Company Registration No. 00375793

# Church & Dwight UK Limited

## Annual Report and Financial Statements

## 31 December 2013

# Church & Dwight UK Limited

## Annual report and financial statements 2013

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# Church & Dwight UK Limited

# Annual report and financial statements 2013

## Officers and professional advisers

**Directors**

B Bomhard
S Cugine
D J Upton

**Secretary**

D J Upton

**Registered office**

Wear Bay Road
Folkestone
Kent
CT19 6PG

**Bankers**

Lloyds TSB Bank plc
Folkestone
Kent

**Solicitors**

CMS Cameron McKenna
Mitre House
160 Aldersgate Street
London
EC1A 4DD

**Independent auditor**

Deloitte LLP
Chartered Accountants
Crawley

# Strategic report

### Business review

The company is a wholly owned subsidiary of Church & Dwight Co. Inc., a US corporation listed on the NYSE and operates as part of the Group's International Consumer Products division and Global Supply Chain Operations.

The company's principal activities are the manufacture and sale of toiletry and household products in the UK, Europe, Middle East and other parts of the world. The company sells to the consumer products sector and to other Group businesses.

The company continues to invest in research and development as part of the product development cycle and establishment of new products. Research and development facilities are utilised principally in the UK, USA and France. The directors regard research and development investment as necessary to secure the continuing success of the business and its brands.

As shown in the profit and loss account on page 9, the company's performance has continued to improve year on year. The turnover has increased by 4.7% and operating profit has increased by 15.0%. These are key performance indicators by which the company measures its performance. The balance sheet on page 10 shows that the company remains in a strong position in terms of net assets and cash.

The Church & Dwight Co. Inc. Group manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development of the business. The performance of the International Consumer Products division is discussed in the Group's annual report and filings, which do not form part of this report.

### Financial position and going concern

Throughout the financial year the company met its day to day working capital requirements through cash generated from operations. The company does not rely on external finance and loans. The company continues to be profitable and had net assets of £31m at 31 December 2013. The directors have reviewed the company's future working capital and cash requirements and revenue projections, the sensitivities of which have been reviewed against the current uncertain economic environment. They are of the opinion that the forecasts which take account of possible changes in trading performance in the current uncertain economic environment, show that the company should be able to operate within its current level of cash and working capital, without the requirement for any external finance. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements.

### Future prospects

The company will continue to operate in its market in the UK and overseas, and will seek to take advantage of expansion opportunities wherever it sees fit.

### Principal risks and uncertainties

Competitive trading conditions in the UK and Europe are putting pressure on certain brands which could lead to a loss of sales revenue. The company manages this risk by marketing a broad product range across many countries and maintaining strong relationships with customers.

### Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including currency risk and credit risk.

*Currency risk*

The company sells in a variety of overseas currencies, including the US Dollar and the Euro and is exposed to fluctuations in exchange rates. The group's treasury function is responsible for managing this risk.

# Strategic report

**Financial risk management objectives and policies (continued)**

***Credit risk***

The company's principal financial assets are bank balances and cash, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables and the amounts presented in the balance sheet are net of allowances for doubtful receivables. There is no concentration of credit risk in the balance sheet.

The directors are aware of the risk to cash funds deposited with banks and monitor the credit ratings of the banks they deposit with on a regular basis. Should the ratings deteriorate, then the directors will seek alternative institutions with which to deposit funds.

Group risks are discussed in the Group's annual report and filings which do not form part of this report.

Approved by the Board and signed on its behalf by:

D J Upton
Secretary

24TH SEPTEMBER, 2014

## Directors' report

The directors present their annual report together with the financial statements and auditor's report for the year ended 31 December 2013. The comparative figures were prepared for the year from 1 January 2012 to 31 December 2012.

### Principal activities

The company's principal activities are the manufacture and sale of toiletry and household products in the UK, Europe, Middle East and other parts of the world. The company sells to the consumer products sector and to other group businesses.

### Suppliers

The company does not follow any formal code or standard on payment practice. The company recognises the importance of maintaining good business relationships with its suppliers and settles their invoices within agreed terms unless there are good reasons not to do so. The average number of days' credit taken on the outstanding balance at the year end is 63.0 (2012: 56.4).

### Environment

The company recognises the importance of its environmental responsibilities and implements policies to reduce the impact of company activities. Initiatives include the safe disposal of manufacturing waste, recycling and reducing energy consumption.

### Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that disabled employees are given the same opportunity for training, career development and promotion as any other employee.

The company keeps employees information on matters relevant to them through regular formal briefings, plus an annual business review. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

### Dividends

The directors paid no dividend in 2013 (2012 - £nil). No final dividend is proposed.

### Directors

The directors who served throughout the year and subsequent to the year end were as follows:

| | |
|---|---|
| P J Gilham | (Resigned 29 November 2013) |
| B Bomhard | (Appointed 26 August 2013) |
| S Cugine | (Appointed 30 June 2013) |
| A J Routley | (Resigned 11 March 2013) |
| A J L Huns | (Resigned 30 June 2013) |
| D J Upton | (Appointed 29 November 2013) |

### Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

# Directors' report (continued)

### Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

D J Upton
Secretary

24TH SEPTEMBER , 2014

# Church & Dwight UK Limited

## Directors' responsibilities statement

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 period. 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# Independent Auditor's Report to the Members of Church & Dwight UK Limited

We have audited the company financial statements of Church & Dwight UK Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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).

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.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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 annual 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 financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the 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**
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.

Ian Smith.

Ian Smith (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

25 September 2014

# Profit and loss account
# For the year ended 31 December 2013

| | Note | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|---|
| **Turnover** | 2 | 73,029 | 69,724 |
| Cost of sales | | (49,750) | (48,062) |
| **Gross profit** | | 23,279 | 21,662 |
| Distribution costs | | (16,153) | (15,183) |
| Administrative expenses | | (2,945) | (2,689) |
| | | 4,181 | 3,790 |
| Other operating income | | 369 | 165 |
| **Operating profit** | | 4,550 | 3,955 |
| Interest receivable | 5 | 29 | 20 |
| Interest payable | 6 | (91) | (347) |
| **Profit on ordinary activities before taxation** | 4 | 4,488 | 3,628 |
| Tax on profit on ordinary activities | 7 | (1,202) | (1,067) |
| **Profit on ordinary activities after taxation for the financial year** | 18 | 3,286 | 2,561 |

All activities derive from continuing operations.

# Statement of total recognised gains and losses
# For the year ended 31 December 2013

| | Note | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|---|
| Profit on ordinary activities after taxation for the financial year | | 3,286 | 2,561 |
| Actuarial loss relating to the pension scheme | 17 | (2) | (1,964) |
| UK deferred tax attributable to actuarial loss | | - | 481 |
| **Total recognised gains relating to the current year** | | 3,284 | 1,078 |

# Church & Dwight UK Limited

## Balance sheet
## 31 December 2013

| | Note | 31 December 2013 £'000 | 31 December 2012 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 8 | 233 | 288 |
| Tangible assets | 9 | 11,437 | 8,395 |
| | | 11,670 | 8,683 |
| **Current assets** | | | |
| Stocks | 10 | 12,542 | 11,727 |
| Debtors | 11 | 16,308 | 17,149 |
| Cash at bank and in hand | | 4,658 | 6,478 |
| | | 33,508 | 35,354 |
| **Creditors: amounts falling due within one year** | 12 | (14,229) | (16,181) |
| **Net current assets** | | 19,279 | 19,173 |
| **Total assets less current liabilities** | | 30,949 | 27,856 |
| **Provisions for liabilities** | 13 | - | (256) |
| **Net assets excluding net pension liability** | | 30,949 | 27,600 |
| Net pension liability | 17 | (92) | (5,027) |
| **Net assets including net pension liability** | | 30,857 | 22,573 |
| **Capital and reserves** | | | |
| Called up share capital | 14 | 901 | 716 |
| Share premium account | 18 | 5,023 | 208 |
| Profit and loss account | 18 | 24,933 | 21,649 |
| **Total shareholders' funds** | 18 | 30,857 | 22,573 |

The financial statements of Church & Dwight UK Limited, registered number 00375793 were approved by the board of directors and authorised for issue on 24th September, 2014.

They were signed on its behalf by:

B Bomhard

B Bomhard
Director

# Notes to the accounts
# For the year ended 31 December 2013

**1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

**Going concern**

The company's business activities together with the factors likely to affect its future development, performance and position are set out in the business review in the directors' report. The Strategic Report and the Directors' report on page 2 and 3 describes the financial position of the company, financial risk management objectives and its exposure to credit and currency risk.

The directors have reviewed future working capital and cash requirements and revenue projections for the next 12 months and are confident that the company has sufficient cash resources to meet liabilities as they fall due, without the requirement for external sources of finance.

Having regard to the above, the directors are of the opinion that, at the time of approving the financial statements, there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

| | |
|---|---|
| Freehold buildings | 4% per annum |
| Fixtures and fittings | 10% - 14% |
| Plant and machinery | 6% - 20% |

No depreciation is provided on freehold land or assets in the course of construction.

**Intangible fixed assets**

Concessions, licences and trademarks purchased by the company prior to the introduction of Financial Reporting Standard 10 are amortised over a period of 10 and 20 years. These assets have continued to perform in accordance with the original plan and consequently a 10 – 20 year useful life is considered to be appropriate. Concessions, licences and trademarks acquired since 1997 together with non-competitive covenants and other intangibles are amortised over 20 years, the presumed maximum life under Financial Reporting Standard 10. The Company uses a discounted future cash flow method of valuation.

**Research and development**

Research and development expenditure is recognised as an expense when it is incurred.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. For work-in-progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Provision is made for obsolete, slow-moving or defective items where appropriate.

# Notes to the accounts
# For the year ended 31 December 2013

1. **Accounting policies (continued)**

**Taxation**

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

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs**

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits are vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

The defined benefit schemes closed to new entrants on 31 December 2010. Accordingly the company supports an approved Stakeholder Scheme and contributes on a matching basis up to 9% of eligible earnings. The actual cost charged to the profit and loss account for the year to 31 December 2013 of £517,622 (2012 - £397,573) represents amounts payable to the scheme for the year then ended. There are no outstanding contributions (2012 – nil) at the balance sheet date.

**Turnover**

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when goods are physically delivered to the customer.

# Notes to the accounts
# For the year ended 31 December 2013

## 2. Turnover

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| **By geographical market:** | | |
| United Kingdom | 42,816 | 42,727 |
| Mainland Europe | 17,707 | 16,617 |
| Middle East | 5,285 | 4,874 |
| Rest of the World | 7,221 | 5,506 |
| | 73,029 | 69,724 |

All turnover is derived from the company's principal activities.

## 3. Information regarding directors and employees

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| **Directors' remuneration:** | | |
| Emoluments | 336 | 395 |
| Company Contributions to Pension Scheme | 30 | |

| | £'000 | £'000 |
|---|---|---|
| **Remuneration of the highest paid director:** | | |
| Emoluments | 174 | 262 |
| Company Contributions to Pension Scheme | 12 | |

| | £'000 | £'000 |
|---|---|---|
| **Average number of persons employed during the year (including directors):** | | |
| Marketing | 18 | 16 |
| Sales | 18 | 18 |
| Administration | 21 | 23 |
| Manufacturing | 246 | 235 |
| R&D/Product development | 15 | 17 |
| | 318 | 309 |

# Notes to the accounts
# For the year ended 31 December 2013

## 3. Information regarding directors and employees (continued)

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| **Staff costs during the year:** | | |
| Wages and salaries (including £Nil (2012 - £115,319) in respect of compensation for loss of office) | 9,087 | 8,551 |
| Social security costs | 932 | 844 |
| Pension costs | 518 | 398 |
| | 10,537 | 9,793 |

Pension costs include the service costs of the defined benefit pension schemes charged to operating profit. The pension costs exclude interest costs, expected return on assets and actuarial gains and losses.

Certain employees of the company hold equity settled share options in Church & Dwight Inc.

## 4. Profit on ordinary activities before taxation

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| **Profit on ordinary activities before taxation is stated after charging:** | | |
| Depreciation of tangible fixed assets | 1,137 | 1,096 |
| Amortisation of concessions, licences and trademarks | 55 | 162 |
| Research and development | 27 | 105 |
| Exchange losses | 335 | 80 |
| Rentals payable under operating leases: | | |
| - hire of plant and machinery | 135 | 112 |
| - hire of other assets | 870 | 598 |

**The analysis of auditor's remuneration is as follows:**

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| Fees payable to the company's auditor for the audit of the company's annual accounts | 79 | 76 |

# Notes to the accounts
# For the year ended 31 December 2013

## 5. Interest receivable

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| Bank interest | 29 | 20 |

## 6. Interest payable

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| Other interest payable | 72 | 139 |
| Other finance charges: | | |
| – net interest expense on pension scheme assets and liabilities | 19 | 208 |
| | 91 | 347 |

## 7. Tax on profit on ordinary activities

### (a) Analysis of tax charge on profit on ordinary activities

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| **Current tax** | | |
| United Kingdom corporation tax at 23.25% (2012 – 24.5%) based on the profit for the year | 445 | 635 |
| Adjustments in respect of prior periods | (4) | (7) |
| **Total current tax** | 441 | 628 |
| **Deferred tax** | | |
| Timing differences, origination and reversal | (731) | 148 |
| FRS17 current year tax timing differences | 1,492 | 291 |
| **Total deferred tax** | 761 | 439 |
| **Total tax on profit on ordinary activities** | 1,202 | 1,067 |

### (b) Factors affecting current tax charge for the year

The tax assessed for the year is different than that resulting from applying the standard rate of corporation tax in the UK of 23.25% (2012 – 24.5%). The differences are explained below:

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| Profit on ordinary activities before taxation | 4,488 | 3,628 |
| Tax on profit on ordinary activities at standard UK corporation tax of 23.25% (2012 – 24.5%) | 1,044 | 889 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 139 | 81 |
| Capital allowances in excess of depreciation | (123) | (48) |
| Movement in short term timing differences | 922 | 4 |
| Impact of share options | (45) | - |
| Prior period adjustment | (4) | (7) |
| FRS17 current year tax timing differences | (1,492) | (291) |
| Total actual amount of current tax | 441 | 628 |

### (c) Factors that may affect future tax charge

The corporation tax rate at the start of the period was 24%, this fell to 23% with effect from 1 April 2013. In the 2013 Finance Act further cuts were enacted to 21% from 1 April 2014 and 20% from 1 April 2015. Deferred tax has been recognised at 20% as this is the rate expected to apply when timing differences reverse.

# Notes to the accounts
# For the year ended 31 December 2013

**8. Intangible fixed assets**

| | Non-competitive covenants £'000 | Concessions, licences and trademarks £'000 | Other £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 31 December 2012 and at 31 December 2013 | 75 | 4,035 | 16 | 4,126 |
| **Accumulated amortisation** | | | | |
| At 1 January 2013 | 75 | 3,763 | - | 3,838 |
| Charge for the year | - | 55 | - | 55 |
| At 31 December 2013 | 75 | 3,818 | - | 3,893 |
| **Net book value** | | | | |
| At 31 December 2013 | - | 217 | 16 | 233 |
| At 31 December 2012 | - | 272 | 16 | 288 |

**9. Tangible fixed assets**

| | Freehold land £'000 | Freehold buildings £'000 | Plant, machinery, fixtures and fittings £'000 | Assets in the course of construction £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2013 | 32 | 1,969 | 16,363 | 1,123 | 19,487 |
| Additions | - | 44 | 641 | 3,577 | 4,262 |
| Disposals | - | (174) | (2,409) | - | (2,583) |
| Transfers | - | 6 | 8 | (14) | - |
| At 31 December 2013 | 32 | 1,845 | 14,603 | 4,686 | 21,166 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2013 | - | 1,229 | 9,863 | - | 11,092 |
| Charge for the year | - | 68 | 1,069 | - | 1,137 |
| Disposals | - | (166) | (2,334) | - | (2,500) |
| At 31 December 2013 | - | 1,131 | 8,598 | - | 9,729 |
| **Net book value** | | | | | |
| At 31 December 2013 | 32 | 714 | 6,005 | 4,686 | 11,437 |
| At 31 December 2012 | 32 | 740 | 6,500 | 1,123 | 8,395 |

# Notes to the accounts
# For the year ended 31 December 2013

## 10. Stocks

| | 31 December 2013 £'000 | 31 December 2012 £'000 |
|---|---|---|
| Raw materials and consumables | 6,277 | 6,150 |
| Work-in-progress | 357 | 393 |
| Finished goods and goods for resale | 5,908 | 5,184 |
| | 12,542 | 11,727 |

## 11. Debtors

| | 31 December 2013 £'000 | 31 December 2012 £'000 |
|---|---|---|
| Trade debtors | 11,609 | 12,441 |
| Amounts owed by group undertakings | 1,259 | 1,590 |
| Other debtors | 2,485 | 2,490 |
| Prepayments and accrued income | 376 | 628 |
| Corporation tax | 119 | - |
| Deferred tax asset | 460 | - |
| | 16,308 | 17,149 |

## 12. Creditors: amounts falling due within one year

| | 31 December 2013 £'000 | 31 December 2012 £'000 |
|---|---|---|
| Trade creditors | 9,054 | 8,173 |
| Amounts owed to group undertakings | 791 | 5,462 |
| Corporation tax | - | 32 |
| Other taxation and social security | 236 | 278 |
| Accruals | 4,148 | 2,236 |
| | 14,229 | 16,181 |

# Notes to the accounts
# For the year ended 31 December 2013

## 13. Provisions for liabilities

**Deferred taxation**

| | £'000 |
|---|---|
| Balance at 1 January 2013 - provision | 256 |
| Charge for the year in the profit and loss account | (716) |
| Balance at 31 December 2013 – asset | (460) |

The amounts provided in the accounts for deferred taxation are as follows:

| | 31 December 2013 £'000 | 31 December 2012 £'000 |
|---|---|---|
| Difference between accumulated depreciation and amortisation and capital allowances | (460) | 256 |

The Finance Act 2013, which provides for a reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

We estimate that the future rate changes to 20% would have an immaterial effect on our deferred tax position. The actual impact will be dependent on our deferred tax position at that time.

## 14. Called up share capital

| | 31 December 2013 £'000 | 31December 2012 £'000 |
|---|---|---|
| **Allotted, called up and fully paid:** | | |
| 901,000 (2012 – 716,000 ordinary shares of £1 each) | 901 | 716 |

During the year, 184,749 ordinary shares of £1 each were issued at a premium of £26.06 per share

## 15. Financial commitments

| | 31 December 2013 £'000 | 31 December 2012 £'000 |
|---|---|---|
| **Capital commitments:** | | |
| Contracted for but not provided | 1,308 | 390 |

There is a contingent liability relating to 1 bond in favour of H M Revenue and Customs totalling £17,000 (2012 - £17,000).

# Notes to the accounts
# For the year ended 31 December 2013

## 16. Financial commitments (continued)

| | 2013 | | 2012 | |
|---|---|---|---|---|
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| **Obligations under non-cancellable operating leases expiring:** | | | | |
| within one year | 93 | 44 | - | 54 |
| in the second to fifth years inclusive | 154 | 179 | 216 | 159 |
| over five years | 396 | - | 304 | - |
| | 643 | 223 | 520 | 213 |

## 16. Pensions

The company operates two funded pension schemes namely the Church & Dwight UK Limited Defined Benefit Pension Schemes (the Church & Dwight UK Limited Retirement Benefits Plan ("Main Plan")) and the Church & Dwight UK Limited Senior Executive Plan ("Senior Executive Plan").

For the most recent valuation of the Main Plan, as at 29 February 2012, the Attained Age Method was used. At this valuation the Plan showed a deficit of £6.2 million at the valuation date based on the assumptions made for calculating its technical provisions. This measure compares the Plan's assets with the value of the past service benefits at 29 February 2012. It represents a funding level of 81% relative to the Plan's funding target.

The Senior Executive Plan was set up with effect from 1 November 1989 to provide additional benefits to senior employees in the Main Plan. The most recent valuation for the Senior Executive Plan, as at 29 February 2012, used the Attained Age Method. At this valuation the Plan showed a deficit of £2.5 million at the valuation date based on the assumptions made for calculating its technical provisions. This measure compares the Plan's assets with the value of the past service benefits at 29 February 2012. It represents a funding level of 66% relative to the Plan's funding target.

In order to comply with the disclosures requirements of FRS17 – "Retirement benefits", the following information in respect of the Church & Dwight UK Limited Defined Benefit Pensions Schemes (the Church & Dwight UK Limited Retirement Benefits Plan ("Main Plan") and the Church & Dwight UK Limited Senior Executive Plan ("Senior Executive Plan") is presented as at 31 December 2013.

The "Main Plan" and "Senior Executive Plan" are now closed to new entrants. Accordingly, the company supports an approved stakeholder scheme and contributions on a matching basis up to 9% of eligible earnings.

The following amounts have been disclosed for the "Main Plan" and "Senior Executive Plan" on a combined basis. The valuations for both plans were updated to 31 December 2013 by a qualified actuary, taking into account the projected unit method as required by FRS 17. The projected unit method is an accrued benefits valuation method in which the scheme's liabilities make allowance for projected earnings.

The major assumptions used by the actuary were in nominal terms:

| | 31 December 2013 £'000 | 31 December 2012 £'000 |
|---|---|---|
| Rate of increase in salaries | 3.0% | 2.9% |
| Rate of increase of pensions in payment | 3.4% | 2.7% |
| Rate of increase of pensions in deferment | 2.5% | 2.0% |
| Discount rate | 4.4% | 4.1% |
| Inflation assumption - RPI | 3.4% | 2.7% |
| - CPI | 2.5% | 2.0% |

# Notes to the accounts
# For the year ended 31 December 2013

**17. Pensions (continued)**

**Weighted average life expectancy for mortality tables used to determine benefit obligations:**

| | 31 December 2013 Male | 31 December 2013 Female | 31 December 2012 Male | 31 December 2012 Female |
|---|---|---|---|---|
| Member age 65 (current life expectancy) | 22.9 years | 25.3 years | 22.5 years | 24.7 years |
| Member age 45 (life expectancy at age 65) | 24.3 years | 26.8 years | 23.8 years | 26.3 years |

The assets in the Plans and the expected rates of return (net of Plan expenses) were:

| | 31 December 2013 £'000 | 30 December 2012 £'000 |
|---|---|---|
| Diversified growth | 22,828 | - |
| Equities | 1,564 | 16,879 |
| Gilts | 11,211 | 12,988 |
| Other bonds | - | 782 |
| Property | - | - |
| Other | 5,449 | 1,980 |
| Total market value of assets | 41,052 | 32,629 |

The amount included in the balance sheet arising from the obligations in respect of defined benefit retirement benefit schemes is as follows:

| | 31 December 2013 £'000 | 30 December 2012 £'000 |
|---|---|---|
| Fair value of scheme assets | 41,052 | 32,629 |
| Present value of scheme liabilities | (40,439) | (39,158) |
| Unrecognised surplus | (728) | - |
| Deficit in scheme | (115) | (6,529) |
| Related deferred tax | 23 | 1,502 |
| Net pension liability | (92) | (5,027) |

All of the obligations are funded (2013 – funded) and there are no unfunded liabilities (2012 – nil).

# Notes to the accounts
# For the year ended 31 December 2013

**17. Pensions (continued)**

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:-

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| Interest cost | 1,587 | 1,658 |
| Expected return on scheme assets | (1,568) | (1,450) |
| | 19 | 208 |

The actual return on scheme assets during the year was £3,024,000 (2012 - £2,328,000).

**Analysis of amount recognised in statement of total recognised gains and losses (STRGL)**

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| Actual return less expected return on plan's assets | 1,456 | 878 |
| Experience loss on liabilities | - | (1,129) |
| Changes in assumptions underlying the present value of the scheme liabilities | (1,458) | (1,713) |
| Actuarial loss recognised in STRGL | (2) | (1,964) |

The cumulative amount of actuarial net losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is (£10,146,000) (2012 – (£10,144,000)).

**Reserves reconciliation**

| | 31 December 2013 £'000 | 30 December 2012 £'000 |
|---|---|---|
| Profit and loss reserve including pension liability | 24,933 | 21,649 |
| Pension liability | 92 | 5,027 |
| Profit and loss reserve excluding pension liability | 25,205 | 26,676 |

# Notes to the accounts
# For the year ended 31 December 2013

**17. Pensions (continued)**

**Movement in deficit during the year**

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| **Deficit in plans at beginning of the year** | (6,529) | (5,753) |
| Movement in year: | | |
| Current service cost | | - |
| Contributions | 6,435 | 1,396 |
| Net finance charge | (19) | (208) |
| Actuarial loss | (2) | (1,964) |
| **Deficit in plans at end of the year** | (115) | (6,529) |

Movements in the present value of defined benefit obligations were as follows:

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| **Benefit obligation at the beginning of the year** | 39,158 | 35,845 |
| Service cost | - | - |
| Interest cost | 1,587 | 1,658 |
| Actuarial loss | 1,458 | 2,842 |
| Benefits paid | (1,036) | (1,187) |
| **Benefit obligation at the end of the year** | 41,167 | 39,158 |

Movements in the fair value of scheme assets were as follows:

| | Year ended 31 December 2013 £'000 | Year ended 31 December 2012 £'000 |
|---|---|---|
| **Fair value of plan assets at the beginning of the year** | 32,629 | 30,092 |
| Expected return on plan assets | 1,568 | 1,450 |
| Actuarial gain | 1,456 | 878 |
| Employer contributions | 6,435 | 1,396 |
| Benefits paid from plan | (1,036) | (1,187) |
| **Fair value of plan assets at the end of the year** | 41,052 | 32,629 |

# Notes to the accounts
# For the year ended 31 December 2013

## 17. Pensions (continued)

### History of experience gains and losses

| | Year ended 31 December 2013 | Year ended 31 December 2012 | Period ended 31 November 2011 | Year ended 30 November 2010 | Year ended 30 November 2009 |
|---|---|---|---|---|---|
| Defined benefit obligation | 41,167 | 39,158 | 35,845 | 31,881 | 29,982 |
| Fair value of plan assets | 41,052 | 32,629 | 30,091 | 27,067 | 24,836 |
| Deficit | (115) | (6,529) | (5,753) | (4,814) | (5,146) |

**Difference between expected and actual return on plan assets:**

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| **Experience gains and (losses) on pension scheme assets** | | | | | |
| Amount (£'000) | 1,456 | 878 | 658 | 594 | 2,442 |
| Percentage of Plan assets | 3.5% | 2.7% | 2% | 2% | 10% |
| **Experience (gains) and losses on plan liabilities:** | | | | | |
| Amount (£'000) | - | 1,129 | 92 | 62 | (212) |
| Percentage of plan liabilities | 0% | 2.9% | 0% | 0% | (1%) |

The company expects to pay contributions of £1,460,000 into its pension plans in the year ending 31 December 2014

## 18. Combined reconciliation of movements in shareholders' funds and statement of movements on reserves

| | Share capital £'000 | Share premium £'000 | Profit and loss account £'000 | Total £'000 |
|---|---|---|---|---|
| Balance at 1 January 2013 | 716 | 208 | 21,649 | 22,573 |
| Issued share capital | 185 | - | - | 185 |
| Issued share premium | - | 4,815 | - | 4,815 |
| Profit for the financial year | - | - | 3,286 | 3,286 |
| Net actuarial loss | - | - | (2) | (2) |
| Balance at 31 December 2013 | 901 | 5,023 | 24,933 | 30,857 |

## 19. Ultimate parent company and controlling party

Church & Dwight UK Limited is a wholly owned subsidiary of Armkel Company (Netherlands) BV which in turn is a wholly owned subsidiary of Church & Dwight Co., Inc.

The company's ultimate parent undertaking and controlling party is therefore Church & Dwight Co. Inc., incorporated in the state of Delaware, United States of America. The consolidated financial statements of this company are available to the public and may be obtained from 469 North Harrison Street, Princeton, New Jersey 08543-5297.

# Notes to the accounts
# For the year ended 31 December 2013

**20. Related party transactions**

The company has taken advantage of the exemption in FRS8 extended to subsidiary undertakings 100% of whose voting rights are controlled within a group, where the consolidated financial statements of the group are publicly available. Accordingly no disclosure has been made of transactions with entities that are part of the group headed by Church & Dwight Co. Inc.