CBee (Europe) Limited

Report and Financial Statements

30 June 2020

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Company Information

Directors
Giles Malone
Ajaz Ahmad Khan (Resigned as a Director on 30th Sep 2020)
Todd Brock
Angela Hilt (Appointed as a Director on 30th Sep 2020)

Secretary
Charlotte Bailey was unappointed as a Secretary on 27th January 2020

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

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

Registered Office
Eton House
18-24 Paradise Road
Richmond
Surrey TW9 1SE

Country of Incorporation and Principal Place of Business
United Kingdom

Legal Form
Limited company

Company Number
06062933

Strategic Report

The Directors present their strategic report for the year ended 30 June 2020.

Principal activities and review of the business

The principal activity of the company is the distribution and wholesale of personal care, cat litter, digestive care and cleaning products throughout the UK and Europe.

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

Key performance indicators:

	2020	2019	Change %
Revenue £	30,670,705	28,363,161	+8.1
Gross Profit £	10,513,460	12,251,132	-14.2
Profit before tax £	1,280,163	4,504,475	-71.5
Shareholder's Funds £	8,304,390	7,024,227	+18.2
Headcount	53	50	+6

- Revenue increased by 8.1% to £30.7M (2019: £28.4M) in the year ended 30 June 2020. Revenue growth is driven by petcare and cleaning categories offset the lower sales in personal care. The impact of Covid and the subsequent shutdown of offline retail outlets impacted all categories but the personal care was the most impacted category.
- Gross Profit in FY20 is down due to higher cost of sales. Additionally, FY19 saw one-time favourable transfer price adjustment from prior year.
- Profit before tax £1.3m in 2020 driven by lower gross profit and increased royalty expenses.

Principal risks and uncertainties

The principal risks and uncertainties facing CBee (Europe) Limited can be broadly grouped as competitive, credit, liquidity and foreign exchange risk.

- *Competitive risks*

CBee (Europe) Limited faces competition from a number of other companies for sales in each of the regions in which it trades. The company seeks to maintain existing relationships with customers, and manage pricing and margins to protect the trading results of the business.

- *Credit risk*

Credit risk is the risk that one of the company's debtors fails to re-pay amounts due, causing loss to the company. CBee (Europe) Limited's credit policy is aimed at minimising such losses by trading strictly to set credit limits and credit terms. The company also regularly monitors its receivables to focus collection procedures on potentially risky balances. Provisions for overdue and doubtful debts are made if necessary.

- *Liquidity risk*

The company retains sufficient cash to ensure it has adequate funds available for operations as agreed with the parent company's treasury management committee. The company has no external debt.

- *Foreign exchange rate risk*

CBee (Europe) Limited operates in a number of different countries and currencies, and therefore is exposed to exchange rate risks that arise from transactions in currencies other than its functional currency. We do not mitigate this risk at a local level. The Clorox Company manages this risk at a global level.

Company Structure

In preparation for the expected exit of the UK from the EU, CBee Europe Ltd. has created a 100% owned subsidiary, CBEE Lux SARL, based in Luxembourg, to manage regulatory requirements for trading in the EU.

Strategic Report (Continued)

Assessment of COVID-19

CBee Europe has been supporting global efforts to try to minimize the spread of the novel coronavirus known as COVID-19. The company is constantly assessing the evolving situation with respect to COVID-19. This includes taking all possible steps to meet the significantly increased demand by consumers, retailers and healthcare providers for disinfecting products as quickly as possible while prioritizing the health of our employees, their families, and our consumers. The company is constantly assessing the evolving situation with respect to COVID-19.

On behalf of the Board

Giles Malone

Director
17 December 2020

Directors' report

The directors present their report for the year ended 30 June 2020.

Directors

The directors who served the company during the year and up to the date of this report were:

Giles Malone

Ahjaz Ahmad Khan

Todd Brock

Dividends

The directors do not recommend the payment of a dividend for the year (2019 – £nil).

Future developments

The directors believe there is potential to grow all major brands over the next few years and have developed strategies focussed on growing top line sales and improving operating margins.

Financial Instruments

In June 2020, a $5,000,000 (£3,945,100) loan provided by Clorox Switzerland was repaid in full.

Research & Development

There are no research and development activities in the company.

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 and in the strategic report.

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

At the year end, the company has net current assets of £7,480,620 (2019 – £10,609,218) and shareholders' funds of £7,998,625 (2019 – £7,024,227).

After making enquiries, and receiving confirmation of continued financial support from the parent company (Clorox Company Inc.) for the foreseeable future period, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have completed the long range plan (three year financial projections) for CBee (Europe) Ltd and having obtained confirmation of ongoing support from the ultimate parent company (The Clorox Company), have no reason to believe that material uncertainty exists. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Disclosure of information to the auditors

So far as the directors at the date of approving this report are aware, there is no relevant audit information, being information needed by the auditor in connection with preparing this report, of which the auditor is unaware. Having made enquiries of the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves 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

Giles Malone

Director

17 December 2020

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK 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 International Reporting Standards (IFRS) together with the benefits of UK GAAP Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework. 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 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate 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.

Opinion

We have audited the financial statements of CBEE (Europe) Limited] for the year ended 30 June 2020 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2020 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Oxana Dorrington (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
17 December 2020

Statement of comprehensive income

for the year ended 30 June 2020

	Notes	2020 £	2019 £
Turnover	3	30,670,705	28,363,161
Cost of sales		(20,157,245)	(16,112,029)
Gross Profit		10,513,460	12,251,132
Administrative expenses		(9,104,216)	(7,598,953)
Operating profit	4	1,409,244	4,652,179
Interest payable and similar charges	7	(129,081)	(147,704)
Profit on ordinary activities before taxation		1,280,163	4,504,475
Taxation on profit from ordinary activities	8	(305,765)	(19,271)
Profit on ordinary activities after taxation and total comprehensive income for the year		974,398	4,485,204

All amounts relate to continuing activities.

There are no other gains or losses other than those passing through profit and loss.

Statement of financial position

at 30 June 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	9	289,500	360,109
Investment in subsidiary	10	10,701	-
Right-of-use assets	16	296,664	-
		596,865	360,109
Current assets			
Stock	11	2,381,236	1,459,731
Debtors	12	12,031,007	11,424,518
Cash at bank and in hand	13	4,424,991	3,185,165
		18,837,234	16,069,414
Creditors: Current lease liabilities	16	(234,885)	-
Creditors: Amounts falling due within one year excluding lease	14	(11,121,729)	(5,460,196)
Net current assets		7,480,620	10,609,218
Total assets less current liabilities		8,077,485	10,969,327
Creditors: Lease liabilities due after one year	16	(78,860)	-
Creditors: Amounts falling due after one year excluding lease	15	-	(3,945,100)
Net assets		7,998,625	7,024,227
Capital and reserves			
Called up share capital	16	7,725,290	7,725,290
Retained Earnings		273,335	(701,063)
Shareholders' funds		7,998,625	7,024,227

Approved for and on behalf of the board:

Director

Name: Giles Malone

Date:

Registered No. 06062953

Statement of changes in equity

for the year ended 30 June 2020

	Called Up Share Capital (Note 17) £	*Retained Earnings* £	*Total Shareholder' funds* £
At 1 July 2018	7,725,290	(5,186,267)	2,539,023
Profit for the year and total comprehensive income	-	4,485,204	4,485,204
At 1 July 2019	**7,725,290**	**(701,063)**	**7,024,227**
Profit for the year and total comprehensive income	-	974,398	974,398
At 30 June 2020	**7,725,290**	**273,335**	**7,998,625**

Notes to the financial statements

at 30 June 2020

1. Authorisation of Financial Statements and Statement of Compliance with FRS 101

The financial statements of CBee (Europe) Limited (the "Company") for the year ended 30 June 2020 were authorised for issue by the board of directors on 17 December 2020 and the Statement of financial position was signed on the board's behalf by Giles Malone. CBee (Europe) Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling and all values are given in absolute figures unless otherwise indicated.

2. Accounting policies

Basis of preparation

The company has taken advantage of the following disclosure exemptions under FRS 101 as the equivalent disclosures are included in the consolidated financial statements of The Clorox Company:

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  i. paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of paragraph 45(b) and 46-52 of IFRS 2 share based payment, because
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases
- the share based payment arrangement concerns the instruments of another group entity;
- the requirement of IFRS 7 Financial Disclosures Instruments;
- the requirement of company act section 401 preparation of group accounts
- the requirement of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- The financial statements of The Clorox Company in which the company's results are consolidated can be obtained as described in note 20. The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

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 and in the strategic report.

Notes to the financial statements (continued)

at 30 June 2020

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

At the year end, the company has net current assets of £7,480,620 (2019 – £10,609,218) and shareholders' funds of £7,998,625 (2019 – £7,024,227).

2. *Accounting policies (continued)*

Going concern (continued)

After making enquiries, and receiving confirmation of continued financial support from the parent company (The Clorox Company Inc.) for the foreseeable future period, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have completed the long range plan (three year financial projections) and having obtained confirmation of ongoing support from the ultimate parent company, have no reason to believe that material uncertainty exists. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

IFRS 16 Leases

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted IFRS 16 on 1 July 2019 and has not restated prior year financials.

Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Leases previously accounted for as finance leases
The Company did not have any finance leases.
ii) Leases previously accounted for as operating leases
The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application.

In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold property	–	Over the shorter of remaining life of the lease period and 10 years

Notes to the financial statements (continued)

at 30 June 2020

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments

2. *Accounting policies (continued)*

IFRS16 Leases (continued)

(including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer. When taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with customers, the company determined that the contracts generally include explicit promises to deliver specified products. There are no other implicit promises to provide any other goods or services apart from the specified products. There are no financing components in any existing contracts.

IFRS 9 Financial Instruments

For trade and other receivables that are subject to the impairment provisions of IFRS 9, the company has applied the simplified approach based on the credit risks attributes on recognition and the current method for estimating credit loss on receivables is robust and considers a broad range of information, which is required under this new guidance. This standard does not have a material impact on the financial statements of the company

Revenue Recognition

Revenue comprises the fair value of the sale of goods and services, net of value-added tax and any excise duties, rebates and discounts. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Control over goods sold and services rendered is transferred to the customer upon delivery of the respective products or service respectively. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Payment terms vary in line with the type of sales transactions and depend mainly on the products sold or services rendered, the distribution channels as well as each customer's specifics.

The Company assesses whether it acts as a principal or agent in each of its revenue arrangements. The Company has concluded that in all sales transactions it acts as a principal.

Revenue is recognised when performance obligation under the terms of the contracts with customers are satisfied. The company's performance obligation generally consists of the promise to sell finished products to wholesalers, distributors, retailers or customers. Control of finished products is transferred upon shipment to, or receipt at, customers' locations, as determined by the terms of the contract. Once control is transferred to the customer, the company has completed its performance obligation, and revenue is recognised.

Tangible fixed assets

All fixed assets are initially recorded at cost. Cost comprises the purchase price and any direct costs incurred in bringing the asset to its location and condition for intended use.

Notes to the financial statements (continued)

at 30 June 2020

2. *Accounting policies (continued)*

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Office and computer equipment	–	5 years
Furniture and fixtures	–	5 years
Leasehold property improvement	–	Over the shorter of remaining life of the lease period and 10 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 on a first in first out basis (FIFO). Cost includes all costs in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less additional costs to completion and disposal. In determining the cost of finished goods, the value used is the price charged by the US parent.

Stock provisioning

The Company defines obsolete inventory as inventory on hand that is not saleable, has no current consumer or production demand and shows no sign of future demand. The lower of cost or market principle must be applied to obsolete inventory and a loss must be recognized in the period the material(s) are considered obsolete. The Company will dispose of obsolete inventory in accordance with all regulatory and legal requirements. Additional costs to dispose inventory shall be accrued as soon as items are deemed obsolete and disposal costs are estimable.

Taxation

Current tax, including UK corporation 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 taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which deferred tax liabilities/(assets) are settled or recovered, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

Foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange

Notes to the financial statements (continued)

at 30 June 2020

ruling at the balance sheet date.

All differences are taken to the profit and loss account.

2. *Accounting policies (continued)*

Share Based Payments

IFRS 2 "Share Based Payment" requires the fair value of options and shares awarded to the company's employees by the ultimate parent undertaking, which ultimately vest, to be charged to the company's profit and loss account over the vesting or performance period. For equity - settled transactions the fair value is determined at the date of the grant using an appropriate pricing model. For cash settled transactions the fair value is determined at the grant date and at balance sheet date thereafter until the awards are settled. If an award fails to vest as a result of certain types of performance condition not being satisfied, the charge to the profit and loss account will be adjusted to reflect this.

As in the prior year, the directors have determined that the fair value of the share based payment awards in the ultimate parent company granted to the company's current employees is not material and therefore these financial statements do not include a share based payment expense or related detailed disclosures as required by IFRS 2. As at 30 June 2020, there were 24,690 (2019: 29,498) outstanding share options held by employees of which 6,105 were granted in the year. There are a total of 2,717 (2019: 4,331) restricted shares held by employees. Full disclosure of share based payment arrangements can be found in the consolidated accounts of The Clorox Company.

Pensions

The company operates a defined contribution scheme. Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable. The assets of the scheme are held separately from those of the company in an independently administered fund.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial instruments are subsequently measured in three categories: financial assets at amortised cost (debt instruments), financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at fair value through profit or loss.

Financial assets at amortised cost

The Company's financial assets at amortised cost includes trade receivables, loan to other group undertaking and other non-current financial assets.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Notes to the financial statements (continued)

at 30 June 2020

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being

2. *Accounting policies (continued)*

Financial instruments (continued)

the difference between the net carrying amount and the present value of the future expected cash flows

associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

For trade receivables, which are not in default the Company applies the simplified approach, in accordance with IFRS 9 and calculates ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

The company classifies its financial liabilities into the other financial liabilities category set out below. The company has not classified any of its financial liabilities as fair value through profit or loss.

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Loans from group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Accounting estimates and judgements

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expense. The directors have concluded that the judgements made during the period are not significant and that any estimation uncertainty does not give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Accounting policies prior to 1 July 2019

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Notes to the financial statements (continued)

at 30 June 2020

3. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to the distribution and wholesale of natural beauty, cat litter and cleaning products throughout the UK and the rest of the world as stated in the strategic report.

All our turnover is from the sale of goods.

An analysis of turnover by geographical market is given below:

	2020	*2019*
	£	*£*
UK	7,960,345	8,088,369
Rest of the World	22,710,360	20,274,792
	30,670,705	28,363,161

4. Operating profit

This is stated after charging/(crediting)

	2020	*2019*
	£	*£*
Depreciation of owned fixed assets (Note 9)	121,844	186,790
Operating lease rentals - land and buildings	301,505	300,402
Net loss on foreign currency translation	(35,199)	(102,715)
Management recharge income	(3,922,782)	(3,055,864)
Other accounting services	13,670	45,246
Auditor's remuneration - audit services	55,000	40,095

5. Employees

	2020	*2019*
	£	*£*
Wages and salaries	5,678,675	4,818,517
Social security costs	744,067	922,788
Pension costs	392,449	316,267
	6,815,191	6,057,572

These staff costs include costs for employees (and two directors) who also perform services for other group companies. The costs relating directly to services attributable to the company have not been separately identified and therefore the full costs are disclosed. The costs relating to group services are recovered within a management recharge for all the costs borne by the entity relating to functions for group entities.

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

	2020	*2019*
Sales	23	20
Administration	30	30
	53	50

Notes to the financial statements (continued)

at 30 June 2020

6. Directors' remuneration

	2020	2019
	£	£
Aggregate emoluments	630,294	646,097
Company pension contributions to money purchase scheme	41,650	39,642
	671,944	685,739

In respect of highest paid director:

	2020	2019
	£	£
Aggregate emoluments	439,737	446,182
Company pension contributions to money purchase scheme	27,855	26,343
	467,592	472,525

The highest paid director did not exercise share options during the year.

	2020	2019
	No.	No.
Number of directors who exercised share options	2	2
Members of money purchase pension scheme	2	2

7. Interest payable and similar charges

	2020	2019
	£	£
Group Undertakings Interest Expense	129,081	147,704

In December 2018, a £3,945,100 loan ($5,000,000) was provided by Clorox Switzerland to pay down some of the group undertakings with Burt's Bees International Holdings Inc. This is accruing interest at the higher of Libor+1% and the Swiss Safe Harbour rate. In June 2020, this loan was repaid in full.

8. Tax

(a) Tax on profit on ordinary activities

	2020	2019
	£	£
Current tax:		
UK corporation tax	270,342	19,271
Adjustments in respect of prior periods	34,605	-
Total current tax	304,947	19,271

Notes to the financial statements (continued)

at 30 June 2020

8. Tax (continued)

Deferred tax:		
Origination and reversal of temporary differences	(10,713)	-
Adjustments in respect of prior periods	8,288	-
Effect of tax rate change on opening balance	3,243	-
Total deferred tax	818	-
Total tax expense	305,765	19,271

(b) Factors affecting current tax charge

	2020 £	*2019* £
Profit on ordinary activities before taxation	1,280,163	4,504,475
Profit on ordinary activities at standard UK rate of corporation tax of 19% (2019 – 19%)	243,231	855,850
Fixed Asset differences	41,863	7,949
Expenses not deductible for tax purposes	15,044	384
Income not taxable for tax purposes	(40,508)	-
Adjustment to tax charge in respect of previous periods	34,605	-
Adjustment to tax charge in respect of previous periods – deferred tax	8,288	-
Premeasurement of deferred tax for changes in tax rates	3,242	-
Other differences	-	(7,521)
Adjust closing deferred tax to average rate of 19%	-	(2,267)
Adjust opening deferred tax to average rate of 19%	-	(87,908)
Deferred Tax not recognised	-	(747,216)
Total tax expense	305,765	19,271

(c) Deferred tax

	2020 £	*2019* £
Unrecognised deferred tax liability		
Temporary timing differences due to losses	(20,089)	-

UK Finance Act (No 2) Act 2015 which introduced reductions in the UK corporation tax rate to 19% effective from 1 April 2018 and 18% effective from 1 April 2020 was enacted on 15 November 2015.

UK Finance Act 2016 which introduced further reductions in the UK corporation tax rate to 17% effective 1 April 2020 was enacted on 15 September 2016.

On 11 March 2020, the UK government announced that the rate applicable from 1 April 2020 would be maintained at 19% and this is substantively enacted on 17 March 2020.

The relevant deferred tax balances have been re-measured to 17%, the rate enacted by the balance sheet date.

Notes to the financial statements (continued)

at 30 June 2020

9. Tangible fixed assets

	Leasehold Property	*Office and computer equipment*	*Furniture and fixtures*	*Total*
	£	£	£	£
Cost:				
At 1 July 2019	739,957	326,920	200,694	1,267,571
Additions	15,271	25,686	10,278	51,235
At 30 June 2020	755,228	352,606	210,972	1,318,806
Depreciation:				
At 1 July 2019	(473,856)	(277,130)	(156,476)	(907,462)
Charge in the year	(93,584)	(11,228)	(17,032)	(121,844)
At 30 June 2020	(567,440)	(288,358)	(173,508)	(1,029,306)
Net book value:				
At 1 July 2019	266,101	49,790	44,218	360,109
At 30 June 2020	187,788	64,248	37,464	289,500

10. Investment in subsidiary

	2020	*2019*
	£	£
Investment in CBEE Lux SARL	10,701	-

11. Stocks

	2020	*2019*
	£	£
Finished goods and goods for resale	2,381,236	1,459,731

12. Debtors

	2020	*2019*
	£	£
Trade debtors	7,868,826	6,034,576
Amounts owed by group undertakings	3,496,602	4,078,368
Other taxes	-	496,109
Bond Guarantee	501,235	501,235

Notes to the financial statements (continued)

at 30 June 2020

Prepayments and other debtors	164,344	314,231
	12,031,007	11,424,518

All amounts shown under debtors, except for the bond guarantee, fall due for payment within one year.

A Bond guarantee facility for £500,000 was arranged with Barclays Bank in January 2014 which has been secured with £500,000 cash which cannot be drawn by CBee Europe Ltd. This is to finance import taxes for products purchased from the ultimate parent, The Clorox Company.

13. Cash at bank and in hand

	2020	*2019*
	£	*£*
Cash at Bank	4,424,991	3,185,165

14. Creditors: amounts falling due within one year

	2020	*2019*
	£	*£*
Trade creditors	1,642,001	1,873,518
Amounts owed to group undertakings	6,155,700	1,140,947
Other taxes	247,378	-
Accruals and deferred income	3,076,650	2,445,731
	11,121,729	5,460,196

15. Creditors: amounts falling due after one year

	2020	*2019*
	£	*£*
Amounts owed to group undertakings	78,860	3,945,100
	78,860	3,945,100

The $5,000,000 loan (£3,945,100) provided by Clorox Switzerland to pay down in full in June 2020.

16. Leases

The Company has lease contracts for property used in its operations.

The carrying amounts of right-of-use assets recognised and the movements during the period are:

	2020	2019
	£	£
At 1 July 2019	509,866	-
Increases- new leases	-	-
Decreases - expired leases	-	-

Notes to the financial statements (continued)

at 30 June 2020

Amortisation	(213,202)	-
At 30 June 2020	296,664	-

	2020	*2019*
	£	*£*
The carrying amounts of lease liabilities recognised and the movements during the period are:		
As at 1 July 2019	546,109	-
Additions	-	-
Interest accretion	4,536	-
Payments	236,900	-
As at 30 June 2020	313,745	-
Current	234,885	-
Non-current	78,860	-

The following are the amounts recognised in comprehensive income statement	
Depreciation expense of right-of-use assets	213,202
Interest expense on lease liabilities	4,536
Total amount recognised	217,738

17. Issued share capital

		2020		*2019*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	7,725,290	7,725,290	7,725,290	7,725,290

18. Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	***Description and purpose***
Share capital	Nominal value of share capital subscribed for.
Profit and loss account	All other net gains and losses and transactions with owners (e.g. Dividends) not recognised elsewhere.

19. Pensions

The company operates a defined contribution pension scheme. The total pension cost for the year was £392,449 (2019 – £316,267). There were £nil (2019 –£nil) outstanding amounts payable to the scheme as at 30 June 2020.

20. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Burt's Bees 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

Notes to the financial statements (continued)

at 30 June 2020

which include the company are available from Clorox Inc., 1221 Broadway Oakland, California, 94612-1871 United States.

The smallest group of which the company is a part is Burt's Bees, Inc.

The largest group of which the company is a member is The Clorox Company which is also the only group in which the company's results are consolidated.

21. Events after the reporting date

Brexit

In preparation for the expected exit of the UK from the EU, CBee Europe Ltd. has created a 100% owned subsidiary, CBEE Lux SARL, based in Luxembourg, to manage regulatory requirements for trading in the EU.

Assessment of COVID-19

CBee Europe has been supporting global efforts to try to minimize the spread of the novel coronavirus known as COVID-19. The company is constantly assessing the evolving situation with respect to COVID-19. This includes taking all possible steps to meet the significantly increased demand by consumers, retailers and healthcare providers for disinfecting products as quickly as possible while prioritizing the health of our employees, their families, and our consumers. The company is constantly assessing the evolving situation with respect to COVID-19.