

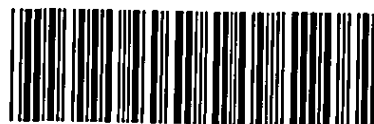
2008-06-30

# SC Johnson Limited

## Report and Financial Statements

30 June 2008

THURSDAY



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COMPANIES HOUSE

# SC Johnson Limited

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Registered No. 4166155

## **Directors**

P J O'Brien

M I Escolme (Resigned 11 February 2008)

W L McCollum

G R Akavickas (Resigned 1 November 2007)

S C Hampel (Appointed 1 November 2007)

L M Zunzunegui (Appointed 11 February 2008)

## **Secretary**

J M Hayes (Appointed 11 February 2008)

A Eaton (Resigned 11 February 2008)

## **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 the audited financial statements for the year ended 30 June 2008.

### Principal activities

The principal activity of the company is marketing household cleaning products and air fresheners. There has been no significant change to the principal activity of the company during the year.

### Business review

The European household products market remains intensely competitive with major multinational companies and retailer brands fighting for market share. To compete we need innovative products and compelling consumer communication via multi media sources and on-shelf. In the year to 30 June 2008 we launched 'Oust 3-in-1' and 'Glade Flameless Candle', which have not performed as anticipated. A decline primarily in air care sales, furniture and insect control products has seen our revenues decrease in the period. In the year to 30 June 2008 our gross profit as a percentage of sales was 39.8%, a decrease of 1.9% pts on the previous year.

The principal risks facing the company arise from the increasingly aggressive competitive environment. As our competitors promote their existing and new products more heavily, the company must find ways of generating income from production efficiencies and cost savings to drive sales and increase market share. Our sales and general administration costs as a percentage of sales represented 40.8% against 45.1% in the previous year and records an operating loss of £1,223,000 in 2008 compared to an operating loss of £4,579,000 in 2007.

Our average headcount for the year decreased from 72 in FY07 to 67 (see note 5) which represents £1,722,000 revenue per employee compared to £1,819,000 in FY07.

Fixed assets reduced in the year by £2,319,000, the reduction being attributable to normal amortisation and depreciation charges. Inventory decreased in FY08 with a 8.0 inventory turn compared to 9.2 as at FY07 this continues to represent the correct level of stock for our performance.

Debtor days decreased to 31.4 days in FY08, and total assets after current liabilities and excluding amounts owing to group undertakings decreased from £25,906,000 in the previous year to £18,220,000.

### Principal risks and uncertainties

In addition to the competitive environment risk detailed above, the other principal risks and uncertainties facing the company are credit and liquidity risks.

- Credit risk

Credit risk is the risk that a customer goes into administration and is unable to satisfy its debt to the company. This is mitigated by the company undertaking credit worthiness checks on new customers and by ongoing monitoring of payment history for existing customers. Details of the company's debtors are shown in Note 10 to the financial statements.

- Liquidity risk

The group aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the group. The group also manages liquidity risk via revolving credit facilities and long term debt.

### Proposed dividend

The directors do not recommend the payment of a dividend and the loss after tax of £550,000 (2007: loss of £2,061,000) has been transferred to reserves.

## Directors' report

### Employee policies and involvement

The company has continued its programme of open two-way communications through various channels, including regular department meetings, briefings and company communication meetings. It is the policy of the company to operate no discrimination in employment or career progression on the basis of sex, race or religion. 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.

### Going concern

It should be recognised that any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. Nevertheless, at the time of preparation of these accounts and after making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

### Directors

The directors who served during the year ended 30 June 2008 were those listed on page 1.

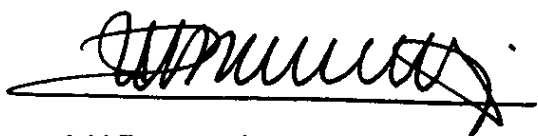
### Disclosure of Information to Auditors

In accordance with section 234ZA(2) of the Companies Act 1985, the directors confirmed, so far as each is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all steps that he ought to have taken as a Director in order to make himself aware of, and to establish that the auditors are aware of, any relevant audit information.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Ernst & Young LLP as the auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



L M Zunzunegui

Director

17 April 2009

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

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. These financial statements have been prepared under 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP  
Registered auditor  
London

29 April 2009

## Profit and loss account

for the year ended 30 June 2008

	Notes	2008 £000	2007 £000
<b>Turnover</b>	2	115,398	130,989
Cost of sales		(69,499)	(76,438)
<b>Gross profit</b>		45,899	54,551
Selling and distribution		(31,505)	(42,228)
Administrative expenses		(15,617)	(16,902)
<b>Operating loss</b>		(1,223)	(4,579)
Interest receivable and similar income on loans to group undertakings		1,337	1,175
<b>Profit / (loss) on ordinary activities before taxation</b>	3	114	(3,404)
Tax on profit / (loss) on ordinary activities	6	(664)	1,343
<b>Loss on ordinary activities after taxation</b>		(550)	(2,061)
<b>Retained loss for the year</b>	16	(550)	(2,061)



## **Statement of total recognised gains and losses**

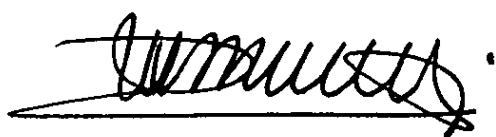
**for the year ended 30 June 2008**

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

# Balance Sheet

at 30 June 2008

	Notes	2008 £000	2007 £000
<b>Fixed assets</b>			
Intangible assets	7	8,322	9,925
Tangible assets	8	3,212	3,928
		<u>11,534</u>	<u>13,853</u>
<b>Current assets</b>			
Stocks	9	8,491	8,816
Debtors – amounts falling due within one year	10	38,759	36,160
Cash at bank and in hand		251	243
		<u>47,501</u>	<u>45,219</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(27,490)</u>	<u>(27,365)</u>
<b>Net current assets</b>		<u>20,011</u>	<u>17,854</u>
<b>Total assets less current liabilities</b>		<u>31,545</u>	<u>31,707</u>
<b>Provisions for liabilities</b>	12	<u>(461)</u>	<u>(73)</u>
<b>Net assets</b>		<u>31,084</u>	<u>31,634</u>
<b>Capital and reserves</b>			
Called up share capital	14	22,871	22,871
Share premium account	15	2,414	2,414
Profit and loss account	15	5,799	6,349
<b>Equity shareholders' funds</b>	16	<u>31,084</u>	<u>31,634</u>



L M Zunzunegui  
Director

27 April 2009

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

## Notes to the financial statements

at 30 June 2008

### 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 (2007 – 20 years). All other intangibles have been fully amortised over a period of 5 years (2007 – 5 years).

#### 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

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 2008

### 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 2008

### 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:

	2008 £000	2007 £000
United Kingdom and Ireland	115,216	130,689
Rest of the World	182	300
	<u>115,398</u>	<u>130,989</u>

### 3. Profit / (loss) on ordinary activities before taxation is stated after charging

	2008 £000	2007 £000
Depreciation of tangible fixed assets	716	720
Amortisation of intangible fixed assets	1,603	1,603
Rentals under operating leases – plant and machinery	245	308
– other	13	20
Auditors' remuneration – audit services	157	137
– non-audit services	46	29
	<u></u>	<u></u>

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

	2008 £000	2007 £000
Emoluments	179	265
Defined benefit pension scheme	23	34
Long term incentive scheme	-	63
	<u></u>	<u></u>

One director who served during the year, is a member of the group's defined benefit scheme. No directors are members of the money purchase scheme.

The above amounts for remuneration are in respect of the highest paid director. No other directors received remuneration by SC Johnson Limited for services in their capacity as directors.

A payment of £75,000 was made after the balance sheet date to a former director in respect of termination of employment.

## Notes to the financial statements

at 30 June 2008

### 5. Staff costs

	2008 £000	2007 £000
Wages and salaries	4,041	4,737
Social security costs	370	452
Pension costs (see note 17a)	695	733
	<u>5,106</u>	<u>5,922</u>

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

	2008 No.	2007 No.
Selling and distribution	40	48
Administration	27	24
	<u>67</u>	<u>72</u>

### 6. Tax on loss on ordinary activities

The tax credit comprises:

	2008 £000	2007 £000
<i>Current tax</i>		
UK Corporation tax – prior year	231	(306)
Group relief payable	418	(811)
Total current tax	<u>649</u>	<u>(1,117)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	63	78
Current year movement – rate change effect	-	(5)
Effect of decrease in tax rate on opening position	-	(20)
Adjustment in respect of prior year deferred tax	(48)	(279)
Total deferred tax	<u>15</u>	<u>(226)</u>
<b>Total tax on profit / (loss) on ordinary activities</b>	<u><u>664</u></u>	<u><u>(1,343)</u></u>

## Notes to the financial statements

at 30 June 2008

### 6. Tax on loss 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:

	2008 £000	2007 £000
<b>Profit / (loss) on ordinary activities before tax</b>	114	(3,404)
Tax on (loss) / profit on ordinary activities at standard UK corporation tax rate of 29.5% / 30%	33	(1,021)
Effect of:		
Expenses not deductible for tax purposes	450	18
Capital allowances in excess of depreciation	(47)	500
Other short term timing differences	(18)	(308)
Prior year adjustment	231	(306)
<b>Current tax charge / (credit) for the year</b>	649	(1,117)

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 (2007 – £477,000).

### 7. Intangible fixed assets

	<i>Purchased goodwill</i> £000	<i>Trademarks</i> £000	<i>Other intangibles</i> £000	<i>Total</i> £000
Cost:				
At 30 June 2007 and 2008	17,327	9,904	1,025	28,256
Amortisation:				
At 30 June 2007	10,643	6,663	1,025	18,331
Charge for the year	1,014	589	-	1,603
At 30 June 2008	11,657	7,252	1,025	19,934
Net book value:				
At 30 June 2008	5,670	2,652	-	8,322
At 30 June 2007	6,684	3,241	-	9,925

## Notes to the financial statements

at 30 June 2008

### 8. Tangible fixed assets

	<i>Freehold buildings £000</i>	<i>Plant and equipment £000</i>	<i>Total £000</i>
Cost:			
At 30 June 2007 and 2008	89	5,007	5,096
Depreciation:			
At 30 June 2007	55	1,113	1,168
Charge for the year	3	713	716
At 30 June 2008	58	1,826	1,884
Net book value:			
At 30 June 2008	31	3,181	3,212
At 30 June 2007	34	3,894	3,928

### 9. Stocks

	<i>2008 £000</i>	<i>2007 £000</i>
Finished goods and goods for resale	8,491	8,816

### 10. Debtors: amounts falling due within one year

	<i>2008 £000</i>	<i>2007 £000</i>
Trade debtors	9,940	11,431
Amounts owed by fellow group undertakings	24,984	21,275
UK corporation tax	-	1,116
Called up share capital not paid	460	460
Other debtors	130	79
Prepayments and accrued income	3,245	1,799
	38,759	36,160

Included in amounts owed by fellow group undertakings are £24,961,000 (2007 – £20,931,000) loan notes receivable on demand. Interest accrues at a rate of LIBOR plus 0.5% (2007 – LIBOR plus 0.5%).



## Notes to the financial statements

at 30 June 2008

### 11. Creditors: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	1,537	3,500
Amounts owed to fellow group undertakings	11,659	15,474
UK corporation tax	1,368	-
Other taxation and social security	3,291	3,013
Accruals and deferred income	9,635	5,378
	<u>27,490</u>	<u>27,365</u>

The above liabilities are expected to be paid within the next year.

### 12. Provisions for liabilities

	Customer Claims £000	Deferred Tax £000	Total £000
At 30 June 2007	-	73	73
Provided	373	15	388
	<u>373</u>	<u>88</u>	<u>461</u>
At 30 June 2008			

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

### 13. Deferred tax

Deferred tax is provided as follows:

	2008 £000	2007 £000
Capital allowances	125	73
Other timing differences	(37)	-
	<u>88</u>	<u>73</u>

The movement on deferred taxation comprises:

	£000
At 30 June 2007	73
Current year movement	63
Adjustment in respect of prior year deferred tax	(48)
	<u>88</u>
At 30 June 2008	

## Notes to the financial statements

at 30 June 2008

### 14. Share capital

	2008 £000	2007 £000
<i>Authorised</i>		
50,000,000 ordinary shares of £1 each	50,000	50,000
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>	£	£
22,410,652 ordinary shares of £1 each	22,411	22,411
<i>Not paid</i>		
460,188 ordinary shares of £1 each	460	460
	<u>22,871</u>	<u>22,871</u>

### 15. Reserves

	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At beginning of year	2,414	6,349	8,763
Loss for year	-	(550)	(550)
	<u>2,414</u>	<u>5,799</u>	<u>8,213</u>

### 16. Reconciliation of movements in equity shareholders' funds

	£000
Loss for the financial year	(550)
Net deductions from equity shareholders' funds	(550)
Opening shareholders' funds	31,634
Closing shareholders' funds	<u>31,084</u>



## Notes to the financial statements

at 30 June 2008

### 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 2007 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 £510,000 (2007 – £552,000). The pension costs charged for the year for the money purchase plan were £185,000 (2007 – £181,000)

#### 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 2007, and updated by the actuaries as at 30 June 2008 to reflect conditions at that date, showed a surplus of £8.1 million with assets of £119.5 million and liabilities of £111.4 million.

#### (b) Lease commitments

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

	2008 £000	2007 £000
<i>Land and buildings:</i>		
Leases which expire within one year	-	20
<i>Other leases:</i>		
Leases which expire:		
- within one year	45	-
- within two to five years	212	308
	<u>257</u>	<u>328</u>

### 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.