

Burt's Bees (Europe) Limited
(Formerly known as 'Burt's Bees (UK) Limited')

Report and Financial Statements

30 June 2009

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COMPANIES HOUSE

Directors

Douglas P Haensel

John Replogle

Andrew Dixon (Appointed 1st February 2010)

Andrew Percy (Appointed 1st February 2010)

Secretary

Robert W 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 25

Basepoint Business Centre

Rivermead Drive

Westlea

Swindon

Wiltshire

SN5 7EX

Directors' report

The directors present their annual report and audited financial statements for the year ended 30 June 2009

Principal activities

The principal activity of the company is the wholesale of natural health and beauty products

Business review

The results of the company are detailed in the profit and loss account on page 6

The company is a wholly owned subsidiary of Burt's Bees Inc , a company incorporated in Delaware, USA

Proposed dividend

The directors do not recommend the payment of a dividend for the year (2008 £nil)

Directors

The directors who held office during the year were as follows

Douglas P Haensel

John Repogle

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 enquiries 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 (2008 £nil)

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

Andrew Percy
Director



23 March 2010

Independent auditors' report

to the members of Burt's Bees (Europe) Limited (continued)

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 period. 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Burt's Bees (Europe) Limited

We have audited the financial statements of Burt's Bees (Europe) Limited for the year ended 30 June 2009, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Independent auditors' report

to the members of Burt's Bees (Europe) Limited (continued)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ernst & Young LLP

Ken Griffin (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Bristol

23 March 2010

Profit and loss account

for the year ended 30 June 2009

		<i>Year ended</i>	<i>6 months</i>
		<i>30 June 2009</i>	<i>ended</i>
	<i>Note</i>	<i>£</i>	<i>30 June 2008</i>
			<i>£</i>
Turnover	2	2,630,481	1,121,965
Cost of sales		(1,567,036)	(727,305)
		<u>1,063,445</u>	<u>394,660</u>
Gross profit			
Administrative expenses		(1,707,793)	(528,710)
		<u>(644,348)</u>	<u>(134,050)</u>
Loss on ordinary activities before taxation	3		
Tax on loss on ordinary activities	5	-	-
		<u>(644,348)</u>	<u>(134,050)</u>
Loss on ordinary activities after taxation	12		
		<u>(644,348)</u>	<u>(134,050)</u>

All results stated above are all derived from continuing activities

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £644,348 attributable to the shareholders for the year ended 30 June 2009 (2008 loss of £134,050)

Balance sheet

at 30 June 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	6	42,807	17,826
Current assets			
Stock	7	986,242	841,242
Debtors	8	475,804	373,982
Cash at bank and in hand		164,397	193,875
		<u>1,626,443</u>	<u>1,409,099</u>
Creditors: amounts falling due within one year	9	(3,417,679)	(2,531,006)
Net current liabilities		<u>(1,791,236)</u>	<u>(1,121,907)</u>
Net liabilities		<u>(1,748,429)</u>	<u>(1,104,081)</u>
Capital and Reserves			
Called up share capital	11	1,000	1,000
Profit and loss account	12	(1,749,429)	(1,105,081)
Equity shareholders' deficit	12	<u>(1,748,429)</u>	<u>(1,104,081)</u>

Approved by the Board

Andrew Dixon
Director



23 March 2010

Notes to the financial statements

at 30 June 2009

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

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

Notes to the financial statements

at 30 June 2009

1. Accounting policies (continued)

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.

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.

	2009 £	2008 £
UK	2,581,432	1,104,560
Ireland	49,049	17,405
	<u>2,630,481</u>	<u>1,121,965</u>

3. Operating loss

Operating loss is stated after charging

	2009 £	2008 £
Depreciation of tangible fixed assets - owned	2,818	2,151
Operating lease rentals	20,028	9,704
Auditors' remuneration - audit services	8,400	10,603
- non-audit services	10,825	5,000
Foreign exchange loss	310,250	17,355
	<u>352,321</u>	<u>44,813</u>

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

	2009 No	2008 No
Sales	6	4
Administration	6	5
	<u>12</u>	<u>9</u>

Notes to the financial statements

at 30 June 2009

4. Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	2009	2008
	£	£
Wages and salaries	540,339	212,087
Social security costs	90,324	45,057
	<u>630,663</u>	<u>257,144</u>

No directors received any direct remuneration in the years ended 30 June 2009 and 30 June 2008

5. Taxation

Factors affecting the tax charge for the current year

The current tax charge for the year differs from the standard rate of corporation tax in the prior period of 28%. The differences are explained below

	2009	2008
	£	£
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(644,348)	(134,050)
	<u>(644,348)</u>	<u>(134,050)</u>
Current tax at 28% (2008 28%)	(180,417)	(38,874)
<i>Effects of</i>		
Expenses not deductible for tax purposes	255	145
Depreciation in excess of capital allowances	-	89
Capital allowances in excess of depreciation	(2,282)	-
Unrelieved tax losses carried forward	106,753	38,640
Disallowable foreign exchange loss	75,691	-
	<u>179,917</u>	<u>70,964</u>
Total current tax charge	-	-

Notes to the financial statements

at 30 June 2009

6. Tangible fixed assets

	<i>Office and computer equipment</i>	<i>Furniture and fixtures</i>	<i>Total</i>
	£	£	£
<i>Cost</i>			
At 30 June 2008	16,043	6,205	22,248
Additions during the year	13,247	25,155	38,402
Disposals during the year	(8,968)	(1,635)	(10,603)
At 30 June 2009	20,322	29,725	50,047
<i>Depreciation</i>			
At 30 June 2008	(3,266)	(1,156)	(4,422)
Charge in the year	(366)	(2,452)	(2,818)
At 30 June 2009	(3,632)	(3,608)	(7,240)
<i>Net book value</i>			
At 30 June 2009	16,690	26,117	42,807
At 30 June 2008	12,777	5,049	17,826

7. Stocks

	<i>2009</i>	<i>2008</i>
	£	£
Finished goods for resale	986,242	841,242

8. Debtors: amounts falling due within one year

	<i>2009</i>	<i>2008</i>
	£	£
Trade debtors	450,644	370,812
Prepayments	25,160	3,170
	475,804	373,982

Notes to the financial statements

at 30 June 2009

9. Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	55,020	80,809
Amounts owed to group undertakings	3,224,876	2,255,588
Other taxes	31,854	23,472
Accruals and deferred income	105,929	171,137
	<u>3,417,679</u>	<u>2,531,006</u>

10. Deferred taxation

The unprovided deferred tax asset is as follows

	2009	2008
	£	£
Accelerated capital allowances	298	-
Depreciation in excess of capital allowances	-	(905)
Other timing differences	3,862	2,315
Tax losses	274,672	173,358
	<u>278,832</u>	<u>174,768</u>

11. Called up share capital

	2009	2008
	£	£
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

Notes to the financial statements

at 30 June 2009

12. Reconciliation of movements in shareholders' funds

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£
At 31 December 2007	1,000	(971,031)	(970,031)
Loss for the period	-	(134,050)	(134,050)
At 30 June 2008	1,000	(1,105,081)	(1,104,081)
Loss for the year	-	(644,348)	(644,348)
At 31 June 2009	1,000	(1,749,429)	(1,748,429)

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