

HFC Prestige Products Limited

Annual Report and Financial Statements

For the year ended 30 June 2023

Registered No. 00923687



HFC Prestige Products Limited

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HFC Prestige Products Limited

Officers and professional advisers

Directors

Frederick Fowler

Fraser Patrick (Resigned 27 April 2023)

Massoomi Hosenbokus (Appointed 27 April 2023)

Company secretary

Fraser Patrick (Resigned 27 April 2023)

Massoomi Hosenbokus (Appointed 27 April 2023)

Company registration number

00923687 (England & Wales)

Registered office

Eureka Science Park

Bradfield Road

Ashford

Kent

TN25 4AQ

Independent auditor

UHY Hacker Young LLP

Quadrant House

4 Thomas More Square

London

E1W 1YW

HFC Prestige Products Limited

Strategic report

The directors present their strategic report, together with the audited financial statements and independent auditor's report, for HFC Prestige Products Limited ("the company") for the year ended 30 June 2023. In preparing this strategic report, the directors have complied with s414C of the Companies Act 2006.

Review of the business

The results of the year and the financial position of the Company are shown on pages 9 and 10.

The Company did not trade during the year but acts as a holding company.

Key performance indicators

As the Company did not trade during the year, there are no key performance indicators to report.

Principal risks and uncertainties

The Company is a non-trading holding company, investing in suitable subsidiary companies as and when the opportunity arises.

The Company's activities expose it to a number of financial risks including credit, liquidity and political risk. The company does not use derivative financial instruments for speculative purposes

Credit risk

The Company's principal financial assets are intercompany receivables. The Company considers any credit risk to be minimal. The Company also has a letter of support from its parent, Coty Inc. which reduces the risks on intercompany recoverability as discussed in the going concern section below.

Cash flow and liquidity risk

As the Company has minimal outflows it does not have cash flow or liquidity risks.

Going concern

The directors have reviewed the going concern status of the Company by considering the cash and borrowing position of the Company, and its subsidiaries and most importantly the provision of support from the Company's parent company, Coty Inc. In order to simplify the group structure and reduce administrative costs, the directors of the Company are considering the liquidation of the Company in fiscal year 2024.

Coty Inc will continue to provide support as needed to enable the company to meet its obligations until the entity is fully liquidated.

Future developments and Events after the balance sheet date

The Directors are considering liquidating the company during fiscal year 2024.

Approval

Approved by the Board and signed on its behalf by:



M Hosenbokus

Director

01 November 2023

Registered Office: Eureka Park, Bradfield Road, Ashford, Kent, TN25 4AQ.

HFC Prestige Products Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 30 June 2023.

Principal activities

The principal activities of the company are that of a holding company.

Future developments

Details of future developments can be found in the Strategic report on pages 2 - 3 and form part of this report by cross reference.

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the Strategic report on pages 2 - 3, which form part of this report by cross-reference.

Dividends

No dividends were paid during the year (2022: GBP106,455,000).

Directors

The directors, who served throughout the year and up to the date of this report except as stated below, were as follows:

F Fowler
M Hosenbokus (appointed 27 April 2023)
F Patrick (resigned 27 April 2023)

Directors' indemnities

Coty Inc. (the parent company) has a global policy that provides qualifying third party indemnity provisions for the benefit of all directors within the group during the year, and this remains in force at the date of this report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, UHY Hacker Young LLP, is deemed to be reappointed under the Companies Act 2006, section 487(2).

Approved by the Board and signed on its behalf by:



M Hosenbokus
Director

01 November 2023

Registered office: Eureka Science Park, Bradfield Road, Ashford, Kent, England TN25 4AQ

HFC Prestige Products Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HFC PRESTIGE PRODUCTS LIMITED**

Opinion

We have audited the financial statements of HFC Prestige Products UK Limited (the company) for the year ended 30 June 2023 which comprise the profit and loss account, the balance sheet, the statement of change in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

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.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HFC PRESTIGE PRODUCTS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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.

Auditor's 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 auditor's 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company, which were contrary to applicable laws and regulations including fraud, 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 preparation of 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 inflated fixed and current assets.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HFC PRESTIGE PRODUCTS LIMITED

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Jones (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

Chartered Accountants

Statutory Auditor

01 November 2023

HFC Prestige Products Limited

Statement of Comprehensive Income As at 30 June 2023

	Note	2023	2022
		£'000	£'000
Other operating charges		-	(565)
Operating profit/(loss)		-	(565)
Finance income (net)	3	838	-
Profit/(loss) before tax		838	(565)
Tax on profit	6	(171)	(3)
Profit/(loss) for the financial year		<u>667</u>	<u>(568)</u>

The results relate to continuing operations as a holding company.

There are no recognised gains and losses for the current and preceding financial period other than as stated in the statement of Comprehensive Income.

HFC Prestige Products Limited

Statement of Financial Position As at 30 June 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Investments	7	796,158	796,158
		<u>796,158</u>	<u>796,158</u>
Current assets			
Debtors: amounts falling due within one year	8	32,150	31,383
		<u>32,150</u>	<u>31,383</u>
Creditors: amounts falling due within one year	9	(100)	-
Net current assets		<u>32,050</u>	<u>31,383</u>
Net assets		<u>828,208</u>	<u>827,541</u>
Capital and reserves			
Called-up share capital	10	3,859	3,859
Share premium	10	-	-
Merger reserve	10	4,734	4,734
Capital contribution reserve	10	8,562	8,562
Profit and loss account	10	811,053	810,386
Shareholders' funds		<u>828,208</u>	<u>827,541</u>

The financial statements of HFC Prestige Products Limited (registered number 00923687) were approved by the board of directors and authorised for issue on 01 November 2023. They were signed on its behalf by:



M Hosenbokus
Director

HFC Prestige Products Limited

Statement of changes in equity For the year ended 30 June 2023

	Called-up share capital £'000	Share premium £'000	Capital contribution reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total share-holders' funds £'000
At 1 July 2021	3,859	2,077,806	8,562	4,734	(1,160,397)	934,564
Reduction in Capital	-	(2,077,806)	-	-	2,077,806	-
Dividend in Specie	-	-	-	-	(106,455)	(106,455)
Loss for the financial year	-	-	-	-	(568)	(568)
At 30 June 2022	<u>3,859</u>	<u>-</u>	<u>8,562</u>	<u>4,734</u>	<u>810,386</u>	<u>827,541</u>
At 1 July 2022	3,859	-	8,562	4,734	810,386	827,541
Profit for the financial year	-	-	-	-	667	667
At 30 June 2023	<u>3,859</u>	<u>-</u>	<u>8,562</u>	<u>4,734</u>	<u>811,053</u>	<u>828,208</u>

HFC Prestige Products Limited

Notes to the financial statements For the year ended 30 June 2023

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

HFC Prestige Products Limited is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1.

The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its ultimate parent, Coty Inc., copies of which may be obtained from its registered office at 350 Fifth Avenue, New York, NY 10118.

Financial Reporting Standard 102 - Reduced Disclosure Exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by FRS 102 "The financial reporting standard applicable in the UK and the Republic of Ireland":

- ☐ the requirements of Section 4 Statement of Financial Position paragraph 4.12(a) (iv);
- ☐ the requirements of Section 7 Statement of Cash Flows;
- ☐ the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- ☐ the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A and
- ☐ the requirements of Section 26 Share Based Payments paragraphs 26.18b, 26.19 – 26.21 and 26.23

The company is exempt under Section 401 of the Companies Act 2006 to prepare consolidated financial statements. The company and its subsidiaries are included in the consolidated financial statements of Coty Inc., a company which is resident in the United States of America. Its financial statements are drawn up in a manner considered to be equivalent to UK GAAP consolidated financial statements as required by the EU Seventh Directive.

Basis of preparation and going concern

The directors have reviewed the going concern status of the Company by considering the cash and borrowing position of the Company, the Company and its subsidiaries latest re-based post Covid-19 forecasts and importantly the provision of support from the Company's parent company, Coty Inc.

The operations of the Company are structured such that there is reliance on ongoing support from its group parent to continue as a going concern. Having sought and received confirmation in terms of group structure and ongoing continuity of support from Coty Inc., and after considering the impact of the latest developments with regards to Covid-19, including those related to the latest financial position and solvency of Coty Inc., the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the approval of the financial statements.

In considering all the above, the directors continue to adopt the going concern basis in preparing the financial statements.

HFC Prestige Products Limited

Notes to the financial statements (continued) For the year ended 30 June 2023

1. Accounting policies (continued)

Finance Income

Finance income is shown as interest receivable and is recognised as interest accrued.

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(i) *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

HFC Prestige Products Limited

Notes to the financial statements (continued) For the year ended 30 June 2023

1. Accounting policies (continued)

(ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment.

For investments in subsidiaries acquired for consideration including the issue of shares qualifying for group reconstruction relief, cost is measured by reference to the carrying value of the investment in the sister company as at the date of acquisition. The excess above the nominal value of the shares issued is recorded as share premium.

For investments in subsidiaries acquired for consideration including the issue of shares where group reconstruction relief is not applied, cost is measured by reference to fair value.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

HFC Prestige Products Limited

Notes to the financial statements (continued) **For the year ended 30 June 2023**

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. 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. Due to the sale of the company's business and assets after the year end, management have concluded that any deferred tax will not be recoverable and it has therefore been written off.

Turnover

Turnover represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions and benefit changes. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These exchange differences are recognised in profit or loss in the period in which they arise.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Share-based payment

The ultimate parent company issues equity settled share options to certain employees. These instruments are treated as equity settled by the company and are measured at fair value on the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the company's estimate of shares that will eventually vest.

HFC Prestige Products Limited

Notes to the financial statements (continued) For the year ended 30 June 2023

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Management have not identified any critical judgements in applying the company's accounting policies.

Key source of estimation uncertainty

The impairment charge is an estimate of the recoverable amount of the investments. This is dependent on a number of assumptions about the future and thus a key source of estimation uncertainty.

3. Finance income

	2023 £'000	2022 £'000
Interest receivable and similar income	838	-
	<u>838</u>	<u>-</u>

4. Auditor's remuneration

Auditor's remuneration of £4,988 (2022: £4,750) is borne by a fellow group undertaking.

5. Directors' remuneration and transactions

Directors' remuneration was borne by fellow group undertakings in the current and preceding financial year.

HFC Prestige Products Limited

Notes to the financial statements (continued) For the year ended 30 June 2023

6. Tax on profit / (loss)

The tax charge comprises:

	2023 £'000	2022 £'000
Corporation tax:		
UK corporation tax charge	162	-
Adjustment in respect of prior periods	9	(3)
Tax on profit / (loss)	171	(3)

Reconciliation to current tax charge

The standard rate of tax applied to report profit on ordinary activities is 20.5% (2022: 19%).

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2023 £'000	2022 £'000
Profit / (loss) on ordinary activities before taxation	838	(565)
Tax on profit / (loss) at standard UK corporation tax rate of 20.5% (2022: 19%)	171	(107)
Factors affecting charge:		
Net of non-taxable income and expenses not deductible for tax purposes	(9)	107
Adjustment in respect of prior periods	9	(3)
Total tax charge for the year	171	(3)

HFC Prestige Products Limited

Notes to the financial statements (continued) For the year ended 30 June 2023

7. Investments

	Interests in group undertakings £'000
Cost	
At 1 July 2022	1,978,343
Disposals	-
At 30 June 2023	<u>1,978,443</u>
Accumulated impairment	
At 1 July 2022	1,182,185
Impairment charge for the year	-
At 30 June 2023	<u>1,182,185</u>
Net book value	
At 30 June 2022	<u>796,158</u>
At 30 June 2023	<u>796,158</u>

The impairment charge in the prior year arises following an impairment review triggered by Covid-19 and the disposal of certain of the subsidiaries businesses to Wella.

The disposal during the year is the loan distribution from Coty UK&I to the Company.

Interests in group undertakings

Name of Undertaking	Registered Office	Holding
Coty UK&I Limited	Eureka Park, Ashford, Kent, England TN25 4AQ	100%
Coty UK&I Irish Branch	25-28 North wall Quay, North wall, Dublin 1 D01 H104	100%
Quest Beauty Limited*	Eureka Park, Ashford, Kent, England TN25 4AQ	100%
HFC Prestige Service UK Limited*	Eureka Park, Ashford, Kent, England TN25 4AQ	100%
HFC Prestige Manufacturing UK Limited*	Eureka Park, Ashford, Kent, England TN25 4AQ	100%
Coty Manufacturing UK Limited*	Eureka Park, Ashford, Kent, England TN25 4AQ	100%
Coty Global 7 B.V.*	Buitenveldertselaan 3-5, 1082 VA Amsterdam, The Netherlands	100%
Coty Germany Holding GmbH*	Germany	100%
Coty Beauty Germany GMBH*	Berliner Allee 65, Darmstadt, 64295, Germany	100%
HFC Prestige Manufacturing Cologne Germany GmbH*	Wilhelm-Mauser-Str. 40 Köln 50827 Germany	100%
Russwell Limited*	16A, Leningradskoe shosse, bld. 2 Moscow 125171, Russian Federation	100%
Coty Hungary KFT*	Hungarian Capital Court of Companies	100%

HFC Prestige Products Limited

Notes to the financial statements (continued) For the year ended 30 June 2023

7. Investments (continued)

Name of Undertaking	Registered Office	Holding
Coty Ireland*	Unit A1 Nutgrove Office Park, Rathfarnham, Dublin 14, Republic of Ireland	100%
Coty Argentina S.A.*	Olga Cossettini 1545, Piso 3 Sur C1107CEK, Buenos Aires, Republica Argentina	100%
Coty Cosmetics Romania S.r.l.*	Soseaua Bucuresti-Ploiesti, 42-44 Bucuresti 013696, Romania	100%
Zadafo Verwaltungsgesellschaft GmbH*	Berliner Allee 65, Darmstadt, 64295, Germany	100%
Coty Brands Group Limited*	Eureka Park, Ashford, Kent, England TN25 4AQ	100%
Beauty International Limited*	Eureka Park, Ashford, Kent, England TN25 4AQ	100%
Coty Export UK Limited*	Eureka Park, Ashford, Kent, England TN25 4AQ	100%
Coty Services UK Limited*	Eureka Park, Ashford, Kent, England TN25 4AQ	100%
Lancaster Group Limited*	Eureka Park, Ashford, Kent, TN25 4AQ	100%

*Companies marked with an asterisk are held indirectly.

8. Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	32,150	31,383
	<u>32,150</u>	<u>31,383</u>

Amounts owed by parent and group undertakings are unsecured and have no fixed date of repayment. Corporate loans attract interest at a three-month base rate plus a spread

HFC Prestige Products Limited

Notes to the financial statements (continued) For the year ended 30 June 2023

9. Creditors: Amounts falling due within one year

	2023 £'000	2022 £'000
Amounts owed to group undertakings	72	-
Corporation tax payable	28	-
	<u>100</u>	<u>-</u>

Amounts owed to group undertakings are unsecured and have no fixed date of repayment. Corporate loans attract interest at a three-month base rate plus a spread.

10. Called-up share capital and reserves

	2023 £'000	2022 £'000
Allotted, called-up and fully-paid:		
3,859,044 (2022: 3,859,044) ordinary shares of £1 each	<u>3,859</u>	<u>3,859</u>

The company has one class of ordinary shares which carry no right to fixed income. There are no restrictions on the distribution of dividends and the repayment of capital.

The share premium reserve arose on the issue of equity shares, net of issue expenses. During the year the share premium reserve was moved to Retained Earnings as part of a capital reduction.

The merger reserve represents the net gain or losses incurred as a result of applying group reconstruction relief on transferring certain trade and assets for shares issued by the company.

The capital contribution reserve represents additional amounts contributed by a parent company, which do not constitute share ownership.

The profit and loss reserve represents cumulative profit or losses, net of dividends paid and other adjustments.

11. Related party transactions

Directors have taken advantage of the exemption under FRS 102 from disclosing transactions with other wholly-owned group-members. There are no other related party transactions.

12. Controlling party

The directors regard Coty Inc. as the company's ultimate controlling party.

Coty Inc. is the parent undertaking of the largest and smallest group of which HFC Prestige Products Limited is a member and for which group financial statements are drawn up. Coty Inc. is incorporated in the USA and copies of the consolidated financial statements can be obtained at the registered office, 350 Fifth Avenue, New York, NY 10118.

At the balance sheet date, the immediate parent company was Coty Holding TopCo BV.