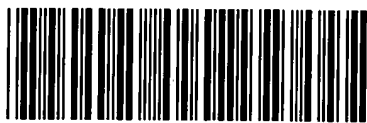


CBee (Europe) Limited

Report and Financial Statements

30 June 2016

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COMPANIES HOUSE

Directors

Giles Malone

Ahjaz Ahmad Khan (appointed 04/05/16)

Secretary

Charlotte Bailey

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, 2nd Floor

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 2016.

Principal activities and review of the business

The principal activity of the company is the distribution and wholesale of natural beauty, cat litter and cleaning products throughout the UK, Europe and Algeria.

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

Key performance indicators:

	2016	2015	Change %
Revenue - £m	23.80	20.75	14.7
Gross Profit £m	9.34	5.85	59.7
(Loss) before tax £m	(1.85)	(3.23)	(42.7)
Shareholder's Funds/(Deficit) £m	(0.55)	1.30	(142.2)
Headcount	35.5	32	

- Revenue has increased by 14.7% to £23.8M (2015: £20.8M) in the year ended 30 June 2016. This has been driven by growth in sales of the Burt's Bees line and recovery of Cat Litter sales in 2016, which in 2015 were interrupted due to a supply chain restructure.
- Gross Profit increased by 59.7% and gross margins increased by 11% mainly driven the restructuring of the Cat Litter supply chain partly offset by increased trade spending investment and foreign exchange impacts.
- Selling & Administration costs increased by 23% driven by increased brand building expenses, higher headcount and staff costs.
- Operating Loss declined from a loss before tax in 2015 (£3.2M) to a loss before tax of (£1.9M) in 2016.

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.

On behalf of the Board

Giles Malone

Director

Date

30/3/17

Directors' report

The directors present their report for the year ended 30 June 2016.

Directors

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

Giles Malone

Emma Atkinson (resigned 4/5/2016)

Ahjaj Ahmad Khan (appointed 4/5/2016)

Dividends

The directors do not recommend the payment of a dividend for the year (2015 – £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 September 2013, a \$5,000,000 (£3,723,530) loan was provided by Clorox Switzerland to pay down some of the intercompany balance with Burt's Bees International Holdings Inc. This is accruing interest at the higher of Libor+1% and the Swiss Safe Harbour rate.

Financial Instruments give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on how these risks arise are set out in the strategic report, as are the objectives, policies and processes for their management and the methods used to measure each risk.

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 International Holdings Inc., a company incorporated in Delaware, USA.

At the year end, the company has net current assets of £2,833,322 (2015 – £4,035,299) and shareholders' deficit of £ 548,683 (2015 – funds of £1,301,531). Included in long term creditors is a loan of \$5,000,000 (£3,723,530) from Clorox Switzerland (2015 – £3,723,530, \$5,000,000). This loan is guaranteed by the ultimate parent company, the Clorox Company, until expiry in September 2018.

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.

FRS101 Transition

During the year the company transitioned from previously extant UK GAAP to FRS 101 – Reduced Disclosure Framework. FRS 101 sets out a reduced disclosure framework, which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. The company has taken advantage of the disclosure exemptions allowed under this standard. The company's parent undertaking was notified of, and did not object to, the use of the EU- adopted IFRS disclosure exemptions. Details of the first time adoption of FRS 101 have been included within note 20.

Directors' Report (Continued)

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

Date

30/3/17

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 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.

Independent auditor's report

to the members of CBee (Europe) Limited

We have audited the financial statements of CBee (Europe) Limited for the year ended 30 June 2016, which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's member, 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 member those matters we are required to state to it in an auditors' 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 member as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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.

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 the Strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS101 "Reduced Disclosure Framework", and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

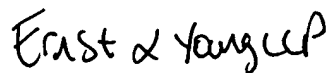
In our opinion, based on the work undertaken in the course of the audit the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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



Nicholas Jacques (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 30 March 2017

Income Statement

for the year ended 30 June 2016

	Notes	2016 £	2015 £
Turnover	3	23,797,835	20,752,520
Cost of sales		<u>(14,457,775)</u>	<u>(14,902,905)</u>
Gross Profit		9,340,060	5,849,615
Administrative expenses		<u>(11,113,744)</u>	<u>(9,014,917)</u>
Operating loss	5	<u>(1,773,684)</u>	<u>(3,165,302)</u>
Interest payable and similar charges	7	<u>(76,530)</u>	<u>(67,789)</u>
Loss on ordinary activities before taxation		<u>(1,850,214)</u>	<u>(3,233,091)</u>
Taxation on loss from ordinary activities	8	<u>—</u>	<u>—</u>
Loss on ordinary activities after taxation and total comprehensive loss for the year		<u>(1,850,214)</u>	<u>(3,233,091)</u>

All amounts relate to continuing activities.

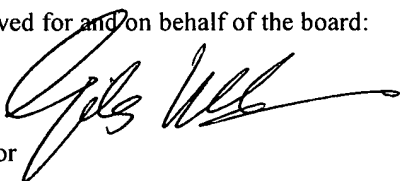
There are no other gains or losses other than those passing through profit and loss.

Balance sheet

at 30 June 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	9	341,525	443,232
		<u>341,525</u>	<u>443,232</u>
Current assets			
Stock	10	2,526,289	2,183,362
Debtors	11	7,801,132	6,778,328
Cash at bank and in hand	12	4,559,614	1,644,141
		<u>14,887,035</u>	<u>10,605,831</u>
Creditors: Amounts falling due within one year	13	<u>(12,053,713)</u>	<u>(6,570,532)</u>
Net current assets		<u>2,833,322</u>	<u>4,035,299</u>
Total assets less current liabilities		<u>3,174,847</u>	<u>4,478,531</u>
Creditors: Amounts falling due after one year	14	<u>(3,723,530)</u>	<u>(3,177,000)</u>
Net (liabilities)/assets		<u>(548,683)</u>	<u>1,301,531</u>
Capital and reserves			
Called up share capital	15	7,725,290	7,725,290
Retained Earnings		<u>(8,273,973)</u>	<u>(6,423,759)</u>
Shareholders' (deficit)/funds		<u>(548,683)</u>	<u>1,301,531</u>

Approved for and on behalf of the board:



Director

Name: Giles Malone

Date: 30/03/2017

Registered No. 06062933

Statement of changes in equity

for the year ended 30 June 2016

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total equity</i> £
<i>At 1 July 2014</i>	7,725,290	(3,190,668)	4,534,622
Loss for the year and total comprehensive loss	-	(3,233,091)	(3,233,091)
<i>At 1 July 2015</i>	<u>7,725,290</u>	<u>(6,423,759)</u>	<u>1,301,531</u>
Loss for the year and total comprehensive income	-	(1,850,214)	(1,850,214)
<i>At 30 June 2016</i>	<u>7,725,290</u>	<u>(8,273,973)</u>	<u>(548,683)</u>

Notes to the financial statements

at 30 June 2016

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

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 2016 were authorised for issue by the board of directors on 30 March 2017 and the balance sheet 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.

First time application FRS 101

This is the Company's first time application of FRS 101, therefore all relevant standards and interpretations issued under FRS 101 have been applied to all the years presented. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied under old UK GAAP. Details of the first time adoption of FRS 101 have been included within note 20.

There have been no material amendments to the disclosure requirements previously applied.

2. Accounting policies

Basis of preparation

During the period the company transitioned from previously extant UK GAAP to FRS 101 'Reduced Disclosure Framework'. FRS 101 sets out a reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU – adopted FRS. The company has taken advantage of the disclosure exemptions allowed under this standard. The company's parent undertaking was notified of, and did not object to, the use of the EU-adopted IFRS disclosure exemptions. The measurement differences arising from the transition to FRS 101 are set out in note 21.

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;
 - ii. paragraph 118(e) of IAS 38 Intangible Assets
- the requirements of paragraphs 10(d), 10(f), 39(c) 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;

Notes to the financial statements

at 30 June 2016

2. *Accounting policies (continued)*

Disclosure exemptions adopted (continued)

- 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.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of the group. These financial statements do not include certain disclosures in respect of:

- the requirements of paragraph 45(b) and 46-52 of IFRS 2 share based payment, because
- the share based payment arrangement concerns the instruments of another group entity;
- the requirement of IFRS 7 Financial Instruments;
- the requirement of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)- 135(e) of IAS36 Impairment of Assets

The financial statements of The Clorox Company in which the company's results are consolidated can be obtained as described in note 19.

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 International Holdings Inc., a company incorporated in Delaware, USA.

At the year end, the company has net current assets of £2,833,322 (2015 – £4,035,299) and shareholders' deficit of £ 548,683 (2015 – funds of £1,301,531). Included in long term creditors is a loan of £3,723,530 from Clorox Switzerland (2015 – £3,723,530 from Clorox Switzerland). This loan is guaranteed by the ultimate parent company, the Clorox Company, until expiry in September 2018.

After making enquiries, 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 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.

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.

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. Lease incentives are capitalised and spread over the period of the lease term.

Notes to the financial statements

at 30 June 2016

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:

Computer and office equipment	–	5 years
Furniture and fixtures	–	5 years
Leasehold property	–	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. 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.

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 is applied to obsolete inventory and is written off in the period the material(s) are considered obsolete.

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.

2. Accounting policies (continued)

Foreign currencies

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

Notes to the financial statements

at 30 June 2016

2. *Accounting policies (continued)*

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 ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Revenue Recognition

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably
- it is probable that the company will receive the consideration due under the transactions;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The above criteria are considered to be met when the goods have passed to the buyer, usually on dispatch of the goods. Revenue is measured at the fair value of the consideration received excluding discounts, sales rebates and value added tax.

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 2016, there were 17,280 (2015: 23,389) outstanding share options held by employees of which 8,610 were granted in the year. There are a total of 4,320 (2015: 1,048) 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 assets

The company classifies its financial assets into the loans and receivables category set out below. The company has not classified any of its financial assets as fair value through profit or loss or as held to maturity.

The company's accounting policy for loans and receivables is as follows:

Notes to the financial statements

at 30 June 2016

2. *Accounting policies (continued)*

Loans and receivables

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.

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 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.

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents include cash in hand and deposits held on call with banks.

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:

Other financial liabilities

- 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.

Notes to the financial statements

at 30 June 2016

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, Europe and Algeria as stated in the strategic report.

All our turnover is from the sale of goods however this can be split into brand categories as below:

Turnover arises from:

An analysis of turnover by geographical market is given below:

	2016	2015
	£	£
UK	5,735,741	5,141,730
Algeria	191,511	120,292
Rest of the World	17,870,583	15,490,498
	<u>23,797,835</u>	<u>20,752,520</u>

4. Operating (loss)

This is stated after charging/(crediting)

	2016	2015
	£	£
Depreciation of owned fixed assets	115,707	112,793
Operating lease rentals – land and buildings	199,668	206,220
Net loss on foreign currency translation	970,661	611,287
Management recharge income	(1,628,589)	(1,499,667)
Other accounting services	27,819	8,069
Auditor's remuneration – audit services	43,500	33,500

5. Employees

	2016	2015
	£	£
Wages and salaries	3,857,257	3,381,976
Social security costs	456,191	703,489
Pension costs	194,594	117,366
	<u>4,508,042</u>	<u>4,202,831</u>

These staff costs include costs for employees (and one director) 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.

Notes to the financial statements

at 30 June 2016

5. *Employees (continued)*

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

	2016	2015
Sales	12.3	11.5
Administration	23.2	20.5
	<u>35.5</u>	<u>32.0</u>

6. Directors' remuneration

	2016 £	2015 £
Aggregate emoluments	460,845	439,850
Company pension contributions to money purchase scheme	43,596	11,102
	<u>504,441</u>	<u>450,952</u>

In respect of highest paid director:

	2016 £	2015 £
Aggregate emoluments	236,257	261,819
Company pension contributions to money purchase scheme	28,076	-
	<u>264,333</u>	<u>261,819</u>

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

	2016 No.	2015 No.
Number of directors who exercised share options	<u>1</u>	<u>1</u>
Members of money purchase pension scheme	<u>3</u>	<u>1</u>

Notes to the financial statements

at 30 June 2016

7. Interest payable and similar charges

	2016	2015
	£	£
Intercompany Interest Expense	<u>76,530</u>	<u>67,789</u>

In September 2013, a £3,723,530 loan (\$5,000,000) was provided by Clorox Switzerland to pay down some of the intercompany balance with Burt's Bees International Holdings Inc. This is accruing interest at the higher of Libor+1% and the Swiss Safe Harbour rate.

8. Tax

(a) Tax on (loss) on ordinary activities

The tax charge is made up as follows:

	2016	2015
	£	£
<i>Current tax:</i>		
UK corporation tax	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences	-	-
Total tax expense	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

	2016	2015
	£	£
Loss on ordinary activities before taxation	<u>(1,850,214)</u>	<u>(3,233,091)</u>
Loss on ordinary activities at standard UK rate of corporation tax of 20% (2015 – 20.75%)	(370,043)	(670,866)
Expenses not deductible for tax purposes	(25,138)	17,220
Capital allowances in excess of depreciation	10,247	14,865
Tax losses not recognised	<u>384,934</u>	<u>638,781</u>
Total tax expense	<u>-</u>	<u>-</u>

(c) Deferred tax

	2016	2015
	£	£
<i>Unrecognised deferred tax asset</i>		
Temporary timing differences due to losses	<u>1,370,952</u>	<u>924,780</u>

Notes to the financial statements

at 30 June 2016

8. Tax (continued)

For the years ended June 30, 2016, the Company was subject to UK corporation tax at a rate of 20.00% (2015 – 20.75%: 21% during the 9 months to April 1, 2015 and 20% during the 3 months to June 30, 2015).

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

The Finance Act 2013, which includes a reduction in the UK corporate tax rate to 20% from 1 April 2015, was substantively enacted on 2 July 2013. Further reductions to 19% (effective 1 April 2017) and 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The company has recognised the impact of the rate change which is substantively enacted at the time in its financial statements therefore all deferred tax assets and liabilities have been measured in the financial statements at the 18% rate. On 15 September 2016 the UK Government enacted legislation to further reduce the main rate of UK corporation tax from 18% to 17% with effect from 1 April 2020. The impact of this on these financial statements is not significant.

9. Tangible fixed assets and Commitments under operating leases

	<i>Leasehold Property</i>	<i>Office and computer equipment</i>	<i>Furniture and fixtures</i>	<i>Total</i>
	£	£	£	£
<i>Cost:</i>				
At 1 July 2015	475,046	171,563	121,528	768,137
Additions	14,000	-	-	14,000
At 30 June 2016	489,046	171,563	121,528	782,137
<i>Depreciation:</i>				
At 1 July 2015	(162,157)	(88,956)	(73,792)	(324,905)
Charge in the year	(48,700)	(42,201)	(24,806)	(115,707)
At 30 June 2016	(210,857)	(131,157)	(98,598)	(440,612)
<i>Net book value:</i>				
At 30 June 2016	278,189	40,406	22,930	341,525
At 1 July 2015	312,889	82,607	47,736	443,232

10. Stocks

	2016	2015
	£	£
Finished goods and goods for resale	2,526,289	2,183,362

Notes to the financial statements

at 30 June 2016

11. Debtors

	2016	2015
	£	£
Trade debtors	4,859,307	5,014,516
Amounts owed by group undertakings	2,013,822	1,364,686
Other taxes	576,543	56,844
Prepayments and other debtors	351,460	342,282
	<u>7,801,132</u>	<u>6,778,328</u>

All amounts shown under debtors fall due for payment within one year.

12. Cash at bank and in hand

	2016	2015
	£	£
Bond Guarantee	501,121	500,286
Cash at Bank	<u>4,058,493</u>	<u>1,143,855</u>
	<u>4,559,614</u>	<u>1,644,141</u>

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. Interest has accrued on this balance of £1,121 (2015: £286)

13. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	953,269	728,836
Amounts owed to group undertakings	8,409,540	2,946,658
Accruals and deferred income	2,690,904	2,895,038
	<u>12,053,713</u>	<u>6,570,532</u>

14. Creditors: amounts falling due after one year

	2016	2015
	£	£
Amounts owed to group undertakings	<u>3,723,530</u>	<u>3,177,000</u>
	<u>3,723,530</u>	<u>3,177,000</u>

In September 2014, a \$5,000,000 loan (£3,723,530) was provided by Clorox Switzerland to pay down some of the intercompany balance with Burt's Bees International Holdings Inc. This is accruing interest at the higher of Libor+1% and the Swiss Safe Harbour rate. Interest is paid annually in June. This loan is wholly repayable in more than 2 years from the financial period end of 30 June 2016, being due for repayment in September 2018.

Notes to the financial statements

at 30 June 2016

15. Issued share capital

	2016		2015	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	7,725,290	<u>7,725,290</u>	7,725,290	<u>7,725,290</u>

16. Reserves

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

<i>Reserve</i>	<i>Description and purpose</i>
Share capital	Nominal value of share capital subscribed for.
Profit and loss account	All other net gains and losses and transactions with owners (eg. Dividends) not recognised elsewhere.

17. Pensions

The company operates a defined contribution pension scheme. The total pension cost for the year was £194,594 (2015 – £117,366). There were £nil (2015 –£nil) outstanding amounts payable to the scheme as at 30 June 2016

18. Commitments under operating leases

The total value of minimum lease payments is as follows

	2016 <i>Land and buildings</i> £	2015 <i>Land and buildings</i> £
Within one year	54,928	155,326
In one to five years	-	51,775
In over five years	-	-
	<u>54,928</u>	<u>207,101</u>

We are currently negotiating a rent review for the period November 2016- October 2021. We expect the rent will increase based on increases in market rates.

19. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Burt's Bees International Holdings Inc., a company incorporated in the United States of America.

In the directors' opinion the company's ultimate parent undertaking and controlling party is The Clorox Company, a company incorporated in the United States of America. Copies of its group financial statements which include the company are available from Clorox Inc., 1221 Broadway, Oakland, CA 94612.

The smallest group of which the company is a part is Burt's Bees International Holdings 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.

Notes to the financial statements

at 30 June 2016

20. First time adoption of FRS 101 reduced disclosure framework

This is the first time that the Company has adopted FRS 101 having previously applied applicable UK accounting standards.

The last financial statements prepared in accordance with accounting standards previously applicable in the United Kingdom and Republic of Ireland were for the year ended 30 June 2015.

The date of transition to FRS 101 was 1 July 2014.

In applying FRS 101 for the first time the Company has made the following elections:

- to retain the carrying value of tangible fixed assets at the previous carrying amounts under applicable UK accounting standards.

The following table summarises the effects on the company's equity and total comprehensive income of applying FRS101 for the first time.

Reconciliation of equity at 1 July 2014

	£
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	4,576,042
Effect of lease incentive adjustment	(41,420)
	<hr/>
Shareholders' funds as reported in accordance with FRS101	<u>4,534,622</u>

Reconciliation of equity at 30 June 2015

	£
Shareholders' funds as reported previously in accordance with applicable UK accounting standards	1,358,484
Effect of lease incentive adjustment	(56,953)
	<hr/>
Shareholders' funds as reported in accordance with FRS101	<u>1,301,531</u>

As at 30th June 2015 this adjustment had the impact to the balance sheet of increasing creditors from £6,513,579 to £6,570,532 and increased retained earnings from a deficit of £6,366,806 to a deficit £6,423,759.

Notes to the financial statements

at 30 June 2016

20. First time adoption of FRS 101 reduced disclosure framework (continued)

Reconciliation of total comprehensive income for the year ended 30 June 2015

	£
Loss for the year as reported previously in accordance with applicable UK accounting standards	(3,217,558)
Effect of lease incentive adjustment	(15,533)
	<hr/>
Loss for the year as reported in accordance with FRS101	(3,233,091)
	<hr/>

The adjustment arising on transition from applicable UK accounting standards to FRS101 for the first time is explained as follows:

1) *Lease incentives*

In accordance with applicable UK accounting standards lease incentives were recognised in profit or loss on a straight line basis over the shorter of the term of the lease and a period up to when the prevailing market rental would be payable under the contractual terms of the lease.

In accordance with FRS101 lease incentives are recognised in profit or loss on a straight line basis over the terms of the lease.