

**Company registration number: 2427377**

**The Sanctuary Spa Group Limited**  
**Annual report and financial statements**  
**For the year ended 31 May 2010**



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## **THE SANCTUARY SPA GROUP LIMITED**

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**THE SANCTUARY SPA GROUP LIMITED**  
**COMPANY INFORMATION**

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**Directors**

H Sampson (resigned 18 December 2009)

C How (resigned 28 May 2010)

B Leigh

A Murray (appointed 25 May 2010)

**Company secretary**

M J Campbell

**Registered office**

Manchester Business Park

3500 Aviator Way

Manchester

M22 5TG

**Company number**

2427377

**Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

**THE SANCTUARY SPA GROUP LIMITED**  
**Directors' report for the year ended 31 May 2010**

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The directors present their annual report together with the audited financial statements for the year ended 31 May 2010

**Results and dividends**

The profit and loss account is set out on page 5 and shows the profit for the year of £1,262,145 (2009 £1,118,373)

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

**Principal activities**

The principal activity of the company continues to be the receipt of licence fees from group companies for use of the Sanctuary trade-mark

**Review of business and future developments**

The company continued to earn a licence fee during the year and is expected to continue earning this fee in the foreseeable future

**Key performance indicators**

The directors do not consider the use of KPIs necessary. The main transaction in the company is the licence fee from another group company

**Financial risk management**

***Interest rate risk***

The company has no significant exposure to interest rate risk

***Price risk***

Expenditure by the company is authorised prior to it being by management in order to ensure that goods and services are not obtained at a higher price than necessary

***Credit risk***

The company's revenue transactions are from related parties and there are no related party credit risks

***Liquidity risk***

The company is funded internally by the group and therefore has no direct exposure to liquidity or debt market risk

**Post balance sheet events**

There have been no significant events since the year end

**Directors**

The directors who served throughout the year (except where noted) are included in the list of officers and professional advisers on page 1

**THE SANCTUARY SPA GROUP LIMITED**  
**Directors' report for the year ended 31 May 2010 (continued)**

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**Directors' responsibilities statement**

The directors are responsible for preparing the Directors' 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 accounting 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,
- 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 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.

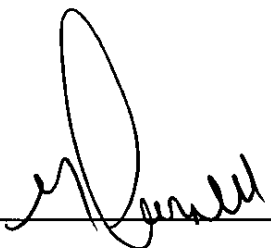
**Disclosure of information to auditor**

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Independent auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

**On behalf of the Board**



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M J Campbell  
Secretary

Date 30/11/2010

**THE SANCTUARY SPA GROUP LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE**  
**SANCTUARY SPA GROUP LIMITED**

We have audited the financial statements of The Sanctuary Spa Group Limited for the year ended 31 May 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**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 31 May 2010 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.

**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.



Jason Leach (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

30 November 2010

**THE SANCTUARY SPA GROUP LIMITED**  
**Profit and loss account for the year ended 31 May 2010**

	Note	Year ended 31 May 2010 £	Year ended 31 May 2009 £
<b>Turnover</b>	2	1,752,980	1,553,289
Administrative expenses		-	-
<b>Operating profit</b>	3	1,752,980	1,553,289
<b>Profit on ordinary activities before taxation</b>		1,752,980	1,553,289
Tax on profit on ordinary activities	4	(490,835)	(434,916)
<b>Profit for the financial year</b>	10	1,262,145	1,118,373

All amounts relate to continuing activities

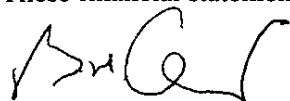
There were no recognised gains in either the current or the prior year other than the profit shown above

There are no material differences between the loss on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

**THE SANCTUARY SPA GROUP LIMITED**  
**Balance sheet as at 31 May 2010**

			31 May 2010		31 May 2009
	Note	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	5		-		-
Investments	6		2,635,925		2,635,925
			2,635,925		2,635,925
<b>Current assets</b>					
Debtors due within one year	7	4,652,646	3,335,230		
Cash at bank and in hand		397	397		
		4,653,043	3,335,627		
<b>Creditors</b> amounts falling due within one year	8	(486,144)	(430,873)		
<b>Net current assets</b>			4,166,899		2,904,754
<b>Total assets less current liabilities</b>			6,802,824		5,540,679
<b>Net assets</b>			6,802,824		5,540,679
<b>Capital and reserves</b>					
Called up share capital	9		653,344		653,344
Share premium account	10		21,926		21,926
Capital redemption reserve	10		71,656		71,656
Profit and loss account	10		6,055,898		4,793,753
<b>Total shareholders' funds</b>	10		6,802,824		5,540,679

These financial statements were approved by the Board on 30/11/10 and signed on its behalf by



B Leigh  
Director

The notes on pages 7 to 11 form part of these financial statements

**The Sanctuary Spa Group Limited**  
**Registered number: 2427377**



## THE SANCTUARY SPA GROUP LIMITED

### Notes to the financial statements for the year ended 31 May 2010

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#### 1. Accounting policies

##### *Basis of preparation*

The financial statements have been prepared on the going concern basis in accordance with the Companies Act 2006 and applicable United Kingdom law and accounting standards and under the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below. The accounting policies have been applied consistently throughout the current and prior year.

In accordance with section 400(1a) of the Companies Act 2006, group accounts have not been prepared as The Sanctuary Spa Group Limited is a wholly owned subsidiary of PZ Cussons Plc, which is incorporated in Great Britain. PZ Cussons Plc prepares group accounts that include the results of the company.

##### *Turnover*

Turnover represents inter-company charges and fees, which are recognised as they are incurred, on the accruals basis.

##### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historic cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at the following annual rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life.

Furniture, fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line
Leasehold improvements	-	Life of the lease

##### *Deferred 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

##### *Cash flow statement*

The company is a wholly-owned subsidiary of The Sanctuary Spa Holdings Limited and is included in the consolidated financial statements of PZ Cussons Plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised).

##### *Investments*

Fixed asset investments are stated at cost less provision for diminution in value.

**THE SANCTUARY SPA GROUP LIMITED**

**Notes to the financial statements for the year ended 31 May 2010 (continued)**

**2. Turnover**

	<b>31 May 2010</b>	<b>31 May 2009</b>
	<b>£</b>	<b>£</b>
Licence fees	1,752,980	1,553,289
All turnover arises in the UK		

**3. Operating profit**

The audit fee is borne by another group company

**4. Taxation on profit from ordinary activities**

**31 May 2010**  
**£**

**31 May 2009**  
**£**

**a) Analysis of charge in period**

**Current tax:**

UK corporation tax on profits of the year

485,391

428,112

**Total current tax**

485,391

428,112

**Deferred tax:**

Origination and reversal of timing differences

5,444

6,804

**Total tax on profit on ordinary activities**

490,835

434,916

**b) Factors affecting the tax charge for the year/period**

The standard rate of tax for the year, based on UK standard rate of corporation tax, is 28 % (2009 28%)  
The actual tax charge for the current and previous year is different from the standard rate for the reasons set out below

Profit on ordinary activities before tax

1,752,980

1,553,289

Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)

490,835

434,920

Effects of  
Accelerated capital allowances

(5,444)

(6,804)

**Total current tax charge**

485,391

428,116

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 is expected to include legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes to be enacted in the Finance (No 2) Act 2010 would be to reduce the deferred tax asset provided at 31 May 2010 by £778. This £778 decrease in the deferred tax asset would decrease profit for the year by £778. This decrease in the deferred tax asset is due to the reduction in the corporation tax rate from 28% to 27% with effect from 1 April 2011.

**THE SANCTUARY SPA GROUP LIMITED**

Notes to the financial statements for the year ended 31 May 2010 (continued)

**4. Taxation on profit from ordinary activities (continued)**

The proposed reductions of the main rate of corporation tax by 1% per year to 24% by 1 April 2014 are expected to be enacted separately each year. The overall effect of the further changes from 27% to 24%, if these applied to the deferred tax balance at 31 March 2010, would be to reduce the deferred tax asset by £3,112 (being £778 recognised in 2012, £778 recognised in 2013 and £778 recognised in 2014).

**5. Tangible fixed assets**

	Short Leasehold property improvements £	Furniture, fixtures & fittings £	Computer equipment £	Total £
<i>Cost</i>				
At 1 June 2009 and 31 May 2010	65,968	9,759	431,526	507,253
<i>Accumulated depreciation</i>				
At 1 June 2009 and 31 May 2010	65,968	9,759	431,526	507,253
<i>Net book value</i>				
At 31 May 2009 and 31 May 2010	-	-	-	-

**6. Fixed asset investments**

Name	Nature of business	Class	Shares held
The Sanctuary at Covent Garden Limited	Ladies health club	Ordinary	100%
The Sanctuary Spas Limited	Dormant	Ordinary	100%
The Sanctuary Licensing Limited	Dormant	Ordinary	100%

All the above companies are registered in England and Wales. In the opinion of the directors, the aggregate value of shares in and amounts owing by its subsidiaries is not less than the aggregate amounts at which they are included in the company's balance sheet.

	£
<i>Cost</i>	
At 1 June 2009 and 31 May 2010	2,636,925
<i>Provision for diminution in value</i>	
At 1 June 2009 and 31 May 2010	1,000
<i>Net book value</i>	
At 31 May 2009 and 31 May 2010	2,635,925

**THE SANCTUARY SPA GROUP LIMITED**

**Notes to the financial statements for the year ended 31 May 2010 (continued)**

**7. Debtors**

	31 May 2010 £	31 May 2009 £
<b>Amount falling due within one year:</b>		
Deferred tax	21,779	27,223
Amounts due from group undertakings	4,630,867	3,308,007
	<u>4,652,646</u>	<u>3,335,230</u>

Amounts owed by the group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

The movement in deferred tax can be analysed as follows

	£
As at 1 June 2009	27,223
Profit and loss account	(5,444)
<b>As at 31 May 2010</b>	<u><b>21,779</b></u>

All of the above deferred tax relates to accelerated capital allowances.

**8. Creditors: amounts falling due within one year**

	31 May 2010 £	31 May 2009 £
Trade creditors	754	757
Corporation tax	485,390	430,116
	<u>486,144</u>	<u>430,873</u>

**9. Called up Share Capital**

	31 May 2010 £	31 May 2009 £
<b>Authorised, allotted, and fully paid</b>		
411,033 Ordinary shares of 10p each	41,104	41,104
6,122,404 "A" Ordinary shares of 10p each	612,240	612,240
	<u>653,344</u>	<u>653,344</u>

All shares rank pari passu

**THE SANCTUARY SPA GROUP LIMITED****Notes to the financial statements for the year ended 31 May 2010 (continued)****10. Reconciliation of movement in shareholders' funds**

	<b>Share capital £</b>	<b>Share premium account £</b>	<b>Capital Redemption Reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
Opening shareholders' funds at 1 June 2009	653,344	21,926	71,656	4,793,753	5,540,679
Profit for the financial year	-	-	-	1,262,145	1,262,145
Closing shareholders' funds At 31 May 2010	653,344	21,926	71,656	6,055,898	6,802,824

**11. Related party transactions**

The company had no related party transactions other than those with group companies. The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

**12. Ultimate parent company and ultimate controlling party**

The immediate parent undertaking is the Sanctuary Spa Holdings Limited.

At 31 May 2010 the company's ultimate parent company was PZ Cussons Plc, a company registered in England. The financial statements of PZ Cussons Plc can be obtained from the registered office, Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG.