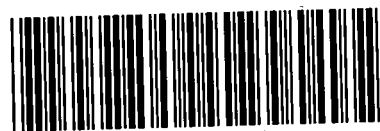


CBee (Europe) Limited

Report and Financial Statements

30 June 2018

THURSDAY



A19 *A7FUNPKJ* #95
04/10/2018
COMPANIES HOUSE

Directors

Giles Malone

Ahjaz Ahmad Khan

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 2018.

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 and the rest of the world.

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:

	2018	2017	Change %
Revenue - £m	26.38	29.77	-11.4
Gross Profit £m	9.12	12.07	-24.4
Profit before tax £m	0.83	2.26	-63.3
Shareholder's Funds £m	2.53	1.71	+47.9
Headcount	44	40	+10.0

- Revenue decreased by 11.4% to £26.4M (2017: £29.8M) in the year ended 30 June 2018. This has been driven by the drop in Laundry Home Care product despite growth in the Burt's Bees and Cat Litter brands.
- Gross Profit decreased due to the decline in Laundry Home Care sales and changes in product mix.
- Administration expenses decreased by 15.7% driven by drop in sales activity which impacted marketing and promotion spend.
- Operating Results decreased from a profit before tax in 2017 of £2.3M to a profit before tax of £0.8M in 2018 as a result of the decline in revenues and decreases in administrative expenses.

Principal risks and uncertainties

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

- *Competitive risks*

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

- *Credit risk*

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

- *Liquidity risk*

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

- *Foreign exchange rate risk*

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

On behalf of the Board

Giles Malone

Director
02/10/2018

Directors' report

The directors present their report for the year ended 30 June 2018.

Directors

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

Giles Malone

Ahjaz Ahmad Khan

Dividends

The directors do not recommend the payment of a dividend for the year (2017 – £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 (£3,931,902) 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 £2,008,314 (2017 – £5,129,418) and shareholders' funds of £2,539,023 (2017 – £1,712,411). Included in long term creditors is a loan of \$5,000,000 (£3,931,902) from Clorox Switzerland (2017 – £3,844,100, \$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.

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

02/10/2018



Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Reporting Standards (IFRS) together with the benefits of UK GAAP Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CBEE (EUROPE) LIMITED

Opinion

We have audited the financial statements of CBEE (Europe) Limited] for the year ended 30 June 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Ernst & Young LLP

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

3 October 2018

Statement of comprehensive income

for the year ended 30 June 2018

	Notes	2018 £	2017 £
Turnover	3	26,381,796	29,773,461
Cost of sales		(17,264,734)	(17,707,982)
Gross Profit		9,117,062	12,065,479
Administrative expenses		(8,184,922)	(9,704,585)
Operating profit	4	932,140	2,360,894
Interest payable and similar charges	7	(105,528)	(99,800)
Profit on ordinary activities before taxation		826,612	2,261,094
Taxation on profit from ordinary activities	8	—	—
Profit on ordinary activities after taxation and total comprehensive income for the year		826,612	2,261,094

All amounts relate to continuing activities.

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

Statement of financial position

at 30 June 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	9	<u>530,709</u>	<u>427,093</u>
		530,709	427,093
Current assets			
Stock	10	1,660,386	2,513,839
Debtors	11	7,576,745	10,448,019
Cash at bank and in hand	12	<u>2,945,635</u>	<u>3,217,535</u>
		12,182,766	16,179,393
Creditors: Amounts falling due within one year	13	<u>(10,174,452)</u>	<u>(11,049,975)</u>
Net current assets		<u>2,008,314</u>	<u>5,129,418</u>
Total assets less current liabilities		<u>2,539,023</u>	<u>5,556,511</u>
Creditors: Amounts falling due after one year	14	<u>-</u>	<u>(3,844,100)</u>
Net assets		<u>2,539,023</u>	<u>1,712,411</u>
Capital and reserves			
Called up share capital	15	7,725,290	7,725,290
Retained Earnings		<u>(5,186,267)</u>	<u>(6,012,879)</u>
Shareholders' funds		<u>2,539,023</u>	<u>1,712,411</u>

Approved for and on behalf of the board:

Director

Name: Giles Malone

Date: 02/10/2018

Registered No. 06062933



Statement of changes in equity

for the year ended 30 June 2018

	Share capital (Note 15) £	Profit and loss account £	Total equity £
<i>At 1 July 2016</i>	7,725,290	(8,273,973)	(548,683)
Profit for the year and total comprehensive loss	-	2,261,094	2,261,094
<i>At 1 July 2017</i>	<u>7,725,290</u>	<u>(6,012,879)</u>	<u>1,712,411</u>
Profit for the year and total comprehensive income	-	826,612	826,612
<i>At 30 June 2018</i>	<u>7,725,290</u>	<u>(5,186,267)</u>	<u>2,539,023</u>

Notes to the financial statements

at 30 June 2018

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 2018 were authorised for issue by the board of directors on 28 September 2018 and the Statement of financial position was signed on the board's behalf by Giles Malone. CBee (Europe) Limited is incorporated and domiciled in England and Wales.

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

2. Accounting policies

Basis of preparation

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

Disclosure exemptions adopted

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

- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - 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; 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.

Notes to the financial statements (continued)

at 30 June 2018

Accounting policies (continued)

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 £2,008,314 (2017 – £5,129,418) and shareholders' funds of £2,539,023 (2017 – £1,712,411). Included in short term creditors is a loan of \$5,000,000 (£3,931,902) from Clorox Switzerland (2017 – £3,844,100, \$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.

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.

Depreciation

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

Office and computer equipment	–	5 years
Furniture and fixtures	–	5 years
Leasehold property	–	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.

Notes to the financial statements (continued)

at 30 June 2018

2. Accounting policies (continued)

Stock provisioning

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

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered), using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

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

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

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

Share capital

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

Foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange 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 value added tax.

Notes to the financial statements (continued)

at 30 June 2018

2. Accounting policies (continued)

Share Based Payments

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

As in the prior year, the directors have determined that the fair value of the share based payment awards in the ultimate parent company granted to the company's current employees is not material and therefore these financial statements do not include a share based payment expense or related detailed disclosures as required by IFRS 2. As at 30 June 2018, there were 28,883 (2017: 23,920) outstanding share options held by employees of which 4,750 were granted in the year. There are a total of 4,520 (2017: 5,020) 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:

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.

Notes to the financial statements (continued)

at 30 June 2018

2. Accounting policies (continued)

Financial liabilities

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

Other financial liabilities include the following items:

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

Accounting estimates and judgements

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

3. Turnover

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

All our turnover is from the sale of goods.

An analysis of turnover by geographical market is given below:

	2018	2017
	£	£
UK	8,951,762	7,396,650
Rest of the World	17,430,034	22,376,811
	<u>26,381,796</u>	<u>29,773,461</u>

4. Operating profit

This is stated after charging/(crediting)

	2018	2017
	£	£
Depreciation of owned fixed assets (Note 9)	120,349	159,711
Operating lease rentals – land and buildings	291,263	279,552
Net loss on foreign currency translation	55,374	6,956
Management recharge income	(2,508,954)	(2,165,399)
Other accounting services	8,405	11,480
Auditor's remuneration – audit services	39,795	39,900

Notes to the financial statements (continued)

at 30 June 2018

5. Employees

	2018	2017
	£	£
Wages and salaries	4,048,077	3,669,955
Social security costs	938,626	604,844
Pension costs	271,502	233,188
	<u>5,258,205</u>	<u>4,507,987</u>

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

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

	2018	2017
Sales	16	16
Administration	28	24
	<u>44</u>	<u>40</u>

6. Directors' remuneration

	2018	2017
	£	£
Aggregate emoluments	635,679	544,888
Company pension contributions to money purchase scheme	38,347	37,095
	<u>674,026</u>	<u>581,983</u>

In respect of highest paid director:

	2018	2017
	£	£
Aggregate emoluments	450,568	381,343
Company pension contributions to money purchase scheme	25,389	24,563
	<u>475,957</u>	<u>405,906</u>

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

	2018	2017
	No.	No.
Number of directors who exercised share options	2	0
Members of money purchase pension scheme	2	2

Notes to the financial statements (continued)

at 30 June 2018

7. Interest payable and similar charges

	2018	2017
	£	£
Intercompany Interest Expense	<u>105,528</u>	<u>99,800</u>

In September 2013, a £3,931,902 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 profit on ordinary activities

The tax charge is made up as follows:

	2018	2017
	£	£
<i>Current tax:</i>		
UK corporation tax	<u>-</u>	<u>-</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	<u>-</u>	<u>-</u>
Total tax expense	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

	2018	2017
	£	£
Profit on ordinary activities before taxation	<u>826,612</u>	<u>2,261,096</u>
Loss on ordinary activities at standard UK rate of corporation tax of 19% (2017 – 19.75%)	157,056	446,582
Income/(Expenses) not deductible for tax purposes	(12,796)	17,951
Capital allowances in excess of depreciation	5,550	11,330
Tax gains not recognised	<u>(149,810)</u>	<u>(475,863)</u>
Total tax expense	<u>-</u>	<u>-</u>

(c) Deferred tax

	2018	2017
	£	£
<i>Unrecognised deferred tax asset</i>		
Temporary timing differences due to losses	<u>-</u>	<u>-</u>

For the year ended June 30, 2018, the Company was subject to UK corporation tax at a rate of 19% (2017 – 19%; 20% during the 9 months to April 1, 2016 and 20% during the 3 months to June 30, 2017).

Notes to the financial statements (continued)

at 30 June 2018

8. Tax (continued)

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 standard rate for corporation tax in the UK decreased from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for the year are taxed at an effective rate of 19% (2017: 19.75%).

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind. 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 2017	662,559	195,386	169,471	1,027,416
Additions	77,398	115,344	31,223	223,965
At 30 June 2018	739,957	310,730	200,694	1,251,381
<i>Depreciation:</i>				
At 1 July 2017	(294,556)	(173,358)	(132,409)	(600,323)
Charge in the year	(86,236)	(25,880)	(8,233)	(120,349)
At 30 June 2018	(380,792)	(199,238)	(140,642)	(720,672)
<i>Net book value:</i>				
At 1 July 2017	368,003	22,028	37,062	427,093
At 30 June 2018	359,165	111,492	60,052	530,709

10. Stocks

	2018 £	2017 £
Finished goods and goods for resale	1,660,386	2,513,839

Notes to the financial statements (continued)

at 30 June 2018

11. Debtors

	2018	2017
	£	£
Trade debtors	3,992,632	7,226,813
Amounts owed by group undertakings	2,949,323	2,639,271
Other taxes	318,112	311,784
Prepayments and other debtors	316,678	270,151
	<u>7,576,745</u>	<u>10,448,019</u>

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

12. Cash at bank and in hand

	2018	2017
	£	£
Bond Guarantee	500,648	500,286
Cash at Bank	2,444,987	2,717,249
	<u>2,945,635</u>	<u>3,217,535</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 £362 (2017: £286)

13. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	1,015,286	3,020,661
Amounts owed to group undertakings	6,863,148	4,729,023
Accruals and deferred income	2,296,018	3,300,291
	<u>10,174,452</u>	<u>11,049,975</u>

In September 2013, a \$5,000,000 loan (£3,931,902) 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 within the year commencing from the financial period end of 30 June 2018, being due for repayment in September 2018.

Notes to the financial statements (continued)

at 30 June 2018

14. Creditors: amounts falling due after one year

	2018	2017
	£	£
Amounts owed to group undertakings	-	3,844,100
	<u>-</u>	<u>3,844,100</u>

In September 2013, a \$5,000,000 loan (£3,931,902) 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 within the year commencing from the financial period end of 30 June 2018, being due for repayment in September 2018.

15. Issued share capital

		2018		2017
	No.	£	No.	£
<i>Allotted, called up and fully paid</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 (e.g. Dividends) not recognised elsewhere.

17. Pensions

The company operates a defined contribution pension scheme. The total pension cost for the year was £271,502 (2017 – £233,188). There were £nil (2017 – £nil) outstanding amounts payable to the scheme as at 30 June 2018.

18. Commitments under operating leases

The total value of minimum lease payments is as follows

	2018	2017
	<i>Land and buildings</i>	<i>Land and buildings</i>
	£	£
Within one year	291,650	118,209
In one to five years	964,900	460,225
	<u>1,256,550</u>	<u>578,434</u>

Notes to the financial statements (continued)

at 30 June 2018

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.