3944055

Prestige Brands (UK) Limited

Report and Financial Statements

31 March 2008

Registered No. 3944055

Directors
P. Anderson
C. Jolly
M. Pettie

Secretary
C. Jolly

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
The Royal Bank of Scotland plc
5-10 Great Tower Street
London EC3P 3HX

Registered Office
3 Scotlands Drive
Farnham Common
Slough
Berkshire SL2 3ES

Directors' report

The directors present their report and financial statements for the year ended 31 March 2008.

Principal activities and review of the business

The principal activity of the company during the year continued to be that of the packaging and selling of healthcare products.

The profit for the year after taxation amounted to £243,455 (2007: £171,405). A dividend of £450,000 (2007: £ nil) was paid during the year.

Turnover for the year was £1,726,548 (2007: £1,417,613), an increase of 22%. The directors expect the general level of activity to increase, and the company is in a good position to take advantage of any opportunities which may arise in the future.

Directors

The directors who served during the year and thereafter were as follows:

P. Anderson	
P. Mann	(resigned 17 May 2007)
M. Pettie	(appointed 17 May 2007)
C. Jolly	(appointed 17 May 2007)

Risks and uncertainties

The company is fully supported by its parent company, Prestige Brands Holdings, Inc. All risks and uncertainties that would otherwise be borne by the company are borne by the parent company.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and

- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Ernst & Young LLP will be reappointed as the company's auditors in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

On behalf of the board

Director

- 5 DEC 2008

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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;
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 Prestige Brands (UK) Limited

We have audited the company's financial statements for the year ended 31 March 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditor's report

to the members of Prestige Brands (UK) Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London
10 December 2008

Profit and loss account

for the year ended 31 March 2008

	Notes	2008 £	2007 £
Turnover	2	1,726,548	1,417,613
Cost of sales		567,317	474,720
Gross profit		1,159,231	942,893
Distribution costs		620,603	492,257
Administrative expenses		220,702	213,735
		841,305	705,992
Operating profit	3	317,926	236,901
Interest receivable	6	32,433	13,981
Profit on ordinary activities before taxation		350,359	250,882
Tax on profit on ordinary activities	7	106,904	79,477
Profit retained for the financial year		243,455	171,405

Statement of total recognised gains and losses

for the year ended 31 March 2008

There are no recognised gains or losses other than the profit of £243,455 attributable to the shareholders for the year ended 31 March 2008 (2007 – £171,405).

Balance sheet

at 31 March 2008

	Notes	2008 £	2007 £
Fixed assets			
Intangible assets	3	150,744	163,306
Tangible assets	9	–	–
		150,744	163,306
Current assets			
Stocks	10	272,517	138,367
Debtors	11	537,119	277,711
Cash at bank		172,025	511,859
		981,661	927,937
Creditors: amounts falling due within one year	13	497,532	249,825
Net current assets		484,129	678,112
Total assets less current liabilities		634,873	841,418
Capital and reserves			
Called up share capital	14	100	100
Capital contribution reserve	15	251,240	251,240
Profit and loss account	15	383,533	590,078
Equity shareholders' funds		634,873	841,418

Peter J Anderson

P. Anderson
Director

- 5 DEC 2008

Notes to the financial statements

at 31 March 2008

1. Accounting policies

Basis of preparation

The financial statements of Prestige Brands (UK) Limited were approved for issue by the Board of Directors as dated on the Balance Sheet. The financial statements are prepared under the historical cost convention in accordance with applicable accounting standards.

Cash flow statement

The company has taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a statement of cash flows on the grounds that the company is small as defined in the Companies Act 1985.

Fixed assets

All fixed assets are initially recorded at cost.

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:

Plant and machinery	–	3 years
Office equipment	–	3 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.

Intangible fixed assets

Trademarks are included at cost and amortised in equal annual instalments over a period of 20 years, which is their estimated useful economic life. The carrying value of trademarks is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on receipt of goods.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, based on a first-in, first-out basis, including transport.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Notes to the financial statements

at 31 March 2008

1. 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.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Dividends

Dividends are recorded to the extent that they have been paid or when approved by the Board of Directors. If these conditions have not been satisfied then the amounts proposed are disclosed, but not recorded.

2. Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business from continuing activities.

An analysis of turnover by geographical market is given below:

	2008	*2007*
	£	*£*
United Kingdom	1,511,464	1,289,138
Ireland	202,410	128,475
Other	12,674	–
	1,726,548	1,417,613

3. Operating profit

This is stated after charging:

	2008	*2007*
	£	*£*
Auditor's remuneration – audit services	6,800	6,500
– tax services	4,400	4,200
	11,200	10,700
Depreciation of tangible fixed assets	–	1,964
Amortisation of intangible fixed assets	12,562	12,562
	12,562	14,526

Notes to the financial statements

at 31 March 2008

4. Staff costs

	2008 £	2007 £
Wages and salaries	77,847	84,000
Social security costs	7,510	8,130
Other pension costs	6,500	7,506
	91,857	99,636

The monthly average number of employees during the year, excluding directors, was as follows:

	2008 No	2007 No
Administrative staff	1	1

5. Directors' emoluments

There were no directors' emoluments paid in the year (2007 – £nil).

6. Interest receivable

	2008 £	2007 £
Bank interest receivable	32,433	13,981

7. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2008 £	2007 £
Current tax:		
UK Corporation tax	108,815	79,477
Total current tax (note 7(b))	108,815	79,477
Deferred tax:		
Origination and reversal of timing differences (note 12)	(1,911)	–
Total tax charge for year	106,904	79,477

Notes to the financial statements

at 31 March 2008

7. Taxation (continued)

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2007 – 30%). The differences are reconciled below:

	2008	*2007*
	£	*£*
Profit on ordinary activities before taxation	350,359	250,882
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007 – 30%)	105,108	75,265
Disallowed expenses and non-taxable income	3,777	3,779
Capital allowances in (excess)/arrears of depreciation	(332)	146
Other timing differences	262	287
Total current tax (note 7(a))	108,815	79,477

8. Intangible fixed assets

	Trademarks
	£
Cost:	
At 31 March 2007 and 31 March 2008	251,240
Amortisation:	
At 31 March 2007	87,934
Provided during the year	12,562
At 31 March 2008	100,496
Net book value:	
At 31 March 2008	150,744
At 31 March 2007	163,306

Notes to the financial statements

at 31 March 2008

9. Tangible fixed assets

	Plant and machinery	*Office equipment*	*Total*
	£	£	£
Cost:			
At 31 March 2007 and 31 March 2008	12,894	1,471	14,365
Depreciation:			
At 31 March 2007 and 31 March 2008	12,894	1,471	14,365
Net book value:			
At 31 March 2007 and 31 March 2008	–	–	–

10. Stocks

	2008	*2007*
	£	£
Finished goods	272,517	138,367

The difference between the purchase price and replacement cost is not material.

11. Debtors

	2008	*2007*
	£	£
Trade debtors	534,958	264,619
Prepayments and accrued income	250	13,092
Deferred tax (note 12)	1,911	–
	537,119	277,711

12. Deferred taxation

Deferred taxation recognised in the financial statements and the amounts not recognised are as follows:

	Provided		*Not provided*	
	2008	*2007*	*2008*	*2007*
	£	£	£	£
Capital allowances in arrears of depreciation	(931)	–	–	(1,330)
Other timing differences	(980)	–	–	(788)
Deferred tax asset	(1,911)	–	–	(2,118)

Notes to the financial statements
at 31 March 2008

12. Deferred taxation (continued)

	£
At 1 April 2007	–
Profit and loss account movement arising during the year (note 7(a))	(1,911)
At 31 March 2008	(1,911)

13. Creditors: amounts falling due within one year

	2008 £	*2007* £
Trade creditors	128,616	83,454
Amounts owed to group undertakings	12,251	17,139
Corporation tax	87,062	21,477
Other taxation and social security	7,613	17,069
Accruals and deferred income	261,990	110,686
	497,532	249,825

14. Authorised and issued share capital

Authorised	*2008* £	*2007* £
Ordinary shares of £1 each	100	100

Allotted, called up and fully paid	*2008* No.	*2008* £	*2007* No.	*2007* £
Ordinary shares of £1 each	100	100	100	100

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	*Capital contribution reserve* £	*Profit and loss account* £	*Total share-holders' funds* £
At 31 March 2006	100	251,240	418,673	670,013
Profit for the year	–	–	171,405	171,405
At 31 March 2007	100	251,240	590,078	841,418
Profit for the year	–	–	243,455	243,455
Dividend	–	–	(450,000)	(450,000)
At 31 March 2008	100	251,240	383,533	634,873

Notes to the financial statements

at 31 March 2008

16. Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the group since the company is a wholly owned subsidiary, and the consolidated financial statements in which the company is included are publicly available.

17. Pensions

The company operates a defined contribution pension scheme. The scheme is operated by the company in the United Kingdom and is funded by the payment of contributions to an independently administered trust fund.

18. Ultimate parent undertaking and controlling party

The directors regard Prestige Brands Holdings, Inc., as the ultimate parent undertaking and controlling party of the company.

The largest and smallest group of which the company is a member and for which consolidated financial statements are prepared is that headed by Prestige Brands Holdings, Inc., a company incorporated in the state of Delaware, USA. Copies of the group financial statements, which include the company, can be obtained from 90 North Broadway, Irvington, NY 10533.