

Registered number: 2480670

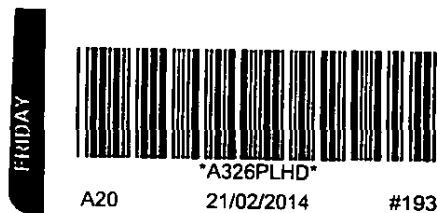
---

## THE SANCTUARY AT COVENT GARDEN LIMITED

---

### DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2013



---

**THE SANCTUARY AT COVENT GARDEN LIMITED**

---

**CONTENTS**

---

	Page
<b>Company information</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 3</b>
<b>Independent auditors' report to the members of The Sanctuary at Covent Garden Limited</b>	<b>4 - 5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8 - 14</b>

---

**THE SANCTUARY AT COVENT GARDEN LIMITED**

---

**COMPANY INFORMATION**

---

<b>DIRECTORS</b>	B H Leigh J D Lang
<b>COMPANY SECRETARY</b>	M J Campbell
<b>REGISTERED NUMBER</b>	2480670
<b>REGISTERED OFFICE</b>	Manchester Business Park 3500 Aviator Way Manchester M22 5TG
<b>INDEPENDENT AUDITORS</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW

---

## THE SANCTUARY AT COVENT GARDEN LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2013

---

The Directors present their report and the audited financial statements for the year ended 31 May 2013

#### PRINCIPAL ACTIVITIES

The Company ceased trading on the 1 June 2011 but continues to incur depreciation for the remaining tangible fixed assets held

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £426,000 (2012 - profit £25,827,000)

During the year the Company did not pay a dividend (2012 - £28,457,000)

#### DIRECTORS

The Directors of the Company who were in office during the year and up to the date of the signing of the financial statements were

B H Leigh  
J D Lang

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

#### DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information

#### AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

---

## THE SANCTUARY AT COVENT GARDEN LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2013

---

#### DIRECTORS' RESPONSIBILITIES STATEMENT

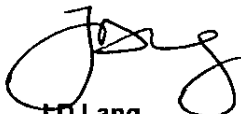
The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared 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 judgments 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, 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 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.

This report was approved by the board on 27 November 2013 and signed on its behalf



**J D Lang**  
Director

---

## **THE SANCTUARY AT COVENT GARDEN LIMITED**

---

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SANCTUARY AT COVENT GARDEN LIMITED**

---

We have audited the financial statements of The Sanctuary at Covent Garden Limited for the year ended 31 May 2013, 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 Statement of Directors' Responsibilities 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 and express an opinion on 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. In addition, we read all the financial and non-financial information in the Directors' report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2013 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.

---

THE SANCTUARY AT COVENT GARDEN LIMITED

---

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SANCTUARY AT COVENT GARDEN  
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



Jason Leach (Senior statutory auditor)

for and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

27 November 2013

---

THE SANCTUARY AT COVENT GARDEN LIMITED

---

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 2013

---

	Note	2013 £000	2012 £000
Administrative expenses		(426)	(426)
<b>OPERATING LOSS</b>	2	(426)	(426)
<b>EXCEPTIONAL ITEMS</b>			
Profit on disposal of discontinued operations		-	27,056
Amounts written off investments		-	(744)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(426)	25,886
Tax on (loss)/profit on ordinary activities	4	-	(59)
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	11	(426)	25,827

All amounts for 2013 and 2012 relate to discontinued operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

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

The notes on pages 8 to 14 form part of these financial statements



**THE SANCTUARY AT COVENT GARDEN LIMITED**  
**REGISTERED NUMBER. 2480670**

**BALANCE SHEET**  
**AS AT 31 MAY 2013**

	Note	£000	2013 £000	2012 £000
<b>FIXED ASSETS</b>				
Tangible assets	5		2,565	2,991
<b>CURRENT ASSETS</b>				
Debtors	7	1,180		1,180
<b>CREDITORS</b> amounts falling due within one year	8	(1,065)		(1,065)
<b>NET CURRENT ASSETS</b>			115	115
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,680	3,106
<b>PROVISIONS FOR LIABILITIES</b>				
Deferred tax	9		(443)	(443)
<b>NET ASSETS</b>			2,237	2,663
<b>CAPITAL AND RESERVES</b>				
Called up share capital	10		-	-
Profit and loss account	11		2,237	2,663
<b>SHAREHOLDERS' FUNDS</b>	12		2,237	2,663

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 November 2013

  
**J D Lang**  
 Director

The notes on pages 8 to 14 form part of these financial statements

---

## THE SANCTUARY AT COVENT GARDEN LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2013

---

#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The Directors have used the going concern principle on the basis that although the Company no longer trades it has net assets

The principal accounting policies, which have been applied consistently throughout the year, are set out below

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group

##### 1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	not less than 2%
Plant & machinery	-	25% straight line
Fixtures & fittings	-	20% straight line

##### 1.3 Investments

##### 1.4 Leases

Leases which transfer the risks and rewards of ownership to the Company are treated as finance leases

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

##### 1.5 Taxation

Current taxation is provided at amounts expected to be paid (or recovered) based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

---

**THE SANCTUARY AT COVENT GARDEN LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2013**

---

**1. ACCOUNTING POLICIES (continued)**

**1.6 Deferred income**

Receipts for unredeemed gift vouchers are shown as deferred income until such time as they are redeemed or it is considered they will not be redeemed

**1.7 Exceptional items**

Exceptional items are considered by the Directors to be exceptional in nature rather than being representative of the underlying trading of the company, and may include such items as restructuring costs and material profits and losses on disposal of property, plant and equipment. The Directors apply judgement in assessing the particular items, which by virtue of their scale and nature should be disclosed separately in the financial statements. The Directors believe that the separate disclosure of these items is relevant to an understanding of the Company's financial performance.

**2. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting)

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets		
- owned by the Company	<b>426</b>	426
Profit on disposal of discontinued operations	-	(27,056)
Amounts written off investments	-	744
	<hr/>	<hr/>

During the year, no Director received any emoluments (2012 - £NIL) for services provided to the Company.

**Explanation of exceptional items  
Year to May 2012**

**Amounts written off investments**

During the prior year certain trade, assets and liabilities of The Sanctuary City Spas Limited were sold to PZ Cussons Beauty LLP, a fellow group undertaking. The investment held in The Sanctuary City Spas Limited of £744,000 was fully impaired.

**Profit on disposal of discontinued operations**

On 1 June 2011, the Company sold certain trade, assets and liabilities to PZ Cussons Beauty LLP, a fellow group undertaking. The book value of assets and liabilities disposed of was £1,401,000 with consideration received of £28,457,000.

---

**THE SANCTUARY AT COVENT GARDEN LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2013**

---

**3. STAFF COSTS**

The average monthly number of employees, including the Directors, during the year was as follows

	<b>2013 No.</b>	<b>2012 No</b>
Administrative staff	-	106
Beauty therapists	-	111
	<u>-</u>	<u>217</u>

**4. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

	<b>2013 £000</b>	<b>2012 £000</b>
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
Adjustments in respect of prior periods	-	56
	<u>-</u>	<u>56</u>
<b>Deferred tax (see note 9)</b>		
Origination and reversal of timing differences	-	3
	<u>-</u>	<u>3</u>
<b>Tax on (loss)/profit on ordinary activities</b>	<u>-</u>	<u>59</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2012 - lower than) the standard rate of corporation tax in the UK of 23.83% (2012 - 25.69%). The differences are explained below

	<b>2013 £000</b>	<b>2012 £000</b>
(Loss)/profit on ordinary activities before tax	<u>(426)</u>	<u>25,886</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.83% (2012 - 25.69%)	<u>(102)</u>	<u>6,650</u>
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	-	191
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	102	110
Income from disposal not taxable for tax purposes	-	(6,951)
Adjustments to tax charge in respect of prior periods	-	56
	<u>-</u>	<u>56</u>
<b>Current tax charge for the year</b>	<u>-</u>	<u>56</u>

---

THE SANCTUARY AT COVENT GARDEN LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2013

---

4 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

Factors that may affect future tax charges

The main rate of corporation tax in the UK reduced from 24% to 23% from 1 April 2013. All deferred tax assets have been remeasured at 23% as at the balance sheet date.

A reduction in the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015 was announced in the Budget on 20 March 2013 and was substantively enacted on 2 July 2013 as part of the Finance Bill 2013.

5. TANGIBLE FIXED ASSETS

	Freehold property £000	Plant & machinery £000	Total £000
<b>Cost</b>			
At 1 June 2012 and 31 May 2013	5,115	18	5,133
<b>Depreciation</b>			
At 1 June 2012	2,124	18	2,142
Charge for the year	426	-	426
At 31 May 2013	2,550	18	2,568
<b>Net book value</b>			
At 31 May 2013	2,565	-	2,565
At 31 May 2012	2,991	-	2,991

6. FIXED ASSET INVESTMENTS

Subsidiary undertakings

The following were subsidiary undertakings of the Company

Name	Class of shares	Holding
The Sanctuary Marketing Limited	Ordinary	100%
The Sanctuary Limited	Ordinary	100%
The Sanctuary Gym Limited	Ordinary	100%
The Sanctuary City Spas Limited	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. The Sanctuary City Spas Limited has ceased trading but continues to maintain the Spa assets whilst the other subsidiaries are all dormant.

---

**THE SANCTUARY AT COVENT GARDEN LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2013**

---

**7. DEBTORS**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by group undertakings	<b>796</b>	<b>796</b>
Other debtors	<b>384</b>	<b>384</b>
	<u><b>1,180</b></u>	<u><b>1,180</b></u>

Amounts owed by group undertakings are unsecured, non interest bearing and are repayable on demand

**8. CREDITORS:  
Amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Bank overdrafts	<b>1,065</b>	<b>1,065</b>
	<u><b>1,065</b></u>	<u><b>1,065</b></u>

**9. DEFERRED TAXATION**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	<b>443</b>	<b>440</b>
Charge for year (P&L)	<b>-</b>	<b>3</b>
	<u><b>443</b></u>	<u><b>443</b></u>

The provision for deferred taxation is made up as follows

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>443</b>	<b>443</b>
	<u><b>443</b></u>	<u><b>443</b></u>

**10. SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<b>-</b>	<b>-</b>
	<u><b>-</b></u>	<u><b>-</b></u>

---

**THE SANCTUARY AT COVENT GARDEN LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2013**

---

**11. RESERVES**

	Profit and loss account £000
At 1 June 2012	2,663
Loss for the financial year	(426)
	<hr/>
At 31 May 2013	2,237
	<hr/>

**12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2013 £000	2012 £000
Opening shareholders' funds	2,663	5,293
(Loss)/profit for the financial year	(426)	25,827
Dividend in specie (Note 13)	-	(28,457)
	<hr/>	<hr/>
Closing shareholders' funds	2,237	2,663
	<hr/>	<hr/>

**13. DIVIDENDS**

	2013 £000	2012 £000
Dividend in specie	-	28,457
	<hr/>	<hr/>

The dividend in specie related to the assignment of an intercompany receivable with PZ Cussons Beauty LLP in the prior year

**14. CONTINGENT LIABILITIES**

The Company is party to cross guarantee arrangements relating to an overdraft facility for certain group companies' accounts at Barclays Bank Plc. The maximum exposure at 31 May 2013 was £5.0 million (2012 - £10.0 million).

In addition the Company is party to cross guarantee arrangements relating to a borrowing facility provided to PZ Cussons Plc. The amount borrowed under this arrangement at 31 May 2013 was £100.0 million (2012 - £82.0 million).

---

**THE SANCTUARY AT COVENT GARDEN LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2013**

---

**15. RELATED PARTY TRANSACTIONS**

Advantage has been taken of the exemption in paragraph 3 of Financial Reporting Standard 8, as a result, details of transactions with group companies are not disclosed

**16. CASH FLOW STATEMENT**

The Company is a wholly-owned subsidiary of The Sanctuary Spa Group 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)

**17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The Company is a wholly-owned subsidiary of The Sanctuary Spa Group Limited. PZ Cussons Plc is the ultimate parent company and ultimate controlling party of the company. PZ Cussons Plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of PZ Cussons Plc can be obtained from the registered office of this company, Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG. The companies are incorporated in Great Britain and registered in England and Wales.