6062933

# Burt's Bees (UK) Limited

## Report and Financial Statements

for the penod ended 31 December 2007

Registered No 06062933

**Directors**
Doug Haensel
John Replogle

**Secretary**
Robert Wood

**Auditors**
Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

**Bankers**
Barclays Bank Plc
10 – 14 High Street
Old Town
Swindon
SN1 3ED

**Solicitors**
Fried, Frank, Harris, Shriver & Jacobson (London) LLP
99 City Road
London
EC1Y 1AX

**Registered Office**
Office 39
Basepoint Business Centre
Rivermead Drive
Westlea
Swindon
Wiltshire
SN5 7EX

# Directors' report

The directors present their annual report and audited financial statements for the period ended 31 December 2007

## Principal activities

The principal activity of the company is the wholesale of natural personal care products

## Business review

The company was incorporated on 23 January 2007 and commenced trading on 1 September 2007 The results of the company are detailed in the profit and loss account on page 7

The company is a wholly owned subsidiary of Burt's Bees Inc , a company incorporated in Delaware, USA The Burt's Bees Inc group was acquired by The Clorox Company on 30 November 2007

## Proposed dividend

The directors do not recommend the payment of a dividend for the year

## Directors

The directors who held office during the year were as follows

| | |
|---|---|
| Doug Haensel | (appointed 23 January 2007) |
| John Replogle | (appointed 23 January 2007) |

## Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquires of fellow directors and of the company's auditors, each of these directors confirm that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are not aware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

## Political and charitable contributions

The company made no political or charitable donations in the year

# Directors' report (continued)

### Auditors

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

Robert Wood

Company Secretary

Date August 8, 2008

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that 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

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

# Independent auditors' report

**to the members of Burt's Bees (UK) Limited**

We have audited the company's financial statements for the *11 month and 8 day period ended 31* December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14 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 Annual Report and 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 Burt's Bees (UK) 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 31 December 2007 and of its loss for the period 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
Bristol

Date 12 August 2008

# Profit and loss account

**for the period ended 31 December 2007**

| | Note | *Period ended 31 December 2007* £ |
|---|---|---|
| ***Turnover*** | 2 | 677,169 |
| Cost of sales | | (457,728) |
| ***Gross profit*** | | 219,441 |
| Administrative expenses | | (1,190,472) |
| ***Loss on ordinary activities before taxation*** | 3 | (971,031) |
| Tax on loss on ordinary activities | 5 | - |
| ***Loss on ordinary activities after taxation*** | 12 | (971,031) |

All results stated above are all derived from continuing activities

# Statement of total recognised gains and losses

**for the period ended 31 December 2007**

There are no recognised gains or losses other than the loss of £971,031 attributable to the shareholders for the period ended 31 December 2007

# Balance sheet

**at 31 December 2007**

| | Note | *31 December 2007* £ |
|---|---|---|
| ***Fixed assets*** | | |
| Tangible assets | 6 | 18,629 |
| ***Current assets*** | | |
| Stock | 7 | 494,021 |
| Debtors | 8 | 380,092 |
| Cash at bank and in hand | | 317,431 |
| | | 1,191,544 |
| ***Creditors*** amounts falling due within one year | 9 | (2,180,204) |
| ***Net current liabilities*** | | (988 660) |
| ***Net liabilities*** | | (970,031) |
| ***Capital and Reserves*** | | |
| Called up share capital | 11 | 1,000 |
| Profit and loss account | 12 | (971,031) |
| ***Equity shareholders' deficit*** | 12 | (970,031) |

Approved by the Board

Doug Haensel

Director

Date 08 AUG 2008

# Notes to the financial statements

**at 31 December 2007**

## 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

### Fundamental accounting concept

The financial statements have been prepared on a going concern basis because the company's parent undertaking has agreed to provide sufficient financial support to enable the company to meet its debts as they fall due

### Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost accounting rules

### Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

| | | |
|---|---|---|
| Computer and office equipment | - | 5 years |
| Furniture and fixtures | - | 5 years |

### Stocks

Stocks are stated at the lower of cost and net realisable value In determining the cost of finished goods, the value used is the price charged by the US parent

### Taxation

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 exception

- 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

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

# Notes to the financial statements

**at 31 December 2007**

## 1. Accounting policies (continued)

### Cash flow statement

Under FRS 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

### Foreign currency

Transactions denominated in foreign currencies are recorded in pounds sterling at actual exchange rates as of the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account

### Pension costs

The company operates a defined contribution scheme The assets of the scheme are held separately from those of the company in an independently administered fund There were accrued pension costs of £5,391 at 31 December 2007 The pension cost for the year represents contributions payable by the company to the fund and amounted to £9,351

## 2 Turnover

Turnover represents the amounts (excluding value added tax and trade discounts) derived from the sale of goods and is recognised on despatch to the customer

| | *Period ended 31 December 2007* |
|---|---|
| | *£* |
| UK | 664,962 |
| Ireland | 12,207 |
| | 677,169 |

# Notes to the financial statements

**at 31 December 2007**

## 3. Operating loss

Operating loss is stated after charging

| | | *Period ended 31 December 2007* |
|---|---|---|
| | | £ |
| Depreciation of tangible fixed assets - owned | | 2,271 |
| Operating lease rentals | | 14,495 |
| Auditors' remuneration | - audit services | 8,000 |
| | - non-audit services | 6,000 |
| Foreign exchange loss | | 50,831 |

Included in administrative expenses is £475,519 in relation to deal related costs from the acquisition of the Burts Bee's Inc by The Clorox Company on 30 November 2007

## 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

| | *Period ended 31 December 2007 No* |
|---|---|
| Sales | 2 |
| Administration | 4 |
| | 6 |

The aggregate payroll costs of these persons were as follows

| | *Period ended 31 December 2007 £* |
|---|---|
| Wages and salaries | 234,917 |
| Social security costs | 26,951 |
| | 261,868 |

No directors received any direct remuneration in the period ended 31 December 2007

# Notes to the financial statements

**at 31 December 2007**

## 5. Taxation

*Factors affecting the tax charge for the current period*

The current tax charge for the period differs from the standard rate of corporation tax in the UK of 30% The differences are explained below

| | *Period ended 31 December 2007* £ |
|---|---|
| *Current tax reconciliation* | |
| Profit/(loss) on ordinary activities before tax | (971,031) |
| Current tax at 30% | (291,009) |
| *Effects of* | |
| Expenses not deductible for tax purposes | 130,072 |
| Depreciation in excess of capital allowances | 681 |
| Other timing differences | 2,480 |
| Unrelieved tax losses carried forward | 157,776 |
| Total current tax charge | - |

From 1 April 2008, the UK corporation tax rate will reduce from 30% to 28% This rate change will both affect the amount of future cash tax payments to be made by the company and will also reduce the size of the company's deferred tax asset Changes to the UK capital allowance regime have also been proposed, the most significant of these changes for the company is the reduction in the rate of capital allowances applicable to plant and machinery expenditure from 25% to 20% per annum on a reducing balance basis The effect on the company of these proposed changes to the UK tax system will be fully reflected in the company's financial statements for the year ending 31 December 2008

## 6. Tangible fixed assets

| | *Office and computer equipment* £ | *Furniture and fixtures* £ | *Total* £ |
|---|---|---|---|
| *Cost* | | | |
| Additions during the period | 15,154 | 5,746 | 20,900 |
| At 31 December 2007 | 15,154 | 5,746 | 20,900 |
| *Depreciation* | | | |
| Charge in period | (1,736) | (535) | (2,271) |
| At 31 December 2007 | (1,736) | (535) | (2,271) |
| *Net book value* | | | |
| At 31 December 2007 | 13,418 | 5,211 | 18,629 |

# Notes to the financial statements

**at 31 December 2007**

## 7 Stocks

| | *31 December 2007* £ |
|---|---|
| Finished goods for resale | 494,021 |

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

| | *31 December 2007* £ |
|---|---|
| Trade debtors | 370,589 |
| Prepayments | 9,503 |
| | 380,092 |

## 9 Creditors: amounts falling due within one year

| | *31 December 2007* £ |
|---|---|
| Trade creditors | 48,511 |
| Amounts owed to group undertakings | 1,889,028 |
| Other taxes | 33,851 |
| Accruals and deferred income | 208,814 |
| | 2,180,204 |

# Notes to the financial statements

**at 31 December 2007**

## 10. Deferred taxation

The unprovided deferred tax asset is as follows

| | *31 December 2007* |
|---|---|
| | *£* |
| Accelerated capital allowances | 636 |
| Other timing differences | 2,315 |
| Tax losses | 147,258 |
| | 150,209 |

## 11. Called up share capital

| | *31 December 2007* |
|---|---|
| | *£* |
| *Authorised* | |
| 1,000 ordinary shares of £1 each | 1,000 |
| *Allotted, called up and fully paid* | |
| 1,000 ordinary shares of £1 each | 1,000 |

## 12 Reconciliation of movements in shareholders' funds

| | *Called up share capital* | *Profit and loss account* | *Total share-holders' funds* |
|---|---|---|---|
| | *£* | *£* | *£* |
| On incorporation | 1,000 | - | 1,000 |
| Loss for the period | - | (971,031) | (971,031) |
| At 31 December 2007 | 1,000 | (971,031) | (970,031) |

# Notes to the financial statements

**at 31 December 2007**

## 13 Related party disclosures

The company has taken advantage of the exemptions conferred by FRS 8 from the requirements to make disclosures concerning group related parties as it is a wholly owned subsidiary undertaking

## 14 Ultimate parent company

The company's immediate parent undertaking is Burt's Bees International Holdings Inc, a company incorporated in the United States of America

In the directors' opinion the company's ultimate parent company and controlling party is The Clorox Company, a company incorporated in the United States of America Copies of its group financial statements, which include the company are available from Clorox Inc, 1221 Broadway, Oakland, CA94612

The smallest group of which the company is part is Burt's Bees International Holdings Inc , the largest group of which the company is part is The Clorox Company