Registered number: 06945009

HSNF LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

HSNF LIMITED

COMPANY INFORMATION

Directors	Ben White David Yonatan Dan Iian (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 1EF

HSNF LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2023

Introduction

As we reflect on the achievements of the financial year 2023, HSNF Ltd continues its journey towards excellence in the beauty eCommerce industry making remarkable strides in its journey towards growth and market domination within the beauty eCommerce sector. The CEO's review provides a thorough assessment of the company amd group's performance, emphasizing key strategic initiatives that drove us forward and contributed to our sustained growth and profitability.

Market Dynamics and Response:

As we navigated the transition into a post-COVID normalcy, marked by dynamic shifts in consumer behaviours and market landscapes, HSNF Ltd exhibited remarkable resilience. Despite the challenges posed by this period of transformation, we not only maintained a consistent revenue flow and profitability but also achieved significant growth in our range of branded products. This exceptional performance is a testament to our adaptability and strategic agility, allowing us to seize opportunities amidst evolving market dynamics and emerge stronger than before.

Financial Performance:

In Financial year 2023, the group reported a turnover of £39.85 million, gross profit of £12.56 million, an operating profit of £1.2 million and a profit before tax of £1.05 million. These robust financial results underscored our resilience and ability to navigate challenges while sustaining growth.

Strategic Initiatives:

Our strategic initiatives spanned multiple critical areas, each contributing to our overarching goal of sustained growth and market leadership.

Expansion into New Geographic Areas: We strategically expanded our footprint into new geographic territories by establishing a distribution centre in Eastern Europe, launching dedicated websites, and tailoring offerings to diverse consumer segments. This penetration into untapped markets unlocked revenue opportunities and expanded our market reach.

Relocation of London Warehouse to Wales Distribution Facility: This strategic initiative involved the relocation of our London warehouse to a newly established distribution facility in Wales. The decision to move was driven by several factors, including cost-effectiveness, logistical advantages, and operational efficiency. By consolidating our operations into a centralized distribution centre in Wales, we aimed to streamline processes, reduce overhead costs, and improve service levels to customers.

Digital Marketing and Brand Awareness: Leveraging advanced digital marketing strategies, by tailoring our messaging to specific audience segments, partnering with authentic influencers, and creating engaging content, we effectively captured attention in the digital landscape, boosting brand visibility and engagement.

Product Innovation and Development: Innovation remained central to our growth strategy. Through dedicated research and development, we iterated on our product offerings to address evolving consumer needs and preferences. This focus on innovation ensured our brands remained at the forefront of industry trends.

Talent Acquisition: We intensified efforts in talent acquisition, seeking individuals with diverse expertise and experiences to contribute to our organization's success. Fostering a culture of innovation, collaboration, and continuous learning ensured our team remained ahead of industry developments. Resulting in a headcount growth from 78 to 86.

Customer Experience and Satisfaction: Prioritizing customer feedback and data-driven insights, we enhanced the overall customer experience. From optimizing website functionality to streamlining the purchasing process, our initiatives aimed to exceed customer expectations, fostering long-term loyalty and advocacy.

Sustainability and Corporate Responsibility: Integrating sustainability into our business practices, we focused on ethical sourcing and sustainable packaging. These efforts aligned with environmental and social responsibility, resonating with conscientious consumers, and strengthening our brand reputation.

The appointment of three new directors to our board in March 2023 marked a significant milestone for our company, bringing a wealth of experience, diverse perspectives, and valuable expertise to our leadership team. Each director's unique background and skill set have already begun to positively impact on our strategic decision-making and organizational development. Collectively, the addition of Dan Ilan, Roman Maksymenkov, and Ajitpal Saini to our board reinforces our commitment to excellence, innovation, and strategic growth. Their diverse backgrounds, complementary skill sets, and shared vision for the future position us for continued success and leadership in the ever-evolving marketplace.

HSNF Ltd continues to thrive as a dynamic eCommerce powerhouse, showcasing three premier brands: Mylee, PraNaturals, and Magnitone. With a primary emphasis on nail care, skincare, and waxing solutions, we've carved a niche in these essential beauty segments. Through a strategic fusion of retail and trade channels, we've cultivated a formidable presence in top-tier retail chains and online marketplaces spanning the UK and EU.

Business strategy involves diversifying revenue streams through strategic partnerships and exploring vertical integration within related sectors of the beauty industry. By forming alliances with other eCommerce platforms, we can expand our distribution network and reach new customer segments. Additionally, expanding our product development initiatives presents a significant opportunity to drive growth and innovation. By focusing on new product development (NPD), we can tap into emerging trends, address evolving consumer needs, and strengthen our competitive position in the market.

Key Performance Indicators (KPIs):

We continue to track key performance indicators, including revenue growth, customer acquisition and retention rates, customer lifetime value, conversion rate, average order value, product return rate, websites traffic and engagement metrics and gross profit margin, to evaluate our performance and inform strategic decision-making.

Risks and Uncertainties:

By addressing and mitigating risks and uncertainties, HSNF Ltd can enhance its resilience and adaptability in the ever-changing business landscape.

Supply Chain Interruptions: Disruptions in the supply chain due to factors such as natural disasters, trade disputes, or geopolitical tensions could affect our ability to deliver products to customers on time.

Economic Recession: Economic downturns or recessions in key markets may lead to decreased consumer spending on beauty products, impacting our sales and revenue.

Intellectual Property Infringement: The risk of competitors or third parties infringing on our intellectual property rights, such as trademarks or patents, could lead to legal disputes or loss of market exclusivity.

Data Security Breaches: The increasing reliance on digital platforms and customer data poses a risk of cybersecurity breaches, hacking, or data leaks, potentially compromising sensitive customer information and damaging our reputation.

Supplier Reliability: Dependence on a limited number of suppliers or reliance on suppliers in regions prone to political instability or economic volatility may pose risks to our supply chain resilience and continuity.

Environmental Sustainability Regulations: Increasing regulations related to environmental sustainability, such as restrictions on certain ingredients or packaging materials, could require us to reformulate products or invest in eco-friendly packaging solutions, impacting costs and operations.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Viability Assessment:

Our financial metrics demonstrate resilience and strength, with consistent revenue streams and healthy profit margins. This stability is a testament to our prudent financial management practices and effective cost controls, ensuring that we remain well-capitalized to weather any potential economic uncertainties.

An analysis of market trends and competitive dynamics indicates that we are strategically positioned to capitalize on emerging opportunities and mitigate potential threats. Our robust brand presence, coupled with a deep understanding of consumer preferences, enables us to maintain a competitive edge in the ever-evolving beauty eCommerce industry.

In summary, our viability assessment reaffirms our confidence in our ability to continue operating and generating sustainable profits. By leveraging our strengths, mitigating risks, and embracing strategic opportunities, we are well-positioned to thrive in the dynamic and competitive business environment.

This report was approved by the board on 28 Mar 2024 and signed on its behalf.

Ben White
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023

The directors present their report and the financial statements for the year ended 30 June 2023.

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 on 25 June 2009. The principal activity of the Company and Group continued to be that of retail and wholesale sales of beauty products.

Results and dividends

The profit for the year, after taxation, amounted to £670,099 *(2022 - £1,844,000)*.

Directors

The directors who served during the year were:

Ben White
David Yonatan
Dan Ilan (appointed 22 March 2023)
Roman Maksymenkov (appointed 22 March 2023)
Ajitpal Saini (appointed 22 March 2023)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

Political contributions

The Company made no contributions during the year.

Financial instruments

The Company's financial risk management objectives and policies are disclosed in note 31. Details of the use of financial instruments are also given in notes 5.2 and 31.

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 28 Mar 2024 and signed on its behalf.

Ben White
Director

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 2023 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 21 - 30. 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 2023 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.

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.

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 4, 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 mistatement due to fraud;
- reading minutes of meetings;
- assessing any mangement override of controls by testing journal entries and other adjustments and reviewing accounting estimates for indications of potential bias and;
- evaluating any transactions that are unusual or outside the normal course of business and maintaining alert to any fraud risks throughout the audit;

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' 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 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.

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

Daniel Reid (Senior statutory auditor)

for and on behalf of
Donald Reid Limited

Chartered Accountants
Statutory auditors

18a/20 King Street
Maidenhead
Berkshire
SL6 1EF
Date: 01 Apr 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	*2022* *£*
Revenue	6	**39,847,642**	*34,808,377*
Cost of sales		**(27,285,871)**	*(23,174,115)*
Gross profit		**12,561,771**	*11,634,262*
Other operating income	7	**2,356**	*114*
Administrative expenses		**(6,873,362)**	*(5,868,158)*
Selling expenses		**(4,488,900)**	*(3,164,330)*
Profit from operations		**1,201,865**	*2,601,888*
Finance income		**-**	*1*
Finance expense		**(155,964)**	*(106,588)*
Profit before tax		**1,045,901**	*2,495,301*
Tax expense	13	**(375,802)**	*(651,301)*
Profit for the year		**670,099**	*1,844,000*
Total comprehensive income		**670,099**	*1,844,000*

The notes on pages 21 to 61 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 £	*2022 £*
Assets			
Non-current assets			
Property, plant and equipment	14	**2,807,536**	*2,873,210*
Other intangible assets	15	**5,530**	*9,040*
Goodwill	16	**472,967**	*645,070*
Other non-current investments	18	**11,470**	*11,469*
		3,297,503	*3,538,789*
Current assets			
Inventories	19	**7,178,196**	*8,235,948*
Trade and other receivables	20	**3,691,246**	*3,450,385*
Cash and cash equivalents		**3,356,483**	*2,388,192*
		14,225,925	*14,074,525*
Total assets		**17,523,428**	*17,613,314*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2023

	Note	2023 £	*2022 £*
Liabilities			
Non-current liabilities			
Loans and borrowings	22	**2,128,737**	*2,232,292*
Deferred tax liability	13	**47,163**	*52,046*
		2,175,900	*2,284,338*
Current liabilities			
Bank overdraft	21	**408**	-
Trade and other liabilities	21	**5,333,560**	*5,630,521*
Loans and borrowings	22	**385,953**	*456,271*
		5,719,921	*6,086,792*
Total liabilities		**7,895,821**	*8,371,130*
Net assets		**9,627,607**	*9,242,184*
Issued capital and reserves attributable to owners of the parent			
Share capital	24	**100**	*100*
Foreign exchange reserve	25	**(3,923)**	-
Retained earnings	25	**9,631,430**	*9,242,084*
		9,627,607	*9,242,184*
TOTAL EQUITY		**9,627,607**	*9,242,184*

The financial statements on pages 10 to 61 were approved and authorised for issue by the board of directors on and were signed on its behalf by:
28 Mar 2024

Ben White
Director

The notes on pages 21 to 61 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 £	2022 £
Assets			
Non-current assets			
Property, plant and equipment	14	**2,601,777**	*2,873,210*
Other intangible assets	15	**5,530**	*9,040*
Other non-current investments	18	**11,470**	*11,469*
		2,618,777	*2,893,719*
Current assets			
Inventories	19	**7,178,196**	*8,235,948*
Trade and other receivables	20	**3,878,057**	*3,461,023*
Cash and cash equivalents		**2,917,247**	*2,005,340*
		13,973,500	*13,702,311*
Total assets		**16,592,277**	*16,596,030*

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2023

	Note	2023 £	*2022 £*
Liabilities			
Non-current liabilities			
Loans and borrowings	22	**2,081,150**	*2,191,031*
Deferred tax liability	13	**47,163**	*52,046*
		2,128,313	*2,243,077*
Current liabilities			
Trade and other liabilities	21	**5,776,576**	*6,160,611*
Loans and borrowings	22	**204,873**	*410,934*
		5,981,449	*6,571,545*
Total liabilities		**8,109,762**	*8,814,622*
Net assets		**8,482,515**	*7,781,408*
Issued capital and reserves attributable to owners of the parent			
Share capital	24	**100**	*100*
Retained earnings	25	**8,482,415**	*7,781,308*
TOTAL EQUITY		**8,482,515**	*7,781,408*

The Company's profit for the year was £981,862 (2022 - £1,895,815).

The financial statements on pages 10 to 61 were approved and authorised for issue by the board of directors on and were signed on its behalf by:

28 Mar 2024

Ben White
Director

The notes on pages 21 to 61 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Foreign exchange reserve	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£	£	£	£
At 1 July 2021	100	-	9,417,673	9,417,773	9,417,773
Comprehensive income for the year					
Profit for the year	-	-	1,844,000	1,844,000	1,844,000
Total comprehensive income for the year	-	-	1,844,000	1,844,000	1,844,000
Contributions by and distributions to owners					
Dividends	-	-	(2,034,992)	(2,034,992)	(2,034,992)
Share based payments	-	-	15,403	15,403	15,403
Total contributions by and distributions to owners	-	-	(2,019,589)	(2,019,589)	(2,019,589)
At 30 June 2022	**100**	**-**	**9,242,084**	**9,242,184**	**9,242,184**
At 1 July 2022	100	-	9,242,085	9,242,185	9,242,185
Comprehensive income for the year					
Profit for the year	-	-	670,099	670,099	670,099
Other comprehensive income	-	(3,923)	-	(3,923)	(3,923)
Total comprehensive income for the year	-	(3,923)	670,099	666,176	666,176
Contributions by and distributions to owners					
Dividends	-	-	(300,000)	(300,000)	(300,000)
Share based payments	-	-	19,245	19,245	19,245
Total contributions by and distributions to owners	-	-	(280,755)	(280,755)	(280,755)
At 30 June 2023	**100**	**(3,923)**	**9,631,429**	**9,627,606**	**9,627,606**

The notes on pages 21 to 61 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 July 2021	100	7,905,082	7,905,182
Comprehensive income for the year			
Profit for the year	-	1,895,815	1,895,815
Total comprehensive income for the year	-	1,895,815	1,895,815
Contributions by and distributions to owners			
Dividends	-	(2,034,992)	(2,034,992)
Share based payments	-	15,403	15,403
Total contributions by and distributions to owners	-	(2,019,589)	(2,019,589)
At 30 June 2022	**100**	**7,781,308**	**7,781,408**
At 1 July 2022	100	7,781,308	7,781,408
Comprehensive income for the year			
Profit for the year	-	981,862	981,862
Total comprehensive income for the year	-	981,862	981,862
Contributions by and distributions to owners			
Dividends	-	(300,000)	(300,000)
Share based payments	-	19,245	19,245
Total contributions by and distributions to owners	-	(280,755)	(280,755)
At 30 June 2023	**100**	**8,482,415**	**8,482,515**

The notes on pages 21 to 61 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the year		**670,099**	*1,844,000*
Adjustments for			
Depreciation of property, plant and equipment	14	**557,250**	*410,016*
Amortisation of intangible fixed assets	15	**3,510**	*66,729*
Impairment of goodwill	15	**172,103**	-
Gain on reversal of inventory write down		**(288,606)**	*(248,339)*
Finance income		-	*(1)*
Finance expense		**155,964**	*106,192*
Share-based payment expense	28	**19,245**	*15,403*
Income tax expense	13	**375,802**	*651,301*
		1,665,367	*2,845,301*
Movements in working capital:			
Increase in trade and other receivables	20	**(173,225)**	*(404,321)*
Due from related parties		**145,157**	*(145,157)*
Decrease/(increase) in inventories	19	**1,057,752**	*(2,378,154)*
Prepaid expenses		**(212,793)**	*(77,138)*
Increase/(decrease) in trade and other payables	21	**547,690**	*(513,669)*
Cash generated from operations		**3,029,948**	*(673,138)*
Income taxes paid		**(1,197,639)**	*(1,418,696)*
Net cash from/(used in) operating activities		**1,832,309**	*(2,091,834)*
Cash flows from investing activities			
Purchases of property, plant and equipment		**(108,143)**	*(338,468)*
Interest paid		-	*(40,137)*
Net cash used in investing activities		**(108,143)**	*(378,605)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

	2023 £	*2022 £*
Cash flows from financing activities		
Repayment of bank borrowings	**(58,903)**	*(21,989)*
Dividends paid to the holders of the parent	**(300,000)**	*(1,034,992)*
Payment of lease liabilities	**(397,380)**	*(381,659)*
Net cash used in financing activities	**(756,283)**	*(1,438,640)*
Net increase/(decrease) in cash and cash equivalents	**967,883**	*(3,909,079)*
Cash and cash equivalents at the beginning of year	**2,388,192**	*6,297,271*
Cash and cash equivalents at the end of the year	**3,356,075**	*2,388,192*

The notes on pages 21 to 61 form part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Profit for the year		**981,862**	*1,895,815*
Adjustments for			
Depreciation of property, plant and equipment	14	**450,819**	*410,016*
Amortisation of intangible fixed assets	15	**3,510**	*66,729*
Gain on reversal of inventory write down		**(288,606)**	*(284,339)*
Finance expense		**145,657**	*105,501*
Income tax expense	13	**347,396**	*651,301*
		1,640,638	*2,845,023*
Movements in working capital:			
Increase in trade and other receivables		**(126,540)**	*(550,273)*
Increase in related parties		**(129,545)**	*(145,596)*
Decrease/(increase) in inventories		**1,057,752**	*(2,378,153)*
Prepaid expenses		**(160,796)**	*(77,138)*
Increase/(decrease) in trade and other payables		**533,100**	*(249,383)*
Cash generated from operations		**2,814,609**	*(555,520)*
Income taxes paid		**(1,197,639)**	*(1,398,300)*
Net cash from/(used in) operating activities		**1,616,970**	*(1,953,820)*
Cash flows from investing activities			
Purchases of property, plant and equipment		**(33,537)**	*(338,468)*
Interest paid		**-**	*(8,140)*
Net cash used in investing activities		**(33,537)**	*(346,608)*

COMPANY STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2023

	2023 £	*2022* *£*
Cash flows from financing activities		
Repayment of bank borrowings	**(39,693)**	*(9,420)*
Dividends paid to the holders of the parent	**(300,000)**	*(1,034,992)*
Payment of lease liabilities	**(331,833)**	*(381,659)*
Net cash used in financing activities	**(671,526)**	*(1,426,071)*
Net increase/(decrease) in cash and cash equivalents	**911,907**	*(3,726,499)*
Cash and cash equivalents at the beginning of year	**2,005,340**	*5,731,839*
Cash and cash equivalents at the end of the year	**2,917,247**	*2,005,340*

The notes on pages 21 to 61 form part of these financial statements.

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.

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 2023, the Group made a net profit £670,099, the Group had significant cash reserves at the year end of £3,356,483, and net assets of £9,627,607.

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.

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 does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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 recieved 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 recieved 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 recieved 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.

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate, based on the Bank of England base rate at the time of the lease starting.

1. Accounting policies (continued)

1.5 Leasing (continued)

The Group as a lessee (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in the 'Loans and borrowings' line in the Consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' and 'Investment Property' lines, as applicable, in the Consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 1.11.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

1. Accounting policies (continued)

1.6 Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into pounds using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

1. Accounting policies (continued)

1.7 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.

1.8 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. Accounting policies (continued)

1.9 Share-based payments

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28.

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 Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

1.10 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.

1. Accounting policies (continued)

1.10 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.

1. Accounting policies (continued)

1.10 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.

1.11 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	5 years straight line
Right of use assets	The length of the lease
Plant and machinery	5 years straight line
Fixtures and fittings	3 years straight line
Computer equipment	3 years straight line
Other property, plant and equipment	5 years straight line

1.12 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	3 years straight line
Licences	10 years straight line

1.13 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.

1. Accounting policies (continued)

1.14 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.

1.15 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.

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.

3.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 July 2022

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

IAS 37 defines an onerous contract as a contract in which the unavoidable costs (costs that the Group has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify, that the costs relating directly to the contract consist of both:
- The incremental costs of fulfilling that contract- e.g. direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g. Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

These amendments had no impact on the year-end consolidated financial statements of the Group as there are no onerous contracts.

3. Basis of preparation (continued)

3.2 Changes in accounting policies (continued)

i) New standards, interpretations and amendments effective from 1 July 2022 (continued)

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use . The proceeds from selling such samples, together with the costs of producing them, are now recognised in profit or loss.

These amendments had no impact on the year-end consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, 9, 16 and IAS 41)

• IFRS 1: Subsidiary as a First-time Adopter (FTA)
• IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities
• IAS 41: Taxation in Fair Value Measurements

References to Conceptual Framework (Amendments to IFRS 3)

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

ii) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

New standard or interpretation	EU Endorsement status	Mandatory effective date (period beginning)
Definition of Accounting Estimates - Amendments to IAS 8	Endorsed	1 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statements	Endorsed	1 January 2023
IFRS 17 Insurance Contracts	Endorsed	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a single Transaction - Amendments to IAS 12	Endorsed	1 January 2023
International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12	Endorsed	1 January 2023
Classification of Liabilities as Current or Non-current Liabilities with Covenato IAS 1	Endorsed	1 Janauary 2024

3. Basis of preparation (continued)

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

Lease Liability in Sale and Leaseback - Amendments to IFRS 16	Endorsed	1 January 2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	Endorsed	1 January 2024
Lack of exchangeability - Amendments to IAS 21	Endorsed	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendements to IFRS 10 and IAS 28	Endorsed	1 January 2025

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. The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

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.

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 the 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.

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, 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

5. Accounting estimates and judgments (continued)

5.2 Estimates and assumptions (continued)

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.

6. Revenue

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

	2023 £	2022 £
Sale of goods	**39,806,205**	*34,808,377*
Rent receivable	**19,880**	-
Other income	**21,557**	-
	39,847,642	*34,808,377*

Analysis of revenue by country of destination:

	2023 £	2022 £
United Kingdom	**31,156,790**	*29,062,953*
Europe	**8,690,852**	*5,745,424*
	39,847,642	*34,808,377*

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

7. Other operating income

	2023 £	2022 £
Government grants receivable	**2,356**	*114*
	2,356	*114*

8. Expenses by nature

	2023 £	2022 £
Depreciation of property, plant and equipment	**557,250**	*410,016*
Amortisation of intangible assets	**3,510**	*66,729*
Foreign exchange loss	**(3,050)**	*103,258*
Loan provision	**850,000**	-

The company has provided against an associate company loan that was written off after year end.

9. Auditors' remuneration

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

	2023 £	2022 £
Fees payable to the auditors for the audit of the consolidated and parent Company's financial statements	**15,000**	*18,450*

10. Employee benefit expenses

Group & Company

	2023 £	2022 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**3,312,333**	*2,839,299*
National insurance	**274,673**	*284,789*
Defined contribution pension cost	**47,473**	*41,393*
	3,634,479	*3,165,481*

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 4, and the Financial Controller of the Company.

	2023 £	2022 £
Salary	**405,200**	*5,000*
Other benefits	**4,887**	-
Defined contribution scheme costs	**2,642**	-
	412,729	*5,000*

10. Employee benefit expenses (continued)

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

	2023 No.	*2022 No.*
Directors	**2**	*2*
Staff	**84**	*76*
	86	*78*

11. Directors' remuneration

	2023 £	*2022 £*
Directors' emoluments	**405,200**	*5,000*
Group contributions to pension schemes	**2,642**	-
Other benefits	**4,887**	-
	412,729	*5,000*

The highest paid director's emoluments were as follows:

	2023 £	*2022 £*
Total emoluments and amounts receivable under long-term incentive schemes (excluding shares)	**237,468**	-
	237,468	-

12. Finance income and expense

Recognised in profit or loss

	2023 £	*2022* *£*
Finance income		
Interest on:		
- Bank deposits	-	*1*
Total interest income arising from financial assets measured at amortised cost or FVOCI	-	*1*
Total finance income	-	*1*
Finance expense		
Bank interest payable	**1**	*3,800*
Right of use asset notional interest	**85,045**	*66,451*
Other loan interest payable	**59,352**	*5,427*
Other interest payable	**11,566**	*30,910*
Total finance expense	**155,964**	*106,588*

13. Tax expense

13.1 Income tax recognised in profit or loss

	2023 £	*2022* *£*
Current tax		
Current tax on profits for the year	**486,311**	*617,025*
Adjustments in respect of prior years	**(133,570)**	*-*
Overseas tax	**27,944**	*-*
Total current tax	**380,685**	*617,025*
Deferred tax expense		
Origination and reversal of timing differences	**(4,883)**	*34,276*
Total deferred tax	**(4,883)**	*34,276*
	375,802	*651,301*
Total tax expense		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	**375,802**	*651,301*
	375,802	*651,301*

13. Tax expense (continued)

13.1 Income tax recognised in profit or loss (continued)

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:

	2023 £	2022 £
Profit for the year	**670,100**	*1,844,000*
Income tax expense (including income tax on associate, joint venture and discontinued operations)	**375,802**	*651,301*
Profit before income taxes	**1,045,902**	*2,495,301*
Tax using the Company's domestic tax rate of 23.5% (2022:19%)	**261,476**	*474,107*
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	**13,476**	*118,671*
Capital allowances for the year in excess of depreciation	**31,392**	*(13,396)*
Changes in tax rates	**(35,458)**	-
Higher rate taxes on overseas earnings	**27,944**	-
Adjustments to tax charge in respect of prior periods	**(133,570)**	-
Other timing differences leading to an increase/(decrease) in taxation	**210,542**	-
Prior year adjustment	**-**	*71,919*
Total tax expense	**375,802**	*651,301*

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

13.2 Deferred tax balances

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

	2023 £	2022 £
Deferred tax liabilities	**(47,163)**	*(52,046)*
	(47,163)	*(52,046)*

14. Property, plant and equipment

Group

	Long-term leasehold property £	Right of Use Assets £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Other property, plant and equipment £	Total £
Cost or valuation							
At 1 July 2021	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
Additions	15,888	222,654	18,607	57,121	2,669	28,788	345,727
Revaluations	-	145,849	-	-	-	-	145,849
At 30 June 2023	**577,833**	**3,758,589**	**473,791**	**57,121**	**2,669**	**28,788**	**4,898,791**

14. Property, plant and equipment (continued)

	Long-term leasehold property £	Right of use assets £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Other property, plant and equipment £	Total £
Accumulated depreciation and impairment							
At 1 July 2021	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
Charge owned for the year	111,696	-	57,468	19,677	855	5,312	195,008
Charged financed for the year	184	362,058	-	-	-	-	362,242
At 30 June 2023	**277,306**	**1,466,492**	**321,613**	**19,677**	**855**	**5,312**	**2,091,255**
Net book value							
At 1 July 2021	224,560	2,165,037	161,184	-	-	-	2,550,781
At 30 June 2022	396,519	2,285,652	191,039	-	-	-	2,873,210
At 30 June 2023	300,527	2,292,097	152,178	37,444	1,814	23,476	2,807,536

14. Property, plant and equipment (continued)

14.1. 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:

	2023 £	2022 £
Property, plant and equipment owned	**515,439**	*587,558*
Right-of-use assets, excluding investment property	**2,292,097**	*2,285,652*
	2,807,536	*2,873,210*

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

Net book value

	2023 £	2022 £
Property	**2,292,097**	*2,285,652*
	2,292,097	*2,285,652*

Depreciation charge for the year ended

	2023 £	2022 £
Property	**362,242**	*273,362*
	362,242	*273,362*

14. Property, plant and equipment (continued)

Company

	Long-term leasehold property £	Right of use assets £	Plant and machinery £	Total £
Cost or valuation				
At 1 July 2021	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
Additions	14,930	-	18,607	33,537
Revaluations	-	145,849	-	145,849
At 30 June 2023	**576,875**	**3,535,935**	**473,791**	**4,586,601**

	Long-term leasehold property £	Right of use assets £	Plant and machinery £	Total £
Accumulated depreciation and impairment				
At 1 July 2021	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
Charge owned for the year	111,696	-	57,468	169,164
Charged financed for the year	-	281,655	-	281,655
At 30 June 2023	**277,122**	**1,386,089**	**321,613**	**1,984,824**
Net book value				
At 1 July 2021	224,560	2,165,037	161,184	2,550,781
At 30 June 2022	396,519	2,285,652	191,039	2,873,210
At 30 June 2023	299,753	2,149,846	152,178	2,601,777

14. Property, plant and equipment (continued)

14.2. 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:

	2023 **£**	*2022* *£*
Property, plant and equipment owned	**451,931**	*587,558*
Right-of-use assets, excluding investment property	**2,149,846**	*2,285,652*
	2,601,777	*2,873,210*

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

Net book value

	2023 **£**	*2022* *£*
Property	**2,149,846**	*2,285,652*
	2,149,846	*2,285,652*

Depreciation charge for the year ended

	2023 **£**	*2022* *£*
Property	**281,655**	*273,362*
	281,655	*273,362*

15. Intangible assets

Group & Company

	Development expenditure £	Licences £	Total £
Cost			
At 1 July 2021	227,888	35,100	262,988
At 30 June 2022	227,888	35,100	262,988
At 30 June 2023	**227,888**	**35,100**	**262,988**

	Development expenditure £	Licences £	Total £
Accumulated amortisation and impairment			
At 1 July 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
Charge for the year - owned	-	3,510	3,510
At 30 June 2023	**227,888**	**29,570**	**257,458**
Net book value			
At 1 July 2021	63,219	12,550	75,769
At 30 June 2022	-	9,040	9,040
At 30 June 2023	-	5,530	5,530

16. Goodwill

Group

	2023	*2022*
	£	*£*
Cost	**645,070**	*645,070*
Accumulated impairment	**(172,103)**	-
	472,967	*645,070*

	2023	*2022*
	£	*£*
Cost		
At 1 July	**645,070**	*645,070*
At 30 June	**645,070**	*645,070*
Impairment charge	**172,103**	-

16.1 Allocation of goodwill to cash generating units

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

	2023	*2022*
	£	*£*
BB Brands Limited	**472,967**	*472,967*
Perachem Limited	-	*172,103*
	472,967	*645,070*

17. 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 (%) 2023	2022
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) Mylee Beauty Limited	United Kingdom	100	100
6) HSNF (HK) Limited	Hong Kong	100	100
7) HSNF IE Ltd	Ireland	100	100
8) HSNF Poland	Poland	100	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 2023, 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 2023.

18. Other non-current investments

Group & Company

	Note	2023 £	*2022 £*
Other fixed asset investments		**11,470**	*11,469*
		11,470	*11,469*

19. Inventories

Group & Company

	2023 £	*2022* *£*
Finished goods and goods for resale	**7,178,196**	*8,235,948*
	7,178,196	*8,235,948*

The amount of inventories recognised as an expense during 2023 was £11,267,207 *(2022 - £10,187,493)*.

20. Trade and other receivables

Group

	2023 £	2022 £
Trade receivables	2,705,778	2,249,744
Less: provision for impairment of trade receivables	(104,008)	(63,344)
Trade receivables - net	2,601,770	2,186,400
Receivables from related parties	-	145,157
Total financial assets other than cash and cash equivalents classified as loans and receivables	2,601,770	2,331,557
Prepayments and accrued income	561,442	348,649
Other receivables	528,034	770,179
Total trade and other receivables	3,691,246	3,450,385

Company

	2023 £	2022 £
Trade receivables	2,669,213	2,211,680
Less: provision for impairment of trade receivables	(104,008)	(63,344)
Trade receivables - net	2,565,205	2,148,336
Receivables from related parties	324,908	195,260
Total financial assets other than cash and cash equivalents classified as loans and receivables	2,890,113	2,343,596
Prepayments and accrued income	509,445	348,649
Other receivables	478,499	768,778
Total trade and other receivables	3,878,057	3,461,023

21. Trade and other payables

Group

	2023 £	2022 £
Trade payables	2,756,591	2,845,147
Other payables	1,479,298	1,108,383
Accruals	241,389	121,692
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	4,477,278	4,075,222
Other payables - tax and social security payments	856,282	1,555,299
Total trade and other payables	5,333,560	5,630,521
Less: current portion - trade payables	(2,756,591)	(2,845,147)
Less: current portion - other payables	(2,335,580)	(2,663,682)
Less: current portion - accruals	(241,389)	(121,692)
Total current portion	(5,333,560)	(5,630,521)
Total non-current position	-	-

Company

	2023 £	2022 £
Trade payables	3,226,957	3,378,104
Other payables	1,451,530	1,086,339
Accruals	264,348	144,651
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	4,942,835	4,609,094
Other payables - tax and social security payments	833,741	1,551,517
Total trade and other payables	5,776,576	6,160,611
Less: current portion - trade payables	(3,226,957)	(3,378,104)
Less: current portion - other payables	(2,285,271)	(2,637,856)
Less: current portion - accruals	(264,348)	(144,651)
Total current portion	(5,776,576)	(6,160,611)
Total non-current position	-	-

22. Loans and borrowings

Group

	2023 £	2022 £
Non-current		
Bank loans - secured	**47,587**	*80,954*
Lease liabilities	**2,081,150**	*2,151,338*
	2,128,737	*2,232,292*
Current		
Overdrafts	**408**	-
Bank loans - secured	**19,801**	*45,337*
Lease liabilities	**366,152**	*410,934*
	386,361	*456,271*
Total loans and borrowings	**2,515,098**	*2,688,563*

Company

	2023 £	2022 £
Non-current		
Bank loans - secured	-	*39,693*
Lease liabilities	**2,081,150**	*2,151,338*
	2,081,150	*2,191,031*
Current		
Lease liabilities	**204,873**	*410,934*
	204,873	*410,934*
Total loans and borrowings	**2,286,023**	*2,601,965*

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

23. Employee benefit liabilities

At the year end, there was a liability totalling £19,668 (2022: *£18,893*) related to the defined benefit pension scheme.

24. Share capital

Authorised

	2023 Number	2023 £	*2022 Number*	*2022 £*
Shares treated as equity				
Ordinary shares of £0.001 each	**100,000**	**100**	*100,000*	*100*
	100,000	**100**	*100,000*	*100*

Issued and fully paid

	2023 Number	2023 £	*2022 Number*	*2022 £*
Ordinary shares of £0.001 each				
At 1 July and 30 June	**100,000**	**100**	*100,000*	*100*

25. 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.

Foreign exchange reserve

Includes the gains and losses on the translation of foreign subsidiaries

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.

26. Analysis of amounts recognised in other comprehensive income

	Foreign exchange reserve £
Year to 30 June 2023	
Translation of foreign subsidary	(3,923)
	(3,923)

27. 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:

	2023 £	2022 £
Contractual undiscounted cash flows due		
Not later than one year	**312,862**	*410,934*
Between one year and five years	**982,862**	*664,824*
Later than five years	**1,456,583**	*1,486,514*
	2,752,307	*2,562,272*
Lease liabilities included in the Consolidated Statement of Financial Position at 30 June	**2,447,302**	*2,562,272*
Non-current	**2,081,150**	*2,151,338*
Current	**366,152**	*410,934*

27. 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:

	2023 £	*2022* *£*
Contractual undiscounted cash flows due		
Not later than one year	**225,750**	*410,934*
Between one year and five years	**903,000**	*664,824*
Later than five years	**1,456,583**	*1,486,514*
	2,585,333	*2,562,272*
Lease liabilities included in the Company Statement of Financial Position at 30 June	**2,286,023**	*2,562,272*
Non-current	**2,081,150**	*2,151,338*
Current	**204,873**	*410,934*

28. Share based payments

28.1. 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 £19,245 (2022: *£15,403*), has been recognised within the company and consolidated profit or loss in relation to the share-based payment transactions.

29. 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.

29.1 Balance owed from related parties

	2023 £	*As restated* *2022* *£*
BB Brands Limited	**50,103**	*50,103*
HSNF Poland	**274,805**	*145,157*
International Trade Corporation - company under common control	**850,000**	*100,000*
	1,174,908	*295,260*

29.2 Balances owed to related parties

	2023 £	*2022* *£*
Hairstyle N Fashion - under control of connected party	**60,000**	*60,000*
Director	**320,691**	*500,000*
BB Brands Limited	**533,123**	*533,150*
	913,814	*1,093,150*

30. Controlling party

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

31. 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.

31. Capital management (continued)

The gearing ratios at 30 June 2023 and 30 June 2022 were as follows:

	2023 **£**	*2022* *£*
Cash and cash equivalents	**3,356,483**	*2,388,193*
Trade and other receivables	**4,541,246**	*3,429,737*
Trade and other payables	**(5,403,346)**	*(5,578,499)*
Loans and borrowings	**(2,514,690)**	*(2,562,272)*
Net debt	**(20,307)**	*(2,322,841)*
Capital and reserves	**9,627,607**	*9,242,184*
Total equity	**9,627,607**	*9,242,184*

31. 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 staments 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 seek assets to reduce debt.

The Group is not subject to externally imposed capital requirements.