

**Burt's Bees (Europe) Limited**  
(formerly known as 'Burt's Bees (UK) Limited')

**Report and Financial Statements**

30 June 2010

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COMPANIES HOUSE

**Burt's Bees (Europe) Limited**  
(formerly known as 'Burt's Bees (UK) Limited')

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**Directors**

Douglas P Haensel  
John Replogle  
Andrew Dixon  
Andrew Percy  
Giles Malone (appointed 18 January 2011)

**Secretary**

Giles Malone (appointed 18 January 2011)

**Auditors**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol BS1 6BX

**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 2010

### Change of name

The Company changed its name from Burt's Bees (UK) Limited to Burt's Bees (Europe) Limited on 11 January 2010

### Results and dividends

The loss for the year after taxation amounted to £146,896 (2009 loss of £644,348)

The directors do not recommend the payment of a dividend for the year (2009 £nil)

### Principal activities and review of the business

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

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

On 5<sup>th</sup> November 2010, the company's ultimate parent undertaking, The Clorox Company, sold the legal entity and assets of Clorox Europe Ltd, a related party under common control. The remaining non-automotive brands and associated staff of Clorox Europe Ltd were transferred to Burt's Bees (Europe) Ltd at that date.

### Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position and the principle risks and uncertainties are described above.

The company is a wholly owned subsidiary of Burt's Bees Inc , a company incorporated in Delaware, USA. Burt's Bees Inc have confirmed that they will continue to provide financial support to the company for a period of at least 12 months from the date of these financial statements.

The directors, having reviewed the financial plans of Burt's Bees Inc, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Burt's Bees (Europe) Ltd to continue as a going concern or its ability to continue with current loan arrangements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### Directors

The directors who served the company during the year and those appointed subsequently were as follows:

Douglas P Haensel

John Replogle

Andrew Dixon (appointed 1 February 2010)

Andrew Percy (appointed 1 February 2010)

Giles Malone (appointed 18 January 2011)

### Political and charitable contributions

The company made a charitable donation of £20,000 to Sussex University for research into the collapse of bee colonies. In addition, the company donated £989 to Lydiard Park to fund the purchase of two beehives and a further £222 as sponsorship for the 2010 One Young World (2009 £nil).

## Directors' report

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

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

On behalf of the Board



Andrew Percy  
Director

9<sup>th</sup> February 2011

## Statement of directors' responsibilities

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 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 are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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  
(formerly known as 'Burt's Bees (UK) Limited')**

We have audited the financial statements of Burt's Bees (Europe) Limited for the year ended 30 June 2010, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 15. 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 4, 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.

## **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 2010 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.

## **Independent auditors' report**

**to the members of Burt's Bees (Europe) Limited  
(formerly known as 'Burt's Bees (UK) Limited')**

### **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

*9 February 2011*

## Profit and loss account

for the year ended 30 June 2010

	Notes	2010 £	2009 £
<b>Turnover</b>	2	3,371,115	2,630,481
Cost of sales		(1,125,260)	(1,567,036)
<b>Gross profit</b>		<u>2,245,855</u>	<u>1,063,445</u>
Administrative expenses		(2,392,751)	(1,707,793)
<b>Loss on ordinary activities before taxation</b>	3	<u>(146,896)</u>	<u>(644,348)</u>
Tax	6	-	-
<b>Loss for the financial year</b>	13	<u>(146,896)</u>	<u>(644,348)</u>

All results stated above are all derived from continuing activities

## Statement of total recognised gains and losses

for the year ended 30 June 2010

There are no recognised gains or losses other than the loss of £146,896 attributable to the shareholders for the year ended 30 June 2010 (2009 loss of £644,348)

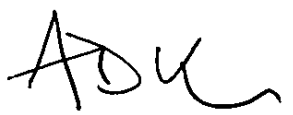


Burt's Bees (Europe) Limited  
(formerly known as 'Burt's Bees (UK) Limited')

## Balance sheet

at 30 June 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	7	33,241	42,807
		<u>33,241</u>	<u>42,807</u>
<b>Current assets</b>			
Stock	8	1,499,501	986,242
Debtors	9	581,594	475,804
Cash at bank and in hand		255,717	164,397
		<u>2,336,812</u>	<u>1,626,443</u>
<b>Creditors</b> amounts falling due within one year	10	(4,265,379)	(3,417,679)
		<u>(1,928,566)</u>	<u>(1,791,236)</u>
<b>Net current liabilities</b>			
		<u>(1,895,325)</u>	<u>(1,748,429)</u>
<b>Net liabilities</b>			
		<u>(1,895,325)</u>	<u>(1,748,429)</u>
<b>Capital and reserves</b>			
Called up share capital	12	1,000	1,000
Profit and loss account	13	(1,896,325)	(1,749,429)
		<u>(1,895,325)</u>	<u>(1,748,429)</u>
<b>Shareholders' funds</b>	13	<u>(1,895,325)</u>	<u>(1,748,429)</u>



Andrew Dixon

Director

9<sup>th</sup> February 2011

## Notes to the financial statements

at 30 June 2010

### 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

#### **Going concern**

At the year end, the company has net liabilities of £1,895,325 (2009 £1,748,429) Included in creditors is a loan of £4,054,511 (2009 £3,224,877) from the parent company, Burt's Bees Inc The parent company has indicated that its intention is not to recall this loan in the foreseeable future It has also been agreed to provide financial support to the company for a period of at least twelve months from the date of signing these accounts in order to continue trading and to meet its liabilities as they fall due Consequently the accounts are prepared on a going concern basis

#### **Basis of preparation**

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

#### **Statement of cash flows**

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

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses

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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

#### **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

#### **Deferred taxation**

Deferred taxation 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 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

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

## Notes to the financial statements

at 30 June 2010

### 1. Accounting policies (continued)

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to 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

### 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

	2010 £	2009 £
UK	3,086,192	2,581,432
Europe	284,923	49,049
	<u>3,371,115</u>	<u>2,630,481</u>

### 3. Loss on ordinary activities before taxation

This is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets – owned	9,566	2,818
Operating lease rentals	45,048	20,028
Auditors' remuneration – audit services	8,800	8,400
– non-audit services	3,900	10,825
Foreign exchange loss	428,061	310,250
	<u>485,375</u>	<u>352,321</u>

## Notes to the financial statements

at 30 June 2010

### 4 Staff costs

The aggregate payroll costs of these persons were as follows

	2010 £	2009 £
Wages and salaries	681,564	540,339
Social security costs	95,281	90,324
	<u>776,845</u>	<u>630,663</u>

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

	2010 No	2009 No
Sales	6	6
Administration	5	6
	<u>11</u>	<u>12</u>

### 5. Directors' Emoluments

	2010 £	2009 £
Directors		
Aggregate emoluments	222,352	-
Company pension contributions to money purchase scheme	19,992	-
	<u>242,344</u>	<u>-</u>
Highest Paid Director		
Aggregate emoluments	155,127	-
Company pension contributions to money purchase scheme	15,511	-
	<u>170,638</u>	<u>-</u>

## Notes to the financial statements

at 30 June 2010

### (5. Directors' Emoluments continued)

During 2010 no payments were made as compensation for loss of office (2009 nil)

Amounts receivable under long term incentive plans	2010 £	2009 £
	-	-

### 6. Tax

#### (a) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are explained below

	2010 £	2009 £
Loss on ordinary activities before tax	(146,896)	(644,348)
Current tax at 28% (2009 – 28%)	(41,131)	(180,417)
<i>Effects of</i>		
Expenses not deductible for tax purposes	6,882	255
Depreciation in excess of capital allowances	3,175	-
Capital allowances in excess of depreciation	-	(2,282)
Unrelieved tax losses carried forward	31,256	106,753
Disallowable foreign exchange loss	-	75,691
Other short term timing differences	(182)	-
Total current tax	-	-

#### (b) Deferred taxation

The unprovided deferred tax asset is as follows

	2010 £	2009 £
Accelerated capital allowances	3,473	298
Other timing differences	3,680	3,862
Tax losses	305,929	274,672
	313,082	278,832

## Notes to the financial statements

at 30 June 2010

### 7. Tangible fixed assets

	<i>Office and computer equipment</i> £	<i>Furniture and fixtures</i> £	<i>Total</i> £
Cost			
At 1 July 2009	20,322	29,725	50,047
Depreciation			
At 1 July 2009	(3,632)	(3,608)	(7,240)
Charge in the year	(4,064)	(5,502)	(9,566)
At 30 June 2010	(7,696)	(9,110)	(16,806)
Net book value			
At 30 June 2010	12,626	20,615	33,241
At 1 July 2009	16,690	26,117	42,807

### 8. Stocks

	<i>2010</i> £	<i>2009</i> £
Finished goods for resale	1,499,501	986,242

### 9. Debtors

	<i>2010</i> £	<i>2009</i> £
Trade debtors	491,210	450,644
Prepayments and other debtors	34,128	25,160
Other taxes	56,256	-
	581,594	475,804

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

	<i>2010</i> £	<i>2009</i> £
Trade creditors	51,836	55,020
Amounts owed to group undertakings	4,054,511	3,224,876
Other taxes	-	31,854
Accruals and deferred income	159,032	105,929
	4,265,379	3,417,679

### 11. Pension and similar obligations

The company operates defined contribution pension schemes. The total pension cost for the year was £36,703 (2009 £24,843). There were no outstanding amounts payable to the scheme as at 30 June 2010.

## Notes to the financial statements

at 30 June 2010

### 12. Issued share capital

	2010	2009
	£	£
<i>Allotted, called up and fully paid</i>		
1000 Ordinary shares of £1 each	1,000	1,000

### 13. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit and loss account	Total share-holders' funds
	£	£	£
At 1 July 2008	1,000	(1,105,081)	(1,104,081)
Loss for the year	–	(644,348)	(644,348)
At 1 July 2009	1,000	(1,749,429)	(1,748,429)
Loss for the year	–	(146,896)	(146,896)
At 30 June 2010	1,000	(1,896,325)	(1,895,325)

### 14. Related party transactions

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

### 15. Ultimate parent undertaking and controlling party

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 undertaking 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, CA 94612

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