A166155

SC Johnson Limited

Report and Financial Statements

30 June 2005

Registered No. 4166155

Directors
P J O'Brien
L M Zunzunegui
W L McCollum
G R Akavickas

Secretary
C J Stone (resigned 1 August 2004)
J M Hayes (appointed 1 August 2004)

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
Frimley Green
Camberley
Surrey GU16 7AJ

Directors' report

The directors present their report and financial statements for the year ended 30 June 2005.

Results and dividends

	£000
Accumulated reserve at 30 June 2004	3,879
Profit for the year	2,781
Accumulated reserve 30 June 2005	6,660

The directors do not propose a final dividend (2004 - £Nil).

Principal activity and review of the business

The principal activity of the company is marketing household cleaning products and air fresheners.

The directors expect the general level of activity to continue into the future.

Trade creditors

Amounts owed to trade creditors at 30 June 2005 were £1,327,000 (2004 – £4,712,000) and represent 5.9 days outstanding (2004 – 22.3 days).

Directors and their interests

The directors who served during the year ended 30 June 2005 were those listed on page 1.

The directors do not have any interests in the company required to be disclosed under Schedule 7 of the Companies Act 1985.

Disabled persons

It is the policy of the company to employ and train disabled persons whenever their ability and skills allow. If existing employees become disabled every effort is made to find them suitable work within the group and training is provided if necessary.

Employee involvement

The company has continued its programme of open two-way communications through various channels, including regular department meetings, briefings and company communication meetings.

Directors' report (continued)

Equal opportunities

It is the policy of the company to operate no discrimination in employment or career progression on the basis of sex, race or religion.

Environment

It is the policy of the group to protect the environment through proper design and manufacture of products and services. To further this policy the group participates in European Environment initiatives.

Charitable contributions

Contributions made by the company during the period for charitable purposes were £178,000 (2004 – £180,000).

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

L M Zunzunegui

Director

11 April 2006

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of SC Johnson Limited

We have audited the company's financial statements for the year ended 30 June 2005 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of SC Johnson Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

12 April 2006

Profit and loss account

for the year ended 30 June 2005

	Notes	2005 £000	2004 £000
Turnover	2	135,754	128,390
Cost of sales		(82,710)	(77,164)
Gross profit		53,044	51,226
Selling and distribution		(39,513)	(35,527)
Administrative expenses		(10,336)	(10,635)
Operating profit		3,195	5,064
Interest receivable and similar income on loans to group undertakings		963	894
Profit on ordinary activities before taxation	3	4,158	5,958
Tax on profit on ordinary activities	6	(1,377)	(2,375)
Profit on ordinary activities after taxation		2,781	3,583
Retained profit for the year	16	2,781	3,583

There are no recognised gains or losses other than the results as shown above. Accordingly, a statement of total recognised gains and losses has not been presented.

Balance Sheet

at 30 June 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Intangible assets	7	13,135	14,805
Tangible assets	8	3,958	3,607
		17,093	18,412
Current assets			
Stocks	9	9,926	5,967
Debtors – amounts falling due within one year	10	32,912	34,964
Debtors – amounts falling due after more than one year	11	56	190
Cash at bank and in hand		287	270
		43,181	41,391
Creditors: amounts falling due within one year	12	(27,829)	(30,239)
Net current assets		15,352	11,152
Total assets less current liabilities		32,445	29,564
Provisions for liabilities and charges	13	(500)	(400)
Net assets		31,945	29,164
Capital and reserves			
Called up share capital	14	22,871	22,871
Share premium account	15	2,414	2,414
Profit and loss account	15	6,660	3,879
Equity shareholders' funds	16	31,945	29,164

L M Zunzunegui
Director

11 April 2006

The accompanying notes form an integral part of this balance sheet.

Notes to the financial statements

at 30 June 2005

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Intangible fixed assets

Intangible fixed assets are shown at cost less accumulated amortisation and any provision for impairment. Amortisation is calculated to write off cost over the period in which the directors believe benefits may be expected to accrue. Purchased goodwill and trademarks are being amortised over a period of 20 years (2004 – 20 years). All other intangibles have been fully amortised over a period of 5 years (2004 – 5 years), except those added in 2003, which are being amortised over a period of 30 months.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. The carrying value of fixed assets is considered when impairing indicators arise.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write-off the cost, less estimated residual value, of each asset over the period of its estimated useful life on a straight-line basis. The principal rates of depreciation (based on original cost) are as follows:-

Freehold buildings	10% - 50% per annum
Plant and equipment	10% - 20% per annum

Costs incurred during the year for a global Information Systems project have been included within assets in the course of construction and will not be depreciated until such time as the project assets are utilised.

Residual value is calculated on prices prevailing at the date of acquisition.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow-moving and defective stocks.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements

at 30 June 2005

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

All exchange gains and losses are included in the profit and loss account.

Pension scheme arrangements

The company is a participating employer of the Johnson Wax Retirement and Life Assurance Plan defined benefit group pension scheme, which is non-contributory and contracted out of the State Earnings Related Pension Scheme. The assets of the scheme are held separately from those of the group in separate trustee administered funds. The fund is valued every three years by a professionally qualified independent actuary on both a going concern and a discontinuance basis, the rate of contributions payable being determined on the advice of the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rate. Pension costs are accounted for by charging the cost of providing pensions over the period during which the group expects to benefit from the employees' services. The effects of experience surpluses or deficiencies are spread over the expected average remaining working lifetime of members of the scheme after making suitable allowances for future withdrawals.

The company also participates in a group defined contribution (money purchase) scheme established at 1 January 1999 for new employees joining the group from that date. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Statement of cash flows

The company has taken advantage of the exemptions laid out in Financial Reporting Standard 1 (Revised) and has not prepared a cash flow statement.

Notes to the financial statements

at 30 June 2005

2. Segmental analysis

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. All turnover relates to the company's principal activities.

A geographical analysis of the company's turnover by destination is set out below:

	2005	*2004*
	£000	*£000*
United Kingdom and Ireland	135,681	128,330
Rest of the World	73	60
	135,754	128,390

3. Profit on ordinary activities before taxation is stated after charging

	2005	*2004*
	£000	*£000*
Depreciation of tangible fixed assets	33	32
Amortisation of intangible fixed assets	1,670	1,670
Rentals under operating leases – plant and machinery	275	273
– other	17	23
Prior auditors' remuneration – non-audit services	–	25
Current auditors' remuneration – audit services	76	55
– non-audit services	11	10

Auditors' remuneration is borne by the company on behalf of Johnson Wax Limited and subsidiary companies. An appropriate recharge of costs is levied within the group.

4. Directors' remuneration

	2005	*2004*
	£000	*£000*
Emoluments	383	488
Defined contribution pension scheme	15	15
Long term incentive scheme	81	39

The above amounts for remuneration are in respect of the highest paid director. These were paid by other group companies and recharged in respect of directors' services.

One director, who served during the year, is a member of the group's defined benefit scheme, the contributions for which are borne by a fellow group company. No directors are members of the money purchase scheme.

Notes to the financial statements

at 30 June 2005

5. Staff costs

	2005 £000	2004 £000
Wages and salaries	4,157	4,025
Social security costs	453	418
Pension costs (see note 17a)	635	503
	5,245	4,946

The monthly average number of employees during the year was as follows:

	2005 No.	2004 No.
Selling and distribution	48	46
Administration	27	27
	75	73

6. Tax on profit on ordinary activities

The tax charge comprises:

	2005 £000	2004 £000
Current tax		
UK Corporation tax	(294)	198
Group relief payable	1,537	2,358
Total current tax	1,243	2,556
Deferred tax		
Origination and reversal of timing differences	134	(181)
Total deferred tax	134	(181)
Total tax on profit on ordinary activities	1,377	2,375

Notes to the financial statements

at 30 June 2005

6. Tax on profit on ordinary activities (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2005 *£000*	*2004* *£000*
Profit on ordinary activities before tax	4,158	5,958
Tax on profit on ordinary activities at standard UK corporation tax rate of 30%	1,247	1,787
Effect of:		
Expenses not deductible for tax purposes	458	489
Capital allowances in excess of depreciation	(234)	(38)
Other short term timing differences	(123)	120
Other	(105)	198
Current tax charge for the year	1,243	2,556

Deferred tax has not been provided in respect of gains realised that have been rolled into the acquisition cost of replacement assets. This tax will become payable if the replacement assets are sold and further rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £477,000 (2004 – £477,000).

7. Intangible fixed assets

	Purchased goodwill *£000*	*Trademarks* *£000*	*Other intangibles* *£000*	*Total* *£000*
Cost:				
At 30 June 2004 and 2005	17,327	9,904	1,025	28,256
Amortisation:				
At 30 June 2004	7,602	4,896	953	13,451
Charge for the year	1,014	589	67	1,670
At 30 June 2005	8,616	5,485	1,020	15,121
Net book value:				
At 30 June 2005	8,711	4,419	5	13,135
At 30 June 2004	9,725	5,008	72	14,805

Notes to the financial statements

at 30 June 2005

8. Tangible fixed assets

	Assets in course of construction	*Freehold buildings*	*Plant and equipment*	*Total*
	£000	*£000*	*£000*	*£000*
Cost:				
At 30 June 2004	3,458	144	2,537	6,139
Additions	404	14	–	418
Disposals	–	(69)	(2,334)	(2,403)
At 30 June 2005	3,862	89	203	4,154
Depreciation:				
At 30 June 2004	–	91	2,441	2,532
Charge for the year	–	15	18	33
Disposals	–	(69)	(2,300)	(2,369)
At 30 June 2005	–	37	159	196
Net book value:				
At 30 June 2005	3,862	52	44	3,958
At 30 June 2004	3,458	53	96	3,607

9. Stocks

	2005	*2004*
	£000	*£000*
Finished goods and goods for resale	9,926	5,967

10. Debtors: amounts falling due within one year

	2005	*2004*
	£000	*£000*
Trade debtors	11,354	9,945
Amounts owed by fellow group undertakings	20,840	24,349
Called up share capital not paid	460	460
Other debtors	194	147
Prepayments and accrued income	64	63
	32,912	34,964

Included in amounts owed by fellow group undertakings are £20,062,000 (2004 – £22,786,000) loan notes receivable on demand. Interest accrues at a rate of LIBOR plus 0.5% (2004 – LIBOR plus 0.5%).

Notes to the financial statements

at 30 June 2005

11. **Debtors:** amounts falling due after more than one year

Deferred tax is provided as follows:

	2005	*2004*
	£000	*£000*
Capital allowances	(449)	53
Other timing differences	505	137
	56	190

The movement on deferred taxation comprises:

	£000
At 30 June 2004	190
Profit and loss account charge	134
At 30 June 2005	56

12. **Creditors:** amounts falling due within one year

	2005	*2004*
	£000	*£000*
Trade creditors	1,327	4,712
Amounts owed to fellow group undertakings	15,053	7,472
UK corporation tax	8	448
Other taxation and social security	3,058	3,045
Accruals and deferred income	4,633	8,562
Dividends payable	3,750	6,000
	27,829	30,239

Notes to the financial statements

at 30 June 2005

13. Provisions for liabilities and charges

	Customer claims £000
At 30 June 2004	400
Utilised during year	–
Charge for year	100
At 30 June 2005	500

Customer claims relate to demands by certain customers for lower prices and better trade terms, with such demands being applied retrospectively.

14. Share capital

	2005	*2004*
Authorised	*£000*	*£000*
50,000,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid	*£*	*£*
22,410,652 ordinary shares of £1 each	22,411	22,411
Not paid		
460,188 ordinary shares of £1 each	460	460
	22,871	22,871

15. Reserves

	Share Premium account £000	*Profit and loss account £000*	*Total £000*
At beginning of year	2,414	3,879	6,293
Profit for year	–	2,781	2,781
	2,414	6,660	9,074

Notes to the financial statements

at 30 June 2005

16. Reconciliation of movements in equity shareholders' funds

	£000
Profit for the financial year	2,781
Net additions to equity shareholders' funds	2,781
Opening shareholders' funds	29,164
Closing shareholders' funds	31,945

17. Guarantees and other financial commitments

(a) Pension costs

The group provides pension arrangements for the majority of full time employees through the Johnson Wax Retirement and Life Assurance Plan.

The plan has both a defined benefit section (which is closed to new entrants) and a defined contribution section, but being a multi-employer scheme, it is accounted for as if it were a defined contribution scheme. The related costs of the plan are assessed in accordance with the advice of professionally qualified actuaries.

The most recent full actuarial valuation of the defined benefit scheme was conducted as at 1 January 2004 using a marketed approach. Full details are disclosed in the accounts of Johnson Wax Limited.

The pension cost charge for the year for the defined benefit scheme was £497,000 (2004 – £417,000). The pension costs charged for the year for the money purchase plan were £138,000 (2004 – £86,000).

FRS 17 Disclosures

Full disclosures in respect of the Johnson Wax Retirement and Life Assurance Plan are given in the accounts of Johnson Wax Limited. The valuation of the scheme at 30 June 2004 showed a deficit of £4.6 million with assets of £91.2 million and liabilities of £95.8 million.

(b) Lease commitments

The group has the following annual financial commitments in respect of non-cancellable operating leases:

	Land and buildings	
	2005	*2004*
	£000	*£000*
Leases which expire:		
– within one year	17	23

	Plant and machinery	
	2005	*2004*
	£000	*£000*
Leases which expire:		
– within one year	127	48
– within two to five years	148	225
	292	296

Notes to the financial statements

at 30 June 2005

18. Related Party Transactions

The company has taken advantage of the exemptions laid out in Financial Reporting Standard 8 "Related party disclosures" and hence has not presented and disclosed details of transactions with other related parties belonging to the group headed by Johnson Wax Limited.

19. Ultimate parent company

The ultimate parent company is S.C. Johnson & Son Inc., incorporated in the USA and the immediate parent company is Johnson Wax Limited, a company incorporated in England and Wales. The smallest group in which the results of the company are consolidated is that headed by Johnson Wax Limited, copies of these accounts are available from Companies House. The largest group in which the results of the company are consolidated is that headed by S.C. Johnson & Son Inc., whose principal place of business is 1525 Howe Street, Racine, Wisconsin, 53403-2236, USA.