the audit of the financial statements is located on the Financial

HSNF LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSNF LIMITED (CONTINUED)

Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

A rectangular box containing a handwritten signature in black ink. The signature appears to read 'Daniel Reid'.

Daniel Reid (Senior statutory auditor)

for and on behalf of
Donald Reid Limited

Chartered Accountants
Statutory auditors

18a/20 King Street
Maidenhead
Berkshire
SL6 1DT

Date: 13 Aug 2023

HSNF LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 £	As restated 2021 £
Revenue	6	34,808,377	38,853,655
Cost of sales		(23,174,115)	(24,744,150)
Gross profit		11,634,262	14,109,505
Other operating income	7	114	27,474
Administrative expenses		(5,868,158)	(3,685,382)
Other expenses		(3,164,330)	(1,926,909)
Profit from operations		2,601,888	8,524,688
Finance income	11	1	-
Finance expense	11	(106,588)	(82,447)
Profit before tax		2,495,301	8,442,241
Tax expense	12	(651,301)	(1,598,288)
Profit for the year		1,844,000	6,843,953
Total comprehensive income		1,844,000	6,843,953

The notes on pages 25 to 61 form part of these financial statements.

HSNF LIMITED
REGISTERED NUMBER: 06945009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 £	<i>As restated</i> 2021 £
Assets			
Non-current assets			
Property, plant and equipment	13	2,873,210	2,550,781
Other intangible assets	14	9,040	75,769
Goodwill	15	645,070	645,070
Other non-current investments	17	11,469	11,469
		<u>3,538,789</u>	<u>3,283,089</u>
Current assets			
Inventories	18	8,235,948	5,857,794
Trade and other receivables	19	3,450,385	2,823,769
Cash and cash equivalents		2,388,192	6,297,271
		<u>14,074,525</u>	<u>14,978,834</u>
Total assets		<u>17,613,314</u>	<u>18,261,923</u>

HSNF LIMITED
REGISTERED NUMBER: 06945009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2022

	Note	2022 £	As restated 2021 £
Liabilities			
Non-current liabilities			
Loans and borrowings	21	2,232,292	2,465,628
Deferred tax liability	12	52,046	17,770
		<u>2,284,338</u>	<u>2,483,398</u>
Current liabilities			
Trade and other liabilities	20	5,630,521	6,144,190
Loans and borrowings	21	456,271	216,553
		<u>6,086,792</u>	<u>6,360,743</u>
Total liabilities		<u>8,371,130</u>	<u>8,844,141</u>
Net assets		<u>9,242,184</u>	<u>9,417,782</u>
Issued capital and reserves attributable to owners of the parent			
Share capital	23	100	100
Other reserves	24	15,403	-
Retained earnings		9,226,681	9,417,682
		<u>9,242,184</u>	<u>9,417,782</u>
TOTAL EQUITY		<u>9,242,184</u>	<u>9,417,782</u>

The financial statements on pages 12 to 61 were approved and authorised for issue by the board of directors on and were signed on its behalf by:



B White
Director

The notes on pages 25 to 61 form part of these financial statements.

HSNF LIMITED
REGISTERED NUMBER: 06945009

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 £	<i>As restated</i> 2021 £
Assets			
Non-current assets			
Property, plant and equipment	13	2,873,210	2,550,781
Other intangible assets	14	9,040	75,769
Other non-current investments	17	11,469	11,469
		<u>2,893,719</u>	<u>2,638,019</u>
Current assets			
Inventories	18	8,235,948	5,857,795
Trade and other receivables	19	3,461,023	2,688,304
Cash and cash equivalents		2,005,340	5,731,839
		<u>13,702,311</u>	<u>14,277,938</u>
Total assets		<u>16,596,030</u>	<u>16,915,957</u>

HSNF LIMITED
REGISTERED NUMBER: 06945009

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2022

	Note	2022 £	As restated 2021 £
Liabilities			
Non-current liabilities			
Loans and borrowings	21	2,191,031	2,366,461
Deferred tax liability	12	52,046	17,770
		<u>2,243,077</u>	<u>2,384,231</u>
Current liabilities			
Trade and other liabilities	20	6,160,611	6,409,991
Loans and borrowings	21	410,934	216,553
		<u>6,571,545</u>	<u>6,626,544</u>
Total liabilities		<u>8,814,622</u>	<u>9,010,775</u>
Net assets		<u>7,781,408</u>	<u>7,905,182</u>
Issued capital and reserves attributable to owners of the parent			
Share capital	23	100	100
Other reserves	24	15,403	-
Retained earnings		7,765,905	7,905,082
TOTAL EQUITY		<u>7,781,408</u>	<u>7,905,182</u>

The Company's profit for the year was £1,895,815 (As restated 2021 - £5,331,354).

The financial statements on pages 12 to 61 were approved and authorised for issue by the board of directors on and were signed on its behalf by:



B White
Director

The notes on pages 25 to 61 form part of these financial statements.

HSNF LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Share capital £	Retained earnings (restated) £	Total attributable to equity holders of parent (restated) £	Total equity (restated) £
At 1 July 2021 (as previously stated)	100	9,983,597	9,983,697	9,983,697
Prior year adjustment - note 24	-	(565,924)	(565,924)	(565,924)
Prior year adjustment - change in accounting policy	-	-	-	-
At 1 July 2021 (as restated)	<u>100</u>	<u>9,417,673</u>	<u>9,417,773</u>	<u>9,417,773</u>
Comprehensive income for the year				
Profit for the year	-	1,844,000	1,844,000	1,844,000
Total comprehensive income for the year	<u>-</u>	<u>1,844,000</u>	<u>1,844,000</u>	<u>1,844,000</u>
Contributions by and distributions to owners				
Dividends	-	(2,034,992)	(2,034,992)	(2,034,992)
Total contributions by and distributions to owners	<u>-</u>	<u>(2,034,992)</u>	<u>(2,034,992)</u>	<u>(2,034,992)</u>
At 30 June 2022	<u><u>100</u></u>	<u><u>9,226,681</u></u>	<u><u>9,226,781</u></u>	<u><u>9,226,781</u></u>

The notes on pages 25 to 61 form part of these financial statements.

HSNF LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Share capital £	Retained earnings (restated) £	Total attributable to equity holders of parent (restated) £	Total equity (restated) £
At 1 July 2020 (as previously stated)	100	6,084,493	6,084,593	6,084,593
Prior year adjustment - note 24	-	(466,819)	(466,819)	(466,819)
Prior year adjustment - change in accounting policy	-	-	-	-
At 1 July 2020 (as restated)	<u>100</u>	<u>5,617,674</u>	<u>5,617,774</u>	<u>5,617,774</u>
Comprehensive income for the year				
Profit for the year	-	6,843,953	6,843,953	6,843,953
Total comprehensive income for the year	<u>-</u>	<u>6,843,953</u>	<u>6,843,953</u>	<u>6,843,953</u>
Contributions by and distributions to owners				
Dividends	-	(3,043,945)	(3,043,945)	(3,043,945)
Total contributions by and distributions to owners	<u>-</u>	<u>(3,043,945)</u>	<u>(3,043,945)</u>	<u>(3,043,945)</u>
At 30 June As restated 2021	<u><u>100</u></u>	<u><u>9,417,682</u></u>	<u><u>9,417,782</u></u>	<u><u>9,417,782</u></u>

The notes on pages 25 to 61 form part of these financial statements.

HSNF LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Share capital £	Retained earnings (restated) £	Total equity (restated) £
At 1 July 2021 (as previously stated)	100	8,471,006	8,471,106
Prior year adjustment - note 24	-	(565,924)	(565,924)
Prior year adjustment - change in accounting policy	-	-	-
	<u>100</u>	<u>7,905,082</u>	<u>7,905,182</u>
At 1 July 2021 (as restated)			
Comprehensive income for the year			
Profit for the year	-	1,895,815	1,895,815
	<u>-</u>	<u>1,895,815</u>	<u>1,895,815</u>
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends	-	(2,034,992)	(2,034,992)
	<u>-</u>	<u>(2,034,992)</u>	<u>(2,034,992)</u>
Total contributions by and distributions to owners			
	<u>-</u>	<u>(2,034,992)</u>	<u>(2,034,992)</u>
At 30 June 2022	<u>100</u>	<u>7,765,905</u>	<u>7,766,005</u>

The notes on pages 25 to 61 form part of these financial statements.

HSNF LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Share capital £	Retained earnings (restated) £	Total equity (restated) £
At 1 July 2020 (as previously stated)	100	6,084,492	6,084,592
Prior year adjustment - note 24	-	(466,819)	(466,819)
Prior year adjustment - change in accounting policy	-	-	-
	<u>100</u>	<u>5,617,673</u>	<u>5,617,773</u>
At 1 July 2020 (as restated)			
Comprehensive income for the year			
Profit for the year	-	5,331,354	5,331,354
	<u>-</u>	<u>5,331,354</u>	<u>5,331,354</u>
Total comprehensive income for the year			
Contributions by and distributions to owners			
Dividends	-	(3,043,945)	(3,043,945)
	<u>-</u>	<u>(3,043,945)</u>	<u>(3,043,945)</u>
Total contributions by and distributions to owners			
	<u>100</u>	<u>7,905,082</u>	<u>7,905,182</u>

The notes on pages 25 to 61 form part of these financial statements.

HSNF LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 £	As restated 2021 £
Cash flows from operating activities			
Profit for the year		1,844,000	6,843,953
Adjustments for			
Depreciation of property, plant and equipment	13	410,016	231,792
Amortisation of intangible fixed assets	14	66,729	69,671
Gain on reversal of inventory write down		(248,339)	(238,520)
Finance income	11	(1)	(27,474)
Finance expense	11	106,192	82,055
Share-based payment expense	27	15,403	-
Income tax expense	12	651,301	1,598,288
		<u>2,845,301</u>	<u>8,559,765</u>
Movements in working capital:			
Increase in trade and other receivables	19	(404,321)	(3,183,838)
Due from related parties	19	(145,157)	-
Increase in inventories	19	(2,378,154)	(2,349,470)
Prepaid expense	19	(77,138)	(30,083)
Decrease in trade and other payables	20	(513,669)	(640,498)
Due to related parties		-	(115,587)
Cash generated from operations		<u>(673,138)</u>	<u>2,240,289</u>
Income taxes paid		(1,418,696)	(1,199,596)
Net cash (used in)/from operating activities		<u>(2,091,834)</u>	<u>1,040,693</u>

HSNF LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

	2022 £	<i>As restated</i> 2021 £
Cash flows from investing activities		
Acquisition of investment securities at FVOCI	-	(11,469)
Purchases of property, plant and equipment	(338,468)	(281,692)
Acquisition of subsidiaries, net of cash acquired	-	(766,854)
Interest paid	(40,137)	(16,309)
Net cash used in investing activities	<u>(378,605)</u>	<u>(1,076,324)</u>
Cash flows from financing activities		
Payment of long-term debt	-	(200,000)
Proceeds from issuance of long-term debt	(21,989)	99,113
Dividends paid	(1,034,992)	-
Payment of lease liabilities	(381,659)	(130,684)
Net cash used in financing activities	<u>(1,438,640)</u>	<u>(231,571)</u>
Net cash decrease in cash and cash equivalents	<u>(3,909,079)</u>	<u>(267,202)</u>
Cash and cash equivalents at the beginning of year	6,297,271	6,564,473
Cash and cash equivalents at the end of the year	<u><u>2,388,192</u></u>	<u><u>6,297,271</u></u>

The notes on pages 25 to 61 form part of these financial statements.

HSNF LIMITED

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 £	As restated 2021 £
Cash flows from operating activities			
Profit for the year		1,895,815	5,331,354
Adjustments for			
Depreciation of property, plant and equipment	13	410,016	231,792
Amortisation of intangible fixed assets	14	66,729	69,671
Impairment losses on intangible assets	14	-	1,313,338
Gain on reversal of inventory write down		(284,339)	(238,520)
Finance income	11	-	(27,474)
Finance expense	11	105,501	82,055
Income tax expense	12	651,301	1,598,288
		2,845,023	8,360,504
Movements in working capital:			
Increase in trade and other receivables		(550,273)	(3,325,815)
Due from related parties		(145,596)	(49,664)
Increase in inventories		(2,378,153)	(2,871,710)
Prepaid expenses		(77,138)	(42,766)
Decrease in trade and other payables		(249,383)	(566,404)
Due from related parties		-	417,536
Cash generated from operations		(555,520)	1,921,681
Income taxes paid		(1,398,300)	(1,199,596)
Net cash (used in)/from operating activities		(1,953,820)	722,085

HSNF LIMITED

COMPANY STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2022

	2022	<i>As restated</i>
	£	2021
		£
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	-	(1,113,338)
Acquisition of investment securities at FVOCI	-	(11,469)
Purchases of property, plant and equipment	(338,468)	(281,692)
Interest paid	(8,140)	(16,309)
Net cash used in investing activities	(346,608)	(1,422,808)
Cash flows from financing activities		
Payment of long term debt	-	(887)
Repayment of bank borrowings	(9,420)	-
Dividends paid	(1,034,992)	-
Payment of lease liabilities	(381,659)	(130,683)
Net cash used in financing activities	(1,426,071)	(131,570)
Net cash decrease in cash and cash equivalents	(3,726,499)	(832,293)
Cash and cash equivalents at the beginning of year	5,731,839	6,564,132
Cash and cash equivalents at the end of the year	2,005,340	5,731,839

The notes on pages 25 to 61 form part of these financial statements.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies (continued)

1.1 Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and its calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent account under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.2 Going concern

During the year ended 30 June 2022, the Group made a net profit £1,844,000, the Group had significant cash reserves at the year end of £2,388,192, and net assets of £9,242,184.

In considering the appropriateness of adopting the going concern basis in preparing the financial statements, the directors have assessed the potential cash generation of the Group for the foreseeable future (being twelve months from the date of approving these financial statements).

While there remains an inherent volatility in all retail markets, the Group considers that it is well placed to continue generating profits and positive cash flows in the future.

1.3 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies (continued)

1.4 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The Group assess its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as principal in all of its revenue arrangements because it controls the goods before transferring them to the customer.

Sale of goods

Revenue from sales of goods represent a single performance obligation. Transaction price of sales, which excludes discounts, returns, rebats and sales taxes, is normally received at the time of sale. The amount of transaction price is recognised when control over the goods has passed to the buyer, which happens when the customer has received the products.

Revenue from sale of goods is recognised at point in time once the performance obligation to the customer is satisfied. Payment of the transaction price is due immediately at the point the customer purchased the goods.

Significant financing component

The Group applies the practical expedient to not adjust the promised amount of consideration for the effects of significant financing component because the Group expects that the period between the transfer of the promised goods and services, and payment is one year or less.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from the customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract.

1.5 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies (continued)

1.7 Employee benefits

Contributions from employees to third parties to defined benefit plans

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost by attributing contributions to the employees' periods of service in accordance with IAS 19 paragraph 70.

1.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies (continued)

1.8 Taxation (continued)

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Group reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies (continued)

1.8 Taxation (continued)

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1.9 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Long-term leasehold property	The length of the lease
Short-term leasehold property	20%
Plant and machinery	20%

1.10 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Development expenditure	33%
Licences	10%

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first in, first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies (continued)

1.12 Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.13 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Dividends on preference shares, which are classified as a financial liability, are treated as finance costs and are recognised on an accruals basis when an obligation exists at the reporting date.

2. Reporting entity

HSNF Limited (the 'Company') is a private company limited by shares incorporated in United Kingdom and registered in England and Wales. The registration number is 06945009. The Company's registered office is at Finsgate, 5-7 Cranwood Street, London, EC1V 9EE. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The principal activities of the Group are e-commerce selling and distribution of beauty and cosmetic products.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Basis of preparation

The Group's consolidated and the Company's individual financial statements have been prepared in accordance with *International Financial Reporting Standards, International Accounting Standards and Interpretations* as adopted by the UK (collectively IFRSs). They were authorised for issue by the Company's board of directors on .

Details of the Group's accounting policies, including changes during the year, are included in note 1.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Statement of comprehensive income in these financial statements.

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 5.

3.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

3.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 July 2021

Interest Rate Bench Mark Reform - Phase 2 - Amendments to IFRS 4,7,9,16

In August 2020, the IASB completed its 'Replacement issues in the context of the IBOR reform' project, which amended certain existing standards effective for periods commencing on or after 1 January 2021. In the opinion of the Directors, the adoption of these new and amended standards has had no material impact on the Financial Statements of the Company.

ii) New standards, interpretations and amendments not yet effective

The following standards and interpretations to published standards are not yet effective:

New standard or interpretation	EU Endorsement status	Mandatory effective date (period beginning)
Reference to the Conceptual Framework Amendments to IFRS 3	Endorsed	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	Endorsed	1 January 2022

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. Basis of preparation (continued)

ii) New standards, interpretations and amendments not yet effective (continued)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	Endorsed	1 January 2022
IFRS 17 Insurance Contracts	Endorsed	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	Endorsed	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	Endorsed	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	Endorsed	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	Endorsed	1 January 2023
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	Endorsed	1 January 2022

The directors anticipate that the adoption of these Standards in future periods may have an impact on the results and net assets of the Company, however, it is too early to quantify this.

The directors anticipate that the adoption of other Standards and interpretations that are not yet effective in future periods will only have an impact on the presentation in the financial statements of the Company.

4. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

5. Accounting estimates and judgments

5.1 Judgment

Classifying financial instruments

The Group exercises judgements in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability, or a equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5. Accounting estimates and judgments (continued)

5.1 Judgment (continued)

Determining the lease term - Group as lessee

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably to be extended (or terminated). The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not to terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Current and deferred income tax

Significant judgement is required in determining the recorded income tax expense in profit or loss. There are many transactions and calculations for which the ultimate tax determination is uncertain in the ordinary course of business. The Group recognises liabilities for anticipated tax assessment issues when probable. The liabilities are based in assessment and judgement of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Group's income tax and deferred tax provision in the period in which such determination is made.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5. Accounting estimates and judgments (continued)

5.2 Estimates and assumptions

Fair Value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Estimated useful lives of property, plant and equipment

The useful life of each of the Group's items of property of property, plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A change in the estimated useful life of any item of property, plant and equipment would impact the recorded cost and expenses and non-current assets.

Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value un use calculation is based on the DCF model.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognised immediately in the statement of income. The recoverable amount of the CGU is determined based on fair value less costs to sell.

The fair value of the CGU is determined using the cost approach, specifically the adjusted Net Asset Value (NAV) method. This method requires the measurement of the fair value of the individual assets and liabilities recognised in the CGU, as well as the fair value of any unrecognised assets and liabilities at the measurement date. The resulting net fair values of the assets and liabilities represents the fair value of the CGU.

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

5. Accounting estimates and judgments (continued)**5.2 Estimates and assumptions (continued)****6. Revenue**

The following is an analysis of the Group's revenue for the year from continuing operations:

	2022 £	2021 £
Sale of goods	34,808,377	38,852,583
Other income	-	1,072
	<u>34,808,377</u>	<u>38,853,655</u>

Analysis of revenue by country of destination:

	2022 £	2021 £
United Kingdom	29,062,953	32,267,070
Europe	5,745,424	6,586,585
	<u>34,808,377</u>	<u>38,853,655</u>

Only one segment is considered by the directors therefore no segmental reporting has been made.

7. Other operating income

	2022 £	2021 £
Government grants receivable	114	27,474
	<u>114</u>	<u>27,474</u>

8. Auditors' remuneration

During the year, the Group obtained the following services from the Group's auditors:

	2022 £	2021 £
Fees payable to the auditors for the audit of the consolidated and parent Company's financial statements	18,450	20,000

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

9. Employee benefit expenses

Group

	2022 £	2021 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	2,839,299	1,883,963
National Insurance	284,789	166,025
Defined contribution pension cost	41,393	27,726
	<u>3,165,481</u>	<u>2,077,714</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company listed on page 1, and the Financial Controller of the Company.

	2022 £	2021 £
Salary	5,000	56,084
	<u>5,000</u>	<u>56,084</u>

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	2022 No.	2021 No.
Directors	2	1
Staff	76	57
	<u>78</u>	<u>58</u>

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

9. Employee benefit expenses (continued)

Company

	2022	2021
	£	£
Employee benefit expenses (including directors) comprise:		
Wages and salaries	2,839,299	1,815,849
National insurance	284,789	158,670
Defined contribution pension cost	41,393	26,859
	3,165,481	2,001,378

10. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	5,000	56,084
	5,000	56,084

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

11. Finance income and expense**Recognised in profit or loss**

	2022 £	2021 £
Finance income		
Interest on:		
- Bank deposits	1	-
Total interest income arising from financial assets measured at amortised cost or FVOC]	1	-
Total finance income	1	-
Finance expense		
Bank interest payable	3,800	21,529
Right of use asset notional interest	66,451	38,637
Other loan interest payable	5,427	22,281
Other interest payable	30,910	-
Total finance expense	106,588	82,447

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

12. Tax expense

12.1 Income tax recognised in profit or loss

	2022 £	2021 £
Current tax		
Current tax on profits for the year	617,025	1,598,288
Total current tax	617,025	1,598,288
Deferred tax expense		
Origination and reversal of timing differences	34,276	-
Total deferred tax	34,276	-
	651,301	1,598,288
Total tax expense		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	651,301	1,598,288
	651,301	1,598,288

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2022 £	2021 £
Profit for the year	1,844,000	6,843,953
Income tax expense (including income tax on associate, joint venture and discontinued operations)	651,301	1,598,288
Profit before income taxes	2,495,301	8,442,241
Tax using the Company's domestic tax rate of 19% (2021:19%)	474,107	1,604,026
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	118,671	133,876
Capital allowances for the year in excess of depreciation	(13,396)	(101,568)
Prior year adjustment	71,919	(38,046)
Total tax expense	651,301	1,598,288

Changes in tax rates and factors affecting the future tax charges

On 3 March 2021 the UK government announced that the standard rate of corporation tax in the UK

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

12. Tax expense (continued)

12.1 Income tax recognised in profit or loss (continued)

would change from 19% to 25% from 2023. This has been substantively enacted at the balance sheet date.

12.2 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	2022 £	2021 £
Deferred tax liabilities	(52,046)	(17,770)
	(52,046)	(17,770)

13. Property, plant and equipment

Group

	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Total £
Cost or valuation				
At 1 July 2020 (as previously stated)	303,114	769,283	273,899	1,346,296
Prior year adjustment	-	442,115	-	442,115
At 1 July 2020 (as restated)	303,114	1,211,398	273,899	1,788,411
Additions	-	1,789,253	101,648	1,890,901
At 30 June 2021 (as restated)	303,114	3,000,651	375,547	3,679,312
Additions	258,831	-	79,637	338,468
Revaluations	-	389,435	-	389,435
At 30 June 2022	561,945	3,390,086	455,184	4,407,215

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

13. Property, plant and equipment (continued)

	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Total £
Accumulated depreciation and impairment				
At 1 July 2020 (as previously stated)	50,797	308,330	179,277	538,404
Prior year adjustment	-	358,335	-	358,335
At 1 July 2020 (as restated)	50,797	666,665	179,277	896,739
Charge owned for the year	27,757	-	35,086	62,843
Charged financed for the year	-	168,949	-	168,949
At 30 June 2021 (as restated)	78,554	835,614	214,363	1,128,531
Charge owned for the year	86,872	-	49,782	136,654
Charged financed for the year	-	273,362	-	273,362
On revalued assets	-	(4,542)	-	(4,542)
At 30 June 2022	165,426	1,104,434	264,145	1,534,005
Net book value				
At 30 June 2021 (as restated)	224,560	2,165,037	161,184	2,550,781
At 30 June 2022	396,519	2,285,652	191,039	2,873,210

13.1. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Consolidated statement of financial position is as follows:

	30 June 2022 £	30 June As restated 2021 £
Property, plant and equipment owned	619,546	377,353
Right-of-use assets, excluding investment property	2,253,664	2,173,428
	2,873,210	2,550,781

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

13. Property, plant and equipment (continued)

13.1 Assets held under leases (continued)

Information about right-of-use assets is summarised below:

Net book value

	30 June 2022 £	<i>30 June As restated 2021 £</i>
Property	2,253,664	-
Other fixed assets	-	2,173,428
	<u>2,253,664</u>	<u>2,173,428</u>

Depreciation charge for the year ended

	30 June 2022 £	<i>30 June As restated 2021 £</i>
Property	273,362	168,949
	<u>273,362</u>	<u>168,949</u>

Company

	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Total £
Cost or valuation				
At 1 July 2020 (as previously stated)	303,114	769,283	273,899	1,346,296
Prior year adjustment	-	442,115	-	442,115
At 1 July 2020 (as restated)	303,114	1,211,398	273,899	1,788,411
Additions	-	1,789,253	101,648	1,890,901
At 30 June 2021 (as restated)	303,114	3,000,651	375,547	3,679,312
Additions	258,831	-	79,637	338,468
Revaluations	-	389,435	-	389,435
At 30 June 2022	<u>561,945</u>	<u>3,390,086</u>	<u>455,184</u>	<u>4,407,215</u>

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

13. Property, plant and equipment (continued)

	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Total £
Accumulated depreciation and impairment				
At 1 July 2020 (as previously stated)	50,797	308,330	179,277	538,404
Prior year adjustment	-	358,335	-	358,335
At 1 July 2020 (as restated)	50,797	666,665	179,277	896,739
Charge owned for the year	27,757	-	35,086	62,843
Charged financed for the year	-	168,949	-	168,949
At 30 June 2021 (as restated)	78,554	835,614	214,363	1,128,531
Charge owned for the year	86,872	-	49,782	136,654
Charged financed for the year	-	273,362	-	273,362
On revalued assets	-	(4,542)	-	(4,542)
At 30 June 2022	165,426	1,104,434	264,145	1,534,005
Net book value				
At 30 June 2021 (as restated)	224,560	2,165,037	161,184	2,550,781
At 30 June 2022	396,519	2,285,652	191,039	2,873,210

13.2. Assets held under leases

The net book value of owned and leased assets included as "Property, plant and equipment" in the Company Statement of financial position is as follows:

	30 June 2022 £	30 June As restated 2021 £
Property, plant and equipment owned	619,546	371,353
Right-of-use assets, excluding investment property	2,253,664	2,179,428
	2,873,210	2,550,781

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

13. Property, plant and equipment (continued)

13.2 Assets held under leases (continued)

Information about right-of-use assets is summarised below:

Net book value

	30 June 2022 £	30 June As restated 2021 £
Property	2,253,664	2,179,428
	<u>2,253,664</u>	<u>2,179,428</u>

Depreciation charge for the year ended

	30 June 2022 £	30 June As restated 2021 £
Property	273,362	168,949
	<u>273,362</u>	<u>168,949</u>

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

14. Intangible assets

Group

	Development expenditure £	Licences £	Total £
Cost			
At 1 July 2020	145,457	35,100	180,557
Additions - internal	82,431	-	82,431
At 30 June 2021	227,888	35,100	262,988
At 30 June 2022	227,888	35,100	262,988
	Development expenditure £	Licences £	Total £
Accumulated amortisation and impairment			
At 1 July 2020	98,508	19,040	117,548
Charge for the year - owned	66,161	3,510	69,671
At 30 June 2021	164,669	22,550	187,219
Charge for the year - owned	63,219	3,510	66,729
At 30 June 2022	227,888	26,060	253,948
Net book value			
At 1 July 2020	46,949	16,060	63,009
At 30 June 2021	63,219	12,550	75,769
At 30 June 2022	-	9,040	9,040

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

14. Intangible assets (continued)

Company

	Development expenditure £	Licences £	Total £
Cost			
At 1 July 2020	145,457	35,100	180,557
Additions - internal	82,431	-	82,431
At 30 June 2021	227,888	35,100	262,988
At 30 June 2022	227,888	35,100	262,988
	Development expenditure £	Licences £	Total £
Accumulated amortisation and impairment			
At 1 July 2020	98,508	19,040	117,548
Charge for the year - owned	66,161	3,510	69,671
At 30 June 2021	164,669	22,550	187,219
Charge for the year - owned	63,219	3,510	66,729
At 30 June 2022	227,888	26,060	253,948
Net book value			
At 1 July 2020	46,949	16,060	63,009
At 30 June 2021	63,219	12,550	75,769
At 30 June 2022	-	9,040	9,040

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

15. Goodwill**Group**

	2022 £	2021 £
Cost	645,070	645,070
	645,070	645,070
	2022 £	2021 £
Cost		
At 1 July	645,070	172,103
Additions	-	472,967
At 30 June	645,070	645,070

15.1 Allocation of goodwill to cash generating units

Goodwill is allocated to the Group's cash generating unit as follows:

	2022 £	2021 £
BB Brands Limited	472,967	472,967
Perachem Limited	172,103	172,103
	645,070	645,070

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

16. Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group (%)	
		2022	2021
1) Pipkin Europe Limited	United Kingdom	100	100
2) Perachem Limited	United Kingdom	100	100
3) BB Brands Limited	United Kingdom	100	100
4) Justbeauty Limited	United Kingdom	100	100
5) HSNF (HK) Limited	Hong Kong	100	100
6) Mylee Beauty Limited	United Kingdom	100	100
7) HSNF IE Ltd	Ireland	100	-
8) HSNF Poland	Poland	100	-

The Group has taken the exemption under section 405 of the Companies Act 2006 to exclude Justbeauty Limited, HSNF (HK) Limited, Mylee Beauty Limited and Pipkin Europe from the consolidation as their joint inclusion is not material for purpose of giving a true and fair view to the consolidated financial statements.

Perachem Limited and BB Brands Limited have taken advantage of the exemption to have an audit of their financial statements for the year end 30 June 2022, as permitted by section 479A of the UK Companies Act 2006. Under section 497C of the UK Companies Act 2006, we guarantee all the outstanding liabilities of Perachem Limited and BB Brands Limited as at 30 June 2022.

17. Other non-current investments

Group

	Note	2022 £	2021 £
Other fixed asset investments		11,469	11,469
		<u>11,469</u>	<u>11,469</u>

Company

	Note	2022 £	2021 £
Other fixed asset investments		11,469	11,469
		<u>11,469</u>	<u>11,469</u>

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

18. Inventories

Group

	2022 £	2021 £
Finished goods and goods for resale	8,235,948	5,857,794
	8,235,948	5,857,794

The amount of inventories recognised as an expense during 2022 was £10,187,493 (2021 - £11,108,233).

Company

	2022 £	2021 £
Finished goods and goods for resale	8,235,948	5,857,795
	8,235,948	5,857,795

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

19. Trade and other receivables

Group

	2022	2021
	£	£
Trade receivables	2,249,744	2,435,261
Less: provision for impairment of trade receivables	(63,344)	-
Trade receivables - net	2,186,400	2,435,261
Receivables from related parties	145,157	-
Total financial assets other than cash and cash equivalents classified as loans and receivables	2,331,557	2,435,261
Prepayments and accrued income	348,649	271,511
Other receivables	770,179	116,997
Total trade and other receivables	3,450,385	2,823,769

Company

	2022	2021
	£	£
Trade receivables	2,211,680	2,252,032
Less: provision for impairment of trade receivables	(63,344)	-
Trade receivables - net	2,148,336	2,252,032
Receivables from related parties	195,260	49,664
Total financial assets other than cash and cash equivalents classified as loans and receivables	2,343,596	2,301,696
Prepayments and accrued income	348,649	271,511
Other receivables	768,778	115,097
Total trade and other receivables	3,461,023	2,688,304

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

20. Trade and other payables

Group

	2022	2021
	£	£
Trade payables	2,845,147	2,331,825
Other payables	1,108,383	481,673
Accruals	121,692	321,775
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	4,075,222	3,135,273
Other payables - tax and social security payments	1,555,299	3,008,917
Total trade and other payables	5,630,521	6,144,190
Less: current portion - trade payables	(2,845,147)	(2,331,825)
Less: current portion - other payables	(2,663,682)	(3,490,590)
Less: current portion - accruals	(121,692)	(321,775)
Total current portion	(5,630,521)	(6,144,190)
Total non-current position	-	-

Company

	2022	2021
	£	£
Trade payables	3,378,104	2,766,493
Other payables	1,086,339	480,840
Accruals	144,651	342,485
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	4,609,094	3,589,818
Other payables - tax and social security payments	1,551,517	2,820,173
Total trade and other payables	6,160,611	6,409,991
Less: current portion - trade payables	(3,378,104)	(2,766,493)
Less: current portion - other payables	(2,637,856)	(3,301,013)
Less: current portion - accruals	(144,651)	(342,485)
Total current portion	(6,160,611)	(6,409,991)
Total non-current position	-	-

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

21. Loans and borrowings

Group

	2022 £	2021 £
Non-current		
Bank loans	80,954	148,280
Lease liabilities	2,151,338	2,317,348
	<u>2,232,292</u>	<u>2,465,628</u>
Current		
Bank loans	45,337	-
Lease liabilities	410,934	216,553
	<u>456,271</u>	<u>216,553</u>
Total loans and borrowings	<u><u>2,688,563</u></u>	<u><u>2,682,181</u></u>

Company

	2022 £	2021 £
Non-current		
Bank loans	39,693	49,113
Lease liabilities	2,151,338	2,317,348
	<u>2,191,031</u>	<u>2,366,461</u>
Current		
Lease liabilities	410,934	216,553
	<u>410,934</u>	<u>216,553</u>
Total loans and borrowings	<u><u>2,601,965</u></u>	<u><u>2,583,014</u></u>

These amounts are secured by a fixed and floating charge against all tangible fixed assets.

22. Employee benefit liabilities

At the year end, there was a liability totalling £18,893 (2021: £10,711) related to the defined benefit pension scheme.

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

23. Share capital**Authorised**

	2022 Number	2022 £	2021 Number	2021 £
Shares treated as equity				
Ordinary shares of £0.001 each	100,000	100	<i>100,000</i>	<i>100</i>
	100,000	100	<i>100,000</i>	<i>100</i>

Issued and fully paid

	2022 Number	2022 £	2021 Number	2021 £
Ordinary shares of £0.001 each				
At 1 July and 30 June	100,000	100	<i>100,000</i>	<i>100</i>

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

24. Reserves**Share premium**

Includes consideration received for shares in excess of the nominal value. During the year, the share premium was cancelled and the value transferred to the profit and loss account.

Other reserves

Other reserves consist of share options granted.

Retained earnings

This reserve includes all current and prior year retained profit and losses. Also, the profit and loss account consists of share options measured at the fair value.

25. Leases**Group****(i) Leases as a lessee**

The Group have various lease contracts for leasehold land and buildings used in the operations of the Group. The leases in respect of leasehold and buildings generally have lease terms between 1 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the lease asset. Generally, the Group is restricted from assigning and subleasing the leased assets. Lease contracts sometimes include extension and termination options and variable lease payments.

Lease liabilities are due as follows:

	2022 £	2021 £
Contractual undiscounted cash flows due		
Not later than one year	410,934	466,198
Between one year and five years	664,824	768,204
Later than five years	1,486,514	1,299,499
	<u>2,562,272</u>	<u>2,533,901</u>
Lease liabilities included in the Consolidated Statement of Financial Position at 30 June	<u>2,562,272</u>	<u>2,533,901</u>
Non-current	2,151,338	2,317,348
Current	<u>410,934</u>	<u>216,553</u>

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

25. Leases (continued)**Company****(ii) Leases as a lessee**

The Group have various lease contracts for leasehold land and buildings used in the operations of the Group. The leases in respect of leasehold and buildings generally have lease terms between 1 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the lease asset. Generally, the Group is restricted from assigning and subleasing the leased assets. Lease contracts sometimes include extension and termination options and variable lease payments.

Lease liabilities are due as follows:

	2022 £	2021 £
Contractual undiscounted cash flows due		
Not later than one year	410,934	466,198
Between one year and five years	664,824	768,204
Later than five years	1,486,514	1,299,499
	<u>2,562,272</u>	<u>2,533,901</u>
Lease liabilities included in the Company Statement of Financial Position at 30 June	<u>2,562,272</u>	<u>2,533,901</u>
Non-current	2,151,338	2,317,348
Current	<u>410,934</u>	<u>216,553</u>

26. Prior year restatement

The prior year comparatives have been restated in order to correct the capitalisation of the company's right of use assets. It was determined that two right of use assets were not included in the prior year figures. As a result of this restatement, prior year right of use assets increased by £1,764,550, lease liabilities increased by £2,050,438, profit has decreased by £99,106 due additional amortisation charge and net assets decreased by £565,925.

There has been also been a restatement between Cost of Sales and admin expenses as the directors represents a fairer view of these expenses. This reclassification has no impact on profit.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

27. Share based payments

27.1. Employee share option plan of the Company

Details of the employee share option of the Company

HSNF Limited has an equity-settled Enterprise Management Incentive Scheme ("EMI") which is available to UK employees who work for the Company and satisfy the qualifying conditions and the EMI working time requirements. The company also operates an unapproved option scheme.

The options vest over a period of up to 2 years from grant date. The Black-Scholes valuation method was used to determine the fair-value of the options vested during the year.

A total charge of £15,403 (2021:£Nil), has been recognised within the company and consolidated profit or loss in relation to the share-based payment transactions.

The following share-based payment arrangements were in existence during the current and prior years:

Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	Number of options	2022 Weighted average exercise price £
Granted during the year	4,339	28.35
Forfeited during the year	(1,332)	(28.35)
	<u>3,007</u>	<u>-</u>

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

28. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Details of transactions between the Company and its related parties are disclosed below.

28.1 Balance owed from related parties

	2022 £	2021 £
BB Brands Limited	50,103	49,664
HSNF Poland	145,157	-
	<u>195,260</u>	<u>49,664</u>

28.2 Balances owed to related parties

	2022 £	2021 £
Hairstyle N Fashion Limited - under control of connected party Adam White	60,000	60,000
Director	500,000	30,154
BB Brands Limited	533,150	533,123
	<u>1,093,150</u>	<u>623,277</u>

28.3 Other related party transactions

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount 2022 £	2021 £
Prestige Personal Care - wholly owned by director	Interest income	-	27,474
	Key management compensation based on contract of employment		
Short-term employee benefits		<u>5,000</u>	<u>22,940</u>

HSNF LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

29. Controlling party

The ultimate controlling party of the Group is Ben White on the basis of his majority shareholding.

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

30. Capital management

The Group is exposed to a variety of financial risks arising from financial instruments namely credit risk and currency risk. The Group's overall risk management program focuses on the unpredictability of financial markets, aims to achieve an appropriate balance between risk and return and seeks to minimise potential adverse affects on the Group's financial performance.

Policy for managing these risks is set by the Board following recommendations from the Finance Director. These policies and procedures enable management to make strategic and informed decision with regard to the operations of the Group. The policy for each of the above risks is described in more detail below.

The Group is not subject to any externally imposed capital requirements.

The gearing ratios at 30 June 2022 and 30 June As restated 2021 were as follows:

	2022 £	2021 £
Cash and cash equivalents	2,388,193	6,297,271
Trade and other receivables	3,429,737	3,357,518
Trade and other payables	(5,578,499)	(6,700,823)
Loans and borrowings	(2,562,272)	(2,533,901)
Net debt	(2,322,841)	420,065
Capital and reserves	9,242,184	9,417,781
Total equity	9,242,184	9,417,781

HSNF LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

30. Capital management (continued)

Credit risk

Credit risk arises from deposits with banks, as well as credit exposure on amounts receivable from employees and other third parties. The Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. The risks includes loss of principal, disruption to cash flows and increased collection costs. The Group's credit risk stems from two sources:

- Customers
- Banks and financial institutions

Customers

The Group faces minimal credit risk from trade receivable as customers pay for their orders in full at the time of purchase and the majority of third-party sales are to a small number of large established corporations

Bank and financial institutions

The Group holds accounts in several banks and financial institutions to facilitate the collection and payment of funds from/to customers and other parties. The maximum exposure to credit risk at the reporting time is the fair value of cash in bank, prepaid expenses and other receivables at the statement of financial position date. Credit risk of derivative assets is mitigated by cash collateral held.

Currency risk

The Group is exposed to currency risk primarily through transactions that are denominated in currencies other than the presentational currency of the Group, Great British Pound (GBP) to which they relate. The currencies giving rise to this risk are primarily US dollars (USD) and Euro dollars (EUR).

The Group monitors whether there is a requirement for foreign currency on a monthly basis. The Group considers this policy minimises any unnecessary foreign exchange exposure.

Capital risk management

The Group monitors its level of capital which comprises all components of equity.

The Group's objective when maintaining capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group is not subject to externally imposed capital requirements.