Registered number: 00375793

Church & Dwight UK Limited

Annual Report and Financial Statements for the year ended 31 December 2021

Church & Dwight UK Limited

Annual report and financial statements for the year ended 31 December 2021

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Officers and professional advisers

Directors

S Cugine (resigned 22 January 2021)
R Dancy
M Robinsohn
D J Upton
B Bruno (appointed 22 January 2021, resigned 1 October 2021)
M Read (appointed 1 October 2021)

Secretaries

D J Upton (resigned 22 January 2021)
P A Fair
C Fowler (appointed 22 January 2021)

Registered Office

Wear Bay Road
Folkestone
Kent
United Kingdom
CT19 6PG

Bankers

Lloyds Bank
Folkestone
Kent
United Kingdom
CT20 1RZ

Solicitors

Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU
United Kingdom

Independent auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Church & Dwight UK Limited

Strategic Report

Review of the business

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, Asia and other parts of the world. The Company sells to the consumer products sector and to other Group businesses.

Church & Dwight Co. Inc. 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.

Key Performance Indicators

As shown in the Statement of Comprehensive Income on page 13, the Company's performance in absolute terms has continued to improve year on year. Despite the ongoing global pandemic of COVID-19, turnover has increased by 3.8% which has been driven by a strong performance within our domestic business. This has predominately been driven by the expansion of sales to existing key retail customers in our UK domestic division amounting to £3.7m. Sales to other group business and to our export division have remained consistent with 2020 showing a small, combined growth of 0.4%. The Company has seen cost pressures at gross margin level (discussed further on page 3) but with tailoring of marketing activity and it's associated spend as a result of the pandemic, increases in costs have been offset. This resulted in an increased operating profit year on year and delivering a stable operating profit margin of 11.8%. These are the key performance indicators by which the Company measures its performance. The Balance Sheet on page 14 shows that the Company remains in a strong position in terms of net assets and cash.

	2021	2020
	£'000	£'000
Turnover	**169,791**	163,511
Gross profit	**69,264**	67,861
Gross profit margin	**40.8%**	41.5%
Operating profit	**20,027**	19,269
Operating profit margin	**11.8%**	11.8%

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 with strong current and net asset values of £34.9m (2020: £34.5m) and £56.4m (2020: £56.6m) as at 31 December 2021, respectively. The directors have reviewed the Company's future working capital and cash requirements and revenue projections for the 12 months from the date of signing the financial statements, 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.

Church & Dwight UK Limited

Strategic Report

Principal risks and uncertainties

Competitive trading conditions in the UK and Europe exist which could affect revenue. This risk has been mitigated by marketing a broad product range across many countries and maintaining strong relationships with customers, whilst also expanding into wider geographical territories. With regards to Covid-19 specifically, the Company continues to be suitably placed with a number of non-discretionary products in the market to withstand the expected negative economic impact. The Company has continued to manufacture with no material changes to pre Covid-19 volumes and maintain supply chains ensuring the continuous supply to market of our products.

The Company, as a result of utilising Government support schemes, repaid in May 2021 the amount of deferred VAT originally due in April 2020 but did not make use of the Coronavirus Job Retention Scheme (CJRS) during the year. During the financial year, our employees continued to work from home when necessary, using enabling technology solutions and working flexibly around their domestic circumstances. For those employees unable to work from home, primarily our factory-based teams, we have implemented both social distancing and elevated health measures, including temperature checking and additional cleaning regimes, to ensure the safety of our people. Some of the measures introduced to ensure a safe working environment and operation did lead to cost increases during the year, which negatively impacted gross margin.

As the trading environment exits a sustained period of Covid restrictions, economies worldwide are addressing a number of macro-economic issues and this is giving rise to pressures within the supply chain, some of which was seen in 2021. The Company has seen significant price pressure across all major commodities, aluminium, tin plate, raw materials, polymers, and costs to convert, specifically energy. This has been further compounded by the Geopolitical situation in the Ukraine. We have minimal sourcing of raw materials or components from the Ukraine so supply is expected to be secure and the Company is actively working on mitigating its inflationary impacts by commercial pricing negotiations with customers.

Following the UK's decision to leave the European Union ('Brexit') on 31 January 2020 and subsequent end to the transition year on 31 December 2021, the UK entered into a Trade and Cooperation Agreement with the EU leaving the EU Single Market and Customs Union. The agreement removed the significant risks associated with a no deal Brexit and reduced the Company's current exposure to tariffs. However, the barriers to trade in goods and services as a consequence of the UK's departure from the EU Single Market and Customs Union has resulted in increased administrative requirements and associated costs. In addition, a significant amount of work and investment has been made to ensure that the Company's goods are compliant. The Company is continuing to monitor the associated risks in respect of the above to continually assess the risk to its operations and performance.

Future developments

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.

The directors expect the general level of activity to increase and improve brand performance domestically and international expansion of products in export markets.

Details of significant events since the balance sheet date are contained in note 16 to the financial statements including a dividend payment, the Russian invasion of Ukraine and the integration of the Waterpik export business.

SECTION 172 (1) STATEMENT COMPANIES ACT 2006

Section 172 (1) of the Companies Act 2006 requires that directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term

Church & Dwight UK Limited

Strategic Report

The Board meets regularly through monthly Board meetings and specific project Steering Committees, for example Brexit transition arrangements, to discuss and make decisions on matters of strategic importance to the business, to promote the long- term success of the Company and to consider the likely long-term impact of any such decisions.

(b) the interests of the Company's employees
The Company has approximately 385 members of staff and they play a key part in achieving our objectives. The Company ensures staff are aware of strategic decisions and likewise for matters arising from staff to be escalated to the appropriate committee. In addition, the Company conducts employee engagement surveys, promotes Mental Health wellbeing, and provides training across a wide range of topics, including risk and governance topics. Further to these measures, during 2021 the Company also continued to provide additional support for employees during Covid-19 as noted under the section of principal risks and uncertainties above.

(c) the need to foster the Company's business relationships with suppliers, customers and others
The Company has strong and well-established long-term relationships with its wider stakeholders. Further details of our engagement is provided in the Directors' Report.

(d) the impact of the Company's operations on the community and the environment
The Company is committed to having a positive impact and enhancing the lives of those in the communities in which we live and work. The Board will continuously monitor and make decisions in this regard with further details being provided in the Directors' Report.

(e) the desirability of the Company maintaining a reputation for high standards of business conduct
The Company expects the highest standards of conduct from its employees, business partners and suppliers with which it engages. Church & Dwight Co Inc. maintains global sustainability platform and Code of Conduct that ensures all subsidiaries conduct themselves by adhering to the highest standards of business conduct to promote the continued success of the Company.

(f) the need to act fairly between members of the Company
The Company's articles of association may be amended by special resolution of the Company's shareholders. The Board continues to review how the Group can improve engagement with its employees and stakeholders.

Approved by the Board and signed on its behalf by:

D J Upton
Director

6 July 2022

Registered office

Wear Bay Road
Folkestone
Kent
United Kingdom
CT19 6PG

Church & Dwight UK Limited

Directors' Report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2021.

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on pages 2-4 and form part of this report by cross-reference.

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 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 83.5 (2020: 81.7).

Customers

The Company strives to build positive, long lasting relationships with its customers to maintain a competitive advantage in the markets it operates in. Therefore, the relationships with customers is central to the business. This is supported by the dedicated R&D facility in Folkestone which enables the Company to deliver initiative products to its customers.

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.

Energy and carbon reporting

We have reported on all sources of GHG emissions and energy usage as required under *The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008* as amended.

GHG emissions and energy usage data:

	2021		2020	
	kWh '000	Tonnes of Co2e	kWh '000	Tonnes of Co2e
Energy consumption from factory operations:				
Electricity	5,244	1,340	5,327	1,361
Natural gas	4,664	857	5,736	1,054
Propane	-	-	74	16
	9,908	2,197	11,137	2,431

Energy consumption from factory operations is first collated from operational sources and from energy invoices and converted to kWh using the appropriate rate for each energy type and its unit of measure. Once in kWh, energy consumption is converted to Co2e using the Emission Factors from the UK Government's GHG Conversion Factors for Company Reporting 2019.

Church & Dwight UK Limited

Directors' Report

The carbon footprint in relation to transport amounted in total to 69.5 tonnes (2020 - 63.3 tonnes) of Co2e of which 60.9 tonnes (2020 – 50.5 tonnes) and 8.6 tonnes (2020 – 12.8 tonnes) related to the usage of lorries and cars, respectively. To calculate the emissions in relation to the operation of lorries, we have used the annual spend on fuel and the average annual price per litre cost for diesel to arrive at litres consumed. Regarding the emissions from car usage, we have used the total annual mileage, converted into litres using a range of 40-50 MPG. Using the consumption by litre, the emissions have been calculated using https://www.carbontrust.com/resources/sme-carbon-footprint-calculator.

Total Co2e per £,000 of turnover for the year ended 31 December 2021 was 0.013 tonnes (2020 – 0.015 tonnes).

We have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol *Corporate Accounting and Reporting Standard (revised edition) and emission factors from* the UK Government's GHG Conversion Factors for Company Reporting 2019 to calculate the above disclosures.

During the year, the Company has taken steps to improve energy efficiency. Some examples are:

- Automatically reducing standby air compression consumption to reduce electricity usage
- Using the boilers to generate steam instead of using standalone steam generators

Research and development

During 2021, the Company's ongoing projects to develop products and production facilities continued according to plan.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies within the financial statements, and in the Strategic Report.

Dividends

On 24 June 2021, the directors paid a dividend of £16 million (2020 - £20 million). A decision was made by the directors to pay a further dividend of £15 million on 17 June 2022 to Church & Dwight Co. Inc., the ultimate parent undertaking and controlling party of Church & Dwight UK Limited. There have been no further dividend payments and the directors are not proposing a further dividend.

Directors

The directors, who served throughout the year and up to the date of signing the financial statements, were as follows:

S Cugine (resigned 22 January 2021)
R Dancy
M Robinsohn
D J Upton
B Bruno (appointed 22 January 2021, resigned 1 October 2021)
M Read (appointed 1 October 2021)

Church & Dwight UK Limited

Directors' Report

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.

Financial risk management objectives and policies

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.

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. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

There is no significant concentration of credit risk in the balance sheet with exposure spread over a large number of counterparties and customers. Any risk to export receivables is mitigated by a credit insurance policy.

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.

Liquidity risk

The Company has adequate cash reserves for continued operations.

Further details regarding liquidity risk can be found in the accounting policies within the financial statements.

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

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities 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 the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

Details of the number of employees and related costs can be found in note 5 to the financial statements.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through regular briefings plus an annual business review. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. All employees receive an annual bonus related to the overall profitability of the Company.

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

D J Upton
Director

6 July 2022

Registered office

Wear Bay Road
Folkestone
Kent
United Kingdom
CT19 6PG

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 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 year.

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Church & Dwight UK Limited

Independent Auditor's Report

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Church & Dwight UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a year of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation and pension legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety legislation and Consumer Rights Act 2015.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address them are described below:

- Accuracy of rebates that Church & Dwight UK Limited offer to their customers: we performed design, implementation and operating effectiveness testing of key controls, we traced a sample of rebates to customer invoices and promotional proposal forms and recalculated the rebate using point of sale data to ensure the accuracy and validity of the balance.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the

Independent Auditor's Report (continued)

judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 the Directors' Report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Kim Burge

Kim Burge FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

6 July 2022

Church & Dwight UK Limited

Statement of Comprehensive Income
For the year ended 31 December 2021

Continuing activities:

	Note	2021 £'000	2020 £'000
Turnover	3	169,791	163,511
Cost of sales		(100,554)	(95,650)
Gross profit		69,237	67,861
Administrative expenses		(4,213)	(3,755)
Distribution expenses		(45,296)	(45,170)
Other operating income		299	333
Operating profit		20,027	19,269
Interest receivable		-	43
Profit before taxation	4	20,027	19,312
Tax on profit	7	(4,145)	(3,816)
Profit for the financial year attributable to the equity shareholders of the Company		15,882	15,496
Total comprehensive income attributable to the equity shareholders of the Company		15,882	15,496

Church & Dwight UK Limited

Balance Sheet
As at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	8	23,467	23,638
		23,467	23,638
Current assets			
Stocks	9	20,018	20,733
Debtors	10	37,919	35,386
Cash at bank and in hand		22,469	18,217
		80,406	74,336
Creditors: Amounts falling due within one year	11	(45,550)	(39,873)
Net current assets		34,856	34,463
Total assets less current liabilities		58,323	58,101
Provisions for liabilities	12	(1,885)	(1,545)
Net assets		56,438	56,556
Capital and reserves			
Called-up share capital	13	901	901
Share premium account		5,023	5,023
Profit and loss account		50,514	50,632
Equity shareholders' funds		56,438	56,556

The financial statements of Church & Dwight UK Limited (registered number 00375793) were approved by the board of directors and authorised for issue on 6 July 2022. They were signed on its behalf by:

M Robinson
Director

Church & Dwight UK Limited

Statement of Changes in Equity
For the year ended 31 December 2021

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2020	901	5,023	55,136	61,060
Profit for the financial year	-	-	15,496	15,496
Total comprehensive Income for the year	-	-	15,496	15,496
Dividend paid	-	-	(20,000)	(20,000)
At 31 December 2020	901	5,023	50,632	56,556
Profit for the financial year	-	-	15,882	15,882
Total comprehensive Income for the year	-	-	15,882	15,882
Dividend paid	-	-	(16,000)	(16,000)
At 31 December 2021	901	5,023	50,514	56,438

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

The financial statements are prepared in accordance with applicable United Kingdom accounting standards.

a. General information and basis of accounting

Accounting convention

Church & Dwight UK Limited is a private company limited by shares, incorporated in the United Kingdom, registered in England and Wales, under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the Strategic Report on page 2.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Church & Dwight UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Church & Dwight UK Limited meets the definition of a qualifying entity under FRS 102, and has therefore taken advantage of the disclosure exemptions available to it, in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Church & Dwight Inc, details of which are given in note 18. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and related party transactions (see note 17).

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

b. 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 Strategic Report. The Strategic Report further describes the Company's financial risk, liquidity position, borrowing facilities, and management objectives.

The directors have reviewed future working capital and cash requirements and revenue projections for the next 12 months from the date of signing the financial statements 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.

c. Intangible assets – research and development

Research and development

Research and development expenditure is written off as incurred.

1. Accounting policies (continued)

d. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	1% - 10%
Leasehold improvements	Over the term of the lease
Fixtures and fittings	18% - 20%
Plant and machinery	3% - 33%

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

e. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. For raw materials, consumables and goods for resale, cost includes all costs incurred to bringing the product to its present location and is valued at purchase cost on a first in, first out basis. For work-in-progress and finished goods manufactured by the Company, cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

f. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU (cash generating unit), the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

g. Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

h. 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

1. Accounting policies (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

i. Turnover

Turnover represents the amounts derived from the provision of goods to customers during the year. Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

j. Interest income

Revenue is recognised as interest accrues using the effective interest.

k. Foreign currency

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 in the year in which they arise.

l. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

m. Borrowing costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

n. Employee Benefits – defined contribution pension schemes

The Company operates a defined contribution scheme for its employees. A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Company's accounting policies

The directors have identified no critical judgements when applying the Company's accounting policies.

Key sources of estimation uncertainty

Customer rebates

The Company provides standard rebates depending on a variant of circumstances. The estimated standard rebate costs are accounted for by accruing costs based on regular reviews of the customers' sales.

The estimate is based on the number of sales that the customers are expected to make, and the appropriate adjustment is made once actuals are received.

The directors review these estimates on an ongoing basis and any revisions are recognised in the year.

At 31 December 2021, the accrual recognised for customer rebates was £6.6m (2020: £5.3m).

Church & Dwight UK Limited

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

3. Turnover

An analysis of the Group's turnover by geographical market is set out below:

	2021 £'000	2020 £'000
By geographical market:		
United Kingdom	83,152	77,760
Mainland Europe	41,365	42,628
Middle East	9,529	10,198
North America	6,144	4,936
South America	565	467
Asia	25,487	21,514
Africa	2,174	2,406
Rest of the world	1,375	3,602
	169,791	163,511

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

4. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2021 £'000	2020 £'000
Exchange losses/(gains)	165	(305)
Research and development	156	177
Rentals payable under operating leases		
-hire of plant and machinery	234	127
-hire of other assets	659	834

4. Profit before taxation (continued)

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

	2021 £'000	2020 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	93	93
Total audit fees	93	93

5. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2021 No.	2020 No.
Marketing	22	21
Sales	59	45
Administration	37	35
Manufacturing	221	224
R&D/Product development	46	42
	385	367

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries (including £35,000 (*2020 - £123,000*) in respect of termination payments)	16,541	15,316
Social security costs	1,789	1,639
Pension costs	893	832
	19,223	17,787

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

Termination payments are charged to the profit and loss immediately on recognition and the liability is recognised as the best estimate of the cost at the reporting date. As at 31 December 2021, the Company recognised £3,000 (*2020 - £40,000*) in respect of involuntary termination payments.

Church & Dwight UK Limited

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

6. Directors' remuneration and transactions

	2021 £'000	2020 £'000
Directors' remuneration		
Emoluments	697	709
Company contributions to money purchase pension schemes	95	50
	792	759

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	3	3
Exercised options over shares in the Company	2	-

	2021 £'000	2020 £'000
Remuneration of the highest paid director:		
Emoluments	262	284
Company contributions to money purchase schemes	51	23

Remuneration noted above was paid to the individuals as employees of Church & Dwight UK Limited and there were no incremental payments made for the role of statutory director.

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

7. Tax on profit

The tax charge comprises:

	2021 £'000	2020 £'000
Current tax on profit		
UK corporation tax at 19% (2020 – 19%) based on the profit for the year	3,805	3,669
Adjustments in respect of prior years	-	18
Total current tax	3,805	3,687
Deferred tax		
Origination and reversal of timing differences	(98)	(43)
Adjustment in respect of previous years	(14)	1
Effect of changes in tax rates	452	171
Total deferred tax	340	129
Total tax on profit	4,145	3,816

Factors affecting future tax charges

The standard rate of corporation tax in the UK at the balance sheet date is 19%. The corporation tax rate for the Company for the full period was 19% (2020: 19%). The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023 as enacted by Finance Act 2021. As these changes have been substantially enacted at the balance sheet date, we have reflected this in the measurement of deferred tax balances at the period end.

Notes to the Financial Statements (continued)
For the year ended 31 December 2021

7. Tax on profit (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021 £'000	2020 £'000
Profit before tax	**20,027**	**19,312**
Tax on profit at standard UK corporation tax rate of 19% (2020 – 19%)	3,805	3,669
Effects of:		
- Expenses not deductible for tax purposes	13	33
- Adjustment in respect of previous years	(14)	17
- Tax rate changes	452	173
- Share options	(111)	(76)
Total tax	4,145	3,816

8. Tangible fixed assets

	Land and buildings				
	Freehold land £'000	Freehold buildings £'000	Plant, machinery, fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost or valuation					
At 1 January 2021	32	2,913	38,994	731	42,670
Additions	-	318	1,065	1,124	2,507
Transfers	-	168	254	(422)	-
Disposals	-	-	(385)	-	(385)
At 31 December 2021	32	3,399	39,928	1,433	44,792
Depreciation					
At 1 January 2021	-	1,450	17,582	-	19,032
Charge for the year	-	154	2,524	-	2,678
Released on disposal	-	-	(385)	-	(385)
At 31 December 2021	-	1,604	19,721	-	21,325
Net book value					
At 31 December 2021	32	1,795	20,207	1,433	23,467
At 31 December 2020	32	1,463	21,412	731	23,638

No leased assets are included with fixed asset values at the year end.

9. Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	6,352	7,253
Work-in-progress	1,102	1,387
Finished goods and goods for resale	12,564	12,093
	20,018	20,733

Inventory impairment losses in the year were £1,925,000 (2020 - £606,000).

10. Debtors

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	28,650	26,120
Amounts owed by Group undertakings	4,429	5,123
Corporation tax	-	-
Other debtors	4,498	3,908
Prepayments and accrued income	342	235
	37,919	35,386

There is no interest charged on amounts owed by Group undertakings. Balances from these Group undertakings are repayable within 30 to 90 days.

11. Creditors – amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	22,637	23,373
Amounts owed to Group undertakings	4,144	2,077
Corporation tax	1,305	800
Other taxation and social security	2,002	770
Accruals and deferred income	15,462	12,853
	45,550	39,873

There is no interest charged on amounts owed to Group undertakings. Balances to these Group undertakings are payable within 60 days.

Church & Dwight UK Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2021

12. Provisions for liabilities – Deferred tax

	Total £
At 1 January 2021	1,545
Charged to profit and loss account	340
At 31 December 2021	1,885

Deferred tax

Deferred tax is provided as follows:

	2021 £'000	2020 £'000
Difference between accumulated depreciation and amortisation and capital allowances	1,885	1,545
Provision for deferred tax	1,885	1,545

13. Called-up share capital and reserves

	2021 £'000	2020 £'000
Allotted, called-up and fully-paid		
901,000 ordinary shares of £1 each (2020 – 901,000)	901	901

14. Financial commitments

Capital commitments are as follows:

	2021 £'000	2020 £'000
Contracted for but not provided relating to outstanding orders due to timing		
Freehold buildings	199	33
Plant, machinery, fixtures and fittings	721	252
	920	285

There is a contingent liability relating to one bond in favour of HM Revenue and Customs totalling £17,000 (2020 - £17,000). This relates to a deferment arrangement in relation to Custom and Excise Duties and Levies. The bank will cover any defaulted payment should the amount of Duties and Levies exceed the bond amount. This contingent liability is reviewed and renewed on an annual basis.

Total contracted payments under non-cancellable operating leases are as follows:

	2021		2020	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- within one year	-	66	-	31
- between one and five years	1,232	458	474	271
- after five years	3,074	-	3,510	-
	4,306	524	3,984	302

15. Post-employment benefits

Defined contribution pension schemes

The Company supports an approved defined contribution 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 2021 of £746,907 (2020 - £661,292) represents amounts payable to the scheme for the year then ended. There are £128,256 of outstanding contributions (2020 – £124,027) at the balance sheet date.

16. Subsequent events

A decision was made by the directors to pay a dividend of £15 million on 17 June 2022 to Church & Dwight Co. Inc..

Following the Russian invasion of Ukraine on 24th February 2022, the expected financial impact to the Company for the affected markets in 2022 is c. £6.6m in turnover and c. £3.6m in operating profit. A provision for bad debt has been raised in 2022 for outstanding debts of £86k in Ukraine. All remaining receivables in affected markets are covered through an external credit agency.

In January 2022, the Company integrated the Waterpik export business covering important regions such as Mainland Europe, Asia and the Middle East from an intercompany partner. On 27th January 2022, the company acquired £5.3m of inventory from an intercompany partner and the Company has plans to increase turnover in 2022 by £30m as a result of this integration.

17. Related party transactions

The Company has taken advantage of the exemption per Section 33.1A of FRS 102, 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. Outstanding balances are unsecured, interest free and cash settlement is expected no later than 60 days.

Other related party transactions

The total remuneration for key management personnel for the year totalled £998,000 (2020 - £923,000), being the directors' remuneration disclosed in note 6.

18. Ultimate parent company and controlling party

Church & Dwight UK Limited is a wholly owned subsidiary of Church & Dwight Co. Inc, who are the ultimate parent undertaking and controlling party, incorporated in the state of Delaware, United States of America. Church & Dwight Co. Inc is also the parent undertaking of the largest and smallest group in which the Company is consolidated. The consolidated financial statements of this Company are available to the public and may be obtained from its registered address of 500 Charles Ewing Boulevard, Ewing, N.J. 08628.