
THE SANCTUARY SPA HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2012

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THE SANCTUARY SPA HOLDINGS LIMITED

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THE SANCTUARY SPA HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

P Girven
B H Leigh
S P Plant (appointed 27 June 2012)

COMPANY SECRETARY

M J Campbell

COMPANY NUMBER

05475146

REGISTERED OFFICE

Manchester Business Park
3500 Aviator Way
Manchester
M22 5TG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

THE SANCTUARY SPA HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2012

The Directors present their report and the financial statements for the year ended 31 May 2012

PRINCIPAL ACTIVITIES

The Company ceased trading on the 1 June 2011 as a result of the sale of certain trade, assets and liabilities. The Company has not incurred any historic costs for the year ended 31 May 2012.

BUSINESS REVIEW

On 1 June 2011, the Company sold certain trade, assets and liabilities to PZ Cussons Beauty LLP, a fellow group undertaking. The fair value consideration received was equal to the net book value of the assets disposed and as such there was no profit on disposal.

FINANCIAL RISK MANAGEMENT

Interest rate risk

The Company does not have significant exposure to interest rate risk. The majority of liabilities are now with the ultimate holding company.

Price risk

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

Liquidity risk

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

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £69,847,000 (2011 - loss £1,589,000).

During the year the Company received an intercompany dividend of £87,664,000 (2011 - nil).

During the year the Company paid a dividend of £80,163,000 (2011 - nil).

THE SANCTUARY SPA HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2012

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

P Girven
B H Leigh

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

PROVISION 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 information needed by the Company's auditors in connection with preparing their report 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 SPA HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2012

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 audited 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 audited 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 11 December 2012 and signed on its behalf



B H Leigh
Director

THE SANCTUARY SPA HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SANCTUARY SPA HOLDINGS LIMITED

We have audited the financial statements of The Sanctuary Spa Holdings Limited for the year ended 31 May 2012, 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 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 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 The Sanctuary Spa Holdings Limited 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 2012 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.

THE SANCTUARY SPA HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE SANCTUARY SPA HOLDINGS 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

11 December 2012

THE SANCTUARY SPA HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2012**

	Note	2012 £000	2011 £000
TURNOVER	2	-	1,590
Administrative expenses		-	(1,590)
Exceptional administrative expenses		-	(1,581)
Total administrative expenses		-	(3,171)
OPERATING PROFIT/(LOSS)		-	(1,581)
Income from fixed asset investments		87,664	-
Amounts written off investments		(18,374)	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	69,290	(1,581)
Tax on profit/(loss) on ordinary activities	6	557	(8)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		69,847	(1,589)

All amounts for 2012 and 2011 relate to discontinued operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

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

The notes on pages 9 to 17 form part of these financial statements

THE SANCTUARY SPA HOLDINGS LIMITED
REGISTERED NUMBER' 05475146

BALANCE SHEET
AS AT 31 MAY 2012

	Note	£000	2012 £000	£000	2011 £000
FIXED ASSETS					
Tangible assets	7		-		907
Investments	8		-		18,374
			<u>-</u>		<u>19,281</u>
CURRENT ASSETS					
Debtors	9	8,308		814	
CREDITORS amounts falling due within one year	10	<u>(22,311)</u>		<u>(23,782)</u>	
NET CURRENT LIABILITIES			<u>(14,003)</u>		<u>(22,968)</u>
NET LIABILITIES			<u>(14,003)</u>		<u>(3,687)</u>
CAPITAL AND RESERVES					
Called up share capital	11		301		301
Share premium account	12		2,709		2,709
Profit and loss account	12		<u>(17,013)</u>		<u>(6,697)</u>
SHAREHOLDERS' DEFICIT	13		<u>(14,003)</u>		<u>(3,687)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 December 2012



B H Leigh
Director

The notes on pages 9 to 17 form part of these financial statements

THE SANCTUARY SPA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2012

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 the Company no longer trades it has received a letter of support from its ultimate parent company

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 Turnover

Turnover represents fees charged to other group companies which are recognised as they are incurred on the accruals basis

1.3 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

Fixtures and fittings	-	20% straight line
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1.4 Investments

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

1.5 Operating leases

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

1.6 Pensions

The Company contributes to defined contribution pension policies held individually by Directors and staff. Contributions to these funds are charged to the profit and loss account as and when they fall due

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

THE SANCTUARY SPA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012

2. TURNOVER

The whole of the turnover relates solely to inter-company recharges

All turnover arose within the United Kingdom

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2012 £000	2011 £000
Depreciation of tangible fixed assets		
- owned by the Company	-	80
Auditors' remuneration	-	12
Operating lease rentals		
- other operating leases	-	115
Amounts written off investments	18,374	-
Exceptional administrative expenses	-	1,581
	<hr/>	<hr/>

Audit fees of £1,000 were borne by another group company and no recharge made in the current year

Explanation of exceptional items
Year to May 2012

Amounts written off investments

During the year the certain trade, assets and liabilities of The Sanctuary Connections Limited were sold to PZ Cussons Beauty LLP, a fellow group undertaking. The investment held in The Sanctuary Connections Limited of £18.4 million has been fully impaired as a consequence.

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 fair value consideration received was equal to the assets net book value and as such there was no profit on disposal.

THE SANCTUARY SPA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**

3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

Profit on disposal of discontinued operations	2012
	£000
Tangible fixed assets	907
Debtors	41
Cash at bank	5
Creditors	(267)
Accruals and deferred income	(1,565)
Intercompany creditors	879
	<hr/>
	-
	<hr/>
Profit on disposal	-
	<hr/>
Consideration	-
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**Explanation of exceptional items
Year to May 2011**

The exceptional administrative expenses related to restructuring and integration costs following the creation of a new PZ Cussons Beauty division

4. STAFF COSTS

Staff costs, including Directors' remuneration, were as follows

	2012	2011
	£000	£000
Wages and salaries	-	814
Social security costs	-	96
Other pension costs	-	56
	<hr/>	<hr/>
	-	966
	<hr/>	<hr/>

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

	2012	2011
	No	No
Administrative staff	-	15
	<hr/>	<hr/>

THE SANCTUARY SPA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**

5. DIRECTORS' REMUNERATION

	2012	2011
	£000	£000
Emoluments	<u>-</u>	<u>452</u>

During the year retirement benefits were accruing to no Directors (2011 - 2) in respect of defined contribution pension schemes

The highest paid Director received remuneration of £NIL (2011 - £207,000) for services provided to the Company

6. TAXATION

	2012	2011
	£000	£000
Analysis of tax (credit)/charge in the year		
UK corporation tax charge on profit/loss for the year	-	8
Adjustments in respect of prior periods	(557)	-
	<u>(557)</u>	<u>8</u>
Tax on profit/loss on ordinary activities	<u>(557)</u>	<u>8</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - *higher than*) the standard rate of corporation tax in the UK of 25.69% (2011 - 27.69%). The differences are explained below

	2012	2011
	£000	£000
Profit/loss on ordinary activities before tax	<u>69,290</u>	<u>(1,581)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.69% (2011 - 27.69%)	17,801	(438)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	4,720	-
Group relief not paid for	-	446
Adjustments to tax charge in respect of prior periods	(557)	-
Non taxable dividends from UK companies	(22,521)	-
	<u>(557)</u>	<u>8</u>
Current tax (credit)/charge for the year	<u>(557)</u>	<u>8</u>

THE SANCTUARY SPA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012

6. TAXATION (continued)

Factors that may affect future tax charges

The Finance Act 2012 was substantively enacted on 26 March 2012 and included legislation to reduce the main rate of corporation tax from 26% to 24% from 1 April 2012. A further reduction to 23% from 1 April 2013 was substantively enacted by subsequent legislation on 2 July 2012.

Further reductions to the UK corporation tax rate were announced in the March 2012 Budget on 21 March 2012 which proposes to reduce the rate by 1% per annum to 22% by 1 April 2014. The changes, had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements.

7. TANGIBLE FIXED ASSETS

	Fixtures & fittings £000
Cost	
At 1 June 2011	1,256
Disposals	(1,256)
At 31 May 2012	-
Depreciation	
At 1 June 2011	349
On disposals	(349)
At 31 May 2012	-
Net book value	
At 31 May 2012	-
At 31 May 2011	907

THE SANCTUARY SPA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2012

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 June 2011 and 31 May 2012	18,374
Impairment	
At 1 June 2011	-
Charge for the year	18,374
At 31 May 2012	18,374
Net book value	
At 31 May 2012	-
At 31 May 2011	18,374

Subsidiary undertakings

The following were subsidiary undertakings of the Company

Name	Class of shares	Holding
The Sanctuary Spa Group Limited	Ordinary	100%
The Sanctuary Connections Limited	Ordinary	100%
The Sanctuary Products Limited	Ordinary	100%

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 Spa Group Limited operates as a holding company, The Sanctuary Connections Limited has ceased trading during the current year and The Sanctuary Products Limited is a dormant company

9 DEBTORS

	2012 £000	2011 £000
Amounts owed by group undertakings	7,501	646
Other debtors	807	122
Prepayments and accrued income	-	46
	8,308	814

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

THE SANCTUARY SPA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**

10. CREDITORS

Amounts falling due within one year

	2012	2011
	£000	£000
Bank loans and overdrafts	9	777
Trade creditors	-	267
Amounts owed to group undertakings	22,302	21,423
Accruals and deferred income	-	1,315
	<u>22,311</u>	<u>23,782</u>

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

11. SHARE CAPITAL

	2012	2011
	£000	£000
Allotted, called up and fully paid		
3,010,000 ordinary shares of £0.10 each	<u>301</u>	<u>301</u>

12. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 June 2011	2,709	(6,697)
Profit for the year	-	69,847
Dividend in specie	-	(80,163)
At 31 May 2012	<u>2,709</u>	<u>(17,013)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2012	2011
	£000	£000
Opening shareholders' deficit	(3,687)	(2,098)
Profit/(loss) for the year	69,847	(1,589)
Dividend in specie (Note 14)	(80,163)	-
Closing shareholders' deficit	<u>(14,003)</u>	<u>(3,687)</u>

THE SANCTUARY SPA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**

14. DIVIDENDS

	2012	2011
	£000	£000
Dividend in specie	80,163	-

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

15. 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 2012 was £10.0 million (2011 - £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 2012 was £82.0 million (2011 - £40.0 million)

16. OPERATING LEASE COMMITMENTS

At 31 May 2012 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012	2011
	£000	£000
Expiry date:		
After more than 5 years	-	738

17. 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

18. CASH FLOW STATEMENT

The Company is a wholly-owned subsidiary of PZ Cussons (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)

THE SANCTUARY SPA HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2012**

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company is a wholly-owned subsidiary of PZ Cussons (Holdings) Limited. PZ Cussons Plc is 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.