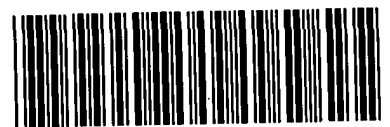


# SC Johnson Limited

## Report and Financial Statements

52 Week Period Ending 1 July 2022

TUESDAY



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COMPANIES HOUSE -

**Directors**

J M Hayes  
T P Howard  
L Limpo De Abreu Andrade (resigned 24 February 2022)  
A Engle (appointed 1 March 2022)

**Secretary**

J M Hayes

**Auditors**

Ernst & Young LLP  
R+  
2 Blagrove Street  
Reading  
Berkshire  
RG1 1AZ

**Bankers**

Barclays  
1 Churchill Place  
London E14 5HP

Citibank NA  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Registered Office**

Frimley Green  
Camberley  
Surrey GU16 7AJ

## Strategic report

The directors present their strategic report for the fifty two weeks ended 1 July 2022.

### Review of the business

The principal activity of the company is a limited risk distributor of SC Johnson Europe Sarl, marketing and selling household cleaning products and air fresheners. There has been no significant change to the principal activity of the company during the period.

The key financial indicators during the period were as follows:

	2022 £000	2021 £000	Change %
Turnover	124,779	136,013	(8.3%)
Operating profit	4,437	4,757	(6.7%)
Profit before tax	4,855	5,316	(8.7%)
Equity shareholders' funds	29,892	32,694	(8.6%)
Current assets as % of current liabilities ('quick ratio')	201%	206%	(2.5%)
Average number of employees	45	46	(2.2%)

The European household products market remains intensely competitive, with turnover negatively impacted by market contraction, a significant economic downturn and supply chain constraints restricting growth. The reduction of turnover filters through the profit and loss account accounting for the corresponding decrease in operating profit, profit before tax and equity shareholders' funds. The reduction in operating profit relative to the reduction in turnover reflects the continued focus on the cost base. The change in the quick ratio reflects timing differences on intercompany payments and the ensuing intercompany debtor and creditor positions.

During the year the company launched its Aromatherapy range of candles, reed and mist diffusers and electric scented oils which mitigated some of the category contraction, and the company entered a new market with premium sun care ranges.

### Section 172 (1) Statement

In accordance with Section 172 (1) the directors act in a way they consider in good faith would be the 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 consequence of any decisions in the long term,
- b) The interest of the company's employees,
- c) The need to foster the company's business relationships with suppliers, customers and others,
- d) The impact of the company's operations on the community and the environment,
- e) The desirability of the company maintaining a reputation for high standards of business conduct, and
- f) The need to act fairly as between members of the company.

Goodwill has never been negotiable – in family, in business or in our products. Since the ultimate parent's founding in 1886, SC Johnson has been guided by our commitment to keep earning the goodwill of the people around us. It matters to us that we do right by employees, consumers, the public and our communities and the world at large, and treat everyone with integrity and respect. These values are our principles.

## Strategic report (continued)

### Section 172 (1) Statement (continued)

Our People		
In a 1927 speech to employees, Herbert F Johnson Sr said ‘The goodwill of people is the only enduring thing in any business. It is the sole substance. The rest is shadow.’ These principles were formalised in 1976 in a document known as This We Believe. This was long before companies had values statements or even codes of conduct. We believe that the fundamental vitality and strength of our company worldwide lies in our people.		
Interests and concerns	How we engaged in the period to 1 July 2022	Considerations and outcomes
We maintain good relations among all employees around the world based on a common sense of participation, mutual respect and an understanding of common objectives.	We maintain open two-way communications through various channels, including regular department meetings, briefings and company communication meetings, which promote an understanding of the financial and economic factors affecting the company’s performance.	The UK company regularly participates and has been recognised in the ‘Great Places to Work’, in 2022 featuring in both the ‘Great Places to Work’ and ‘Great Places to Work for Women’

Our customers		
We believe in earning the enduring goodwill of our customers and end consumers by committing to provide useful products and services, monitoring closely the changing wants and needs of consumers and users, developing new products and services that are recognised by consumers and users as being significantly superior overall to major competition, and ensuring our products and services are readily available to consumers and users.		
Interests and concerns	How we engaged in the period to 1 July 2022	Considerations and outcomes
Our customers expect first class products that can be trusted and meet the everyday needs of consumers.	We have engaged at all levels of our organisation as well as cross functionally to align with customers’ needs and build relationships that put the customer and the consumer at the heart of everything we do.	We measure our performance externally and internally and have a culture that prides itself on continuous improvement. Our service level during FY22 was 92.8% case fill rate and we were rated the 4 <sup>th</sup> best supplier in the Advantage Survey.

## Strategic report (continued)

### Section 172 (1) Statement (continued)

Our suppliers		
We conduct our business in a fair and ethical manner by treating our suppliers fairly and reasonably, according to sound commercial practices. We encourage the use of local suppliers and services offering competitive quality and prices.		
Interests and concerns	How we engaged in the period to 1 July 2022	Considerations and outcomes
Our suppliers need to be assured they be treated fairly, and most importantly paid on time for the goods they supply to us.	Engagement is ongoing throughout the financial year and reflected in our day to day interactions with key vendors as part of our routine business operations. We endeavour to resolve disputes timely and seek to maintain an open and transparent two-way communication process.	We strive to pay our suppliers on time and work with them actively where necessary to ensure any challenges they have are addressed.

Our community		
SC Johnson has a long history of community involvement, corporate giving and volunteering – to help make lives better for families.		
Interests and concerns	How we engaged in the period to 1 July 2022	Considerations and outcomes
For over 80 years, the global organisation has committed to donate 5% of its pre-tax profits to charities worldwide to make a difference in the communities we work and live in and create a better place for our next generation.	Our donations this year have focused on three key partners: Ocean Generation, bringing the ocean into classrooms across the UK; Save the Children, supporting families on the poverty line through educational grants; and Mental Health UK, creating an on-line App to reach parents and carers to help address mental health issues with young people.	Additional donations have supported the local hospital, those going through cancer treatment and support for the Ukraine crisis.  In total, we have been able to support over 60,000 beneficiaries across the UK through our donations this year.

The environment		
We are committed to reducing our carbon emissions, energy consumption and waste; accelerating the transition to a circular economy; and helping drive sustainability efforts that deliver lasting change.		
Interests and concerns	How we engaged in the period to 1 July 2022	Considerations and outcomes
We're rethinking, redesigning, reusing and recycling our way to a better future with less plastic waste. We are committed to making 100% of SC Johnson plastic recyclable or reusable by 2025.	We are investing in more recyclable products and continuing progress toward a circular economy. In September 2021 we announced we're teaming up with Liverpool FC to recycle more than 500,000 plastic bottles used at Anfield each season.	When UK shoppers pick up Mr Muscle Platinum Window & Glass cleaner, they'll be reaching for a bottle that's made from 100% recycled ocean-bound plastic.

## Strategic report (continued)

### Principal risks and uncertainties

The principal risks facing the company arise from the increasingly aggressive competitive environment. As competitors promote their existing and new products more heavily, the company must find ways of generating income from production efficiencies and cost savings to drive sales and increase market share.

In the UK, there are continuous legislative changes impacting the company which management need to remain aware of, in order to ensure the company remains compliant. Compliance imposes additional costs and failure to comply with the legislation could result in fines for the company and reputational damage.

The company aims to mitigate liquidity risk by managing cash generation by its operations, applying cash collection targets throughout the company. The company also manages liquidity risk via revolving credit facilities and long term debt repayable on demand.

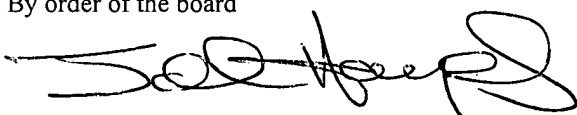
The company has not seen a significant impact as a result of the UK's exit from the European Union. The key risks to the company resulting from Brexit are with regards to its supply chain due to increased administrative processes linked to custom clearance and potential delays at ports for the import of finished goods. We continue to monitor the impact on the UK business as potential regulatory divergence occurs.

With regards to climate risk, SC Johnson is at work to create a more sustainable world by lightening our own carbon footprint and taking steps to help and inspire families, communities and organisations to lighten theirs.

### COVID-19 risk

SC Johnson Limited continues to be exposed to supply, demand and other operational issues associated with the coronavirus outbreak, including increased volatility and uncertainty. We monitored government and health authority advice and followed recommended actions to protect our employees, including the temporary closure of our Frimley site during 'lockdowns', works performed on the site to protect our employees on a long-term basis, and a slow and well-organised phasing of return to the office.

By order of the board



J M Hayes

15 December 2022

## Directors' report

The directors present their report and the audited financial statements for the fifty two weeks ended 1 July 2022.

### Directors of the company

The current directors are shown on page 1.

### Proposed dividend

An interim dividend of 29.29p per ordinary share amounting to £6,700,000 was paid during the year (2021 – interim dividend of 30,000,000). The profit after tax of £3,898,000 (2021 - £4,388,000) has been transferred to reserves.

### Future developments

Market conditions remain challenging as a number of supermarkets and discounters experience declines, however the company has improved sales to on-line retailers by continued efforts to innovate and develop to meet the needs of different channels and consumers. Competitor pressures remain intense with geopolitical events and global macro economic conditions following the recovery from COVID-19 bringing further headwinds from currency and inflationary pressures.

### Fostering business relationships

The company is committed to social responsibility, community engagement and environmental sustainability. It has an annual programme of employee volunteering supporting a range of local initiatives focussing on education, the environment, and other local community issues.

SC Johnson has a commitment to maintain good relations among all employees based on a sense of participation, mutual respect and an understanding of common objectives. It does this by creating a climate whereby all employees freely air their concerns and express opinions with assurance that they will be fairly treated, fostering open, two-way communications between management and employees, and treating all people with respect,

The company maintains close and effective business relations with its suppliers and customers to ensure that our products are readily available to consumers and users.

### Donations

As part of the company's commitment to the communities in which it operates, contributions totalling £152,000 (2021 - £225,000) were made to local and national charities.

### Disabled employees

We provide equal opportunities in employment and advancement by hiring and promoting employees without discrimination, using qualifications, performance and experience as the principal criteria. The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. If existing employees become disabled every effort is made to find them suitable work within the company and training is provided if necessary.

### Going concern

As outlined further in note 1 to the financial statements, the directors have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the going concern assessment period of 12 months from the approval of the financial statements. No material uncertainties that could cast significant doubt about the ability of the company to continue as a going concern have been identified. This conclusion has been reached after receipt of a corporate support letters issued by the parent company. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

## Directors' report (continued)

### Directors' liability insurance and indemnities

S.C. Johnson & Son Inc., the company's parent company, maintains Directors' and Officers' Liability insurance in respect of legal action that might be brought against directors of companies within the group and the directors of the company are covered by this insurance. The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the auditor, each director has taken all steps that he ought to have taken as a director in order to make himself aware of, and to establish that the auditors are aware of, any relevant audit information.

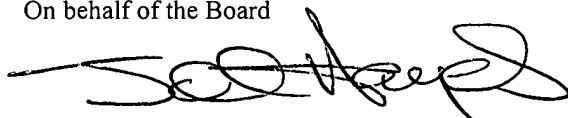
### Energy and carbon reporting

The Frimley site and facilities are managed by SCJ EurAFNE Limited who incur the facilities energy usage and whose accounts disclose the energy and carbon reporting information in conformity with the requirements set forth within the UK government's Streamlined Energy and Carbon Reporting (SECR) policy.

### Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution is proposed at the Annual General Meeting to re-appoint Ernst & Young LLP as the auditors of the company.

On behalf of the Board



J M Hayes

Director

15 December 2022



## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable United Kingdom 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 Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). 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 in accordance with Section 102 of FRS 102 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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# **Independent auditor's report**

**to the members of SC Johnson Limited**

## **Opinion**

We have audited the financial statements of SC Johnson Limited for the year ended 01 July 2022 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 01 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

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

## **Conclusions relating to going concern**

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 period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

## **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 this report, we do not express any form of assurance conclusion thereon.

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# **Independent auditor's report**

**to the members of SC Johnson Limited (continued)**

## **Other information (continued)**

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **Matters on which we are required to report by exception**

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

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

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

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, 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.

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## Independent auditor's report

to the members of SC Johnson Limited (continued)

### ***Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006) and the relevant tax compliance regulations in the United Kingdom.
- We understood how SC Johnson Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. Our audit procedures were designed to either corroborate or provide contrary evidence, the results of which were followed up appropriately.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was higher, we performed incremental audit procedures to address each identified fraud risk.

These procedures included:

- For a sample of sales related accruals, inspecting external evidence to substantiate the promotional rate and term and vouching against the management prepared computation of the promotional accrual. This was supplemented with additional procedures over the reconciliation of the rebate promotional accruals balance, an assessment of the age profiling, a retrospective look back on prior period promotional events, the deployment of our revenue and receivable data analytical program, detailed gross margin analytics and an extended search for unrecorded liabilities. All such procedures were designed to respond to the identified risk over the completeness and improper measurement of judgemental promotional accruals.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved a review of board minutes to identify any noncompliance with laws and regulations, assessment of financial statement disclosures to ensure compliance with relevant reporting frameworks and enquiries of management and those charged with governance.

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

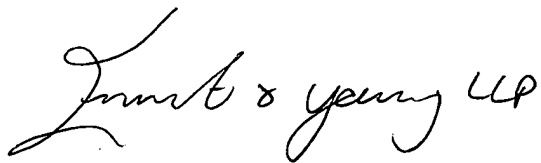
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## Independent auditor's report

to the members of SC Johnson Limited (continued)

### 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.

A handwritten signature in black ink, appearing to read 'Tristan Allen', followed by 'Ernst & Young LLP' in a cursive script.

Tristan Allen (Senior statutory auditor)

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

Reading

16 December 2022

## Statement of Comprehensive Income

for the fifty two weeks ended 1 July 2022

	Notes	2022 £000	2021 £000
<b>Turnover</b>	2	124,779	136,013
Cost of Sales		(108,024)	(119,463)
<b>Gross profit</b>		16,755	16,550
Selling and distribution costs		(7,972)	(6,836)
Administrative expenses		(4,817)	(4,957)
Other operating income		471	-
<b>Operating profit</b>	3	4,437	4,757
Interest receivable and similar income on loans to group undertakings	6	418	559
<b>Profit on ordinary activities before taxation</b>		4,855	5,316
Tax on profit on ordinary activities	7	(957)	(928)
Profit for the financial period		3,898	4,388
Total comprehensive income		3,898	4,388

All results relate to continuing operations

## Statement of changes in equity

for the fifty two weeks ended 1 July 2022

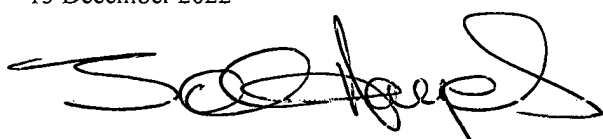
	<i>Called-up share capital £000</i>	<i>Share Premium £000</i>	<i>Profit and loss account £000</i>	<i>Total Equity £000</i>
At 3 July 2020	22,871	2,414	33,021	58,306
Total comprehensive income for the year	-	-	4,388	4,388
Equity dividends paid (note 13)	-	-	(30,000)	(30,000)
At 2 July 2021	22,871	2,414	7,409	32,694
Total comprehensive income for the year	-	-	3,898	3,898
Equity dividends paid (note 13)	-	-	(6,700)	(6,700)
At 1 July 2022	22,871	2,414	4,607	29,892

# Statement of financial position

at 1 July 2022

	Notes	2022 £000	2021 £000
<b>Fixed assets</b>			
Intangible assets	8	1,388	1,676
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	57,485	61,808
Cash at bank and in hand		-	-
		57,485	61,808
<b>Creditors: amounts falling due within one year</b>	10	(28,604)	(29,978)
<b>Net current assets</b>		28,881	31,830
<b>Total assets less current liabilities</b>		30,269	33,506
Provisions for liabilities	11	(377)	(812)
<b>Net assets</b>		29,892	32,694
<b>Capital and reserves</b>			
Called up share capital	13	22,871	22,871
Share premium account	15	2,414	2,414
Profit and loss account	15	4,607	7,409
		29,892	32,694

Signed on behalf of the Board  
15 December 2022



J M Hayes  
Director  
Company registration number 4166155



## Notes to the financial statements

at 1 July 2022

### 1. Accounting policies

#### *Statement of compliance*

SC Johnson Limited is a private company limited by shares, incorporated in England. The Registered Office is Frimley Green Road, Frimley Green, Camberley, Surrey GU16 7AJ.

#### *Basis of preparation and change in accounting policy*

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

#### *Going concern*

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the going concern assessment period of 12 months from the date of approval of the financial statements and meet its liabilities as they fall due.

With regard to the COVID-19 pandemic, the company and the wider SC Johnson group was not negatively impacted financially due to its positioning as a manufacturer and distributor of products for the home. Within the last fiscal year, geo-political events have resulted in an escalation of commodity prices associated with the availability and cost of gas, oil and other staple products causing inflationary pressure and rising costs. With wage increase rates not keeping pace with cost inflation and many consumers forced to make difficult choices on how their income is spent, the company faces pressure to keep its products on shelf whilst still representing value for money. The company continually reviews its ingredients list and is committed to taking cost increases necessary for a sustainable business model.

Taking into consideration the current environment and the company and wider group's product and customer base, the Directors expect the company to remain profitable and generate positive cash flows giving the company the ability to continue to operate for the going concern assessment period of 12 months from the date of approval of the financial statements.

The global SC Johnson organisation has considerable financial resources and continues to trade profitably. The company and wider group undertake a regular, detailed and well-practiced forecasting process which allows the Directors to take a view on the business scenarios. The Directors are satisfied, based on current projections, that the company has, and will continue to have, sufficient cash resources to meet its liabilities as they fall due.

The group operates a cash pooling arrangement, whereby the amounts in the Company's bank accounts are swept periodically for group treasury purposes. As a result, the directors have obtained a letter of support from the ultimate parent company SC Johnson & Son Inc, which states that they will provide financial support to assist the company in meeting their liabilities as and when they fall due but only to the extent that money is not available to the company to meet such liabilities. After having made the necessary enquiries to assess the Parent's ability to support including an understanding of the forecasts, cash position and debt commitments of the Group, the directors are satisfied that they are able to provide financial support should the Company require it to 31 December 2023.

Thus, the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

#### *Statement of cash flows*

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its parent company, Johnson Wax Limited, includes the company's cash flows in its own consolidated financial statements.

## Notes to the financial statements

at 1 July 2022

### 1. Accounting policies (continued)

#### ***Key management personnel compensation and financial instrument disclosure exemptions:***

The company is a qualifying entity as defined by FRS 102 and has taken advantage of the following exemptions available to qualifying entities which are relevant to its financial statements:

- the requirement to disclose information about key management personnel compensation;
- the disclosure requirements of Section 11 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) in respect of financial instruments of the company (as equivalent disclosures are included in respect of the consolidated financial statements)

#### ***Related party transactions***

The company has taken advantage of the exemption, under FRS 102 paragraph 33.1A, from disclosing transactions with related parties that are part of the Johnson Wax Limited Group, as the company is a 100% subsidiary of a group whose financial statements are publicly available.

#### ***Judgements and key sources of estimation and uncertainty***

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from these estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Operating lease commitments***

The company uses operating leases to acquire its motor vehicle fleet and also holds various residential operating leases and an operating lease on a commercial property used as a regional sales force base. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

The following are the Company's key sources of estimation uncertainty:

#### ***Trade spend***

Trade spend, which consists of customer pricing allowances, placement fees and promotional allowances are recognised based on agreements with trade customers. Estimates and judgements on trade spend are based on a variety of factors including historical experience and market conditions to reflect the anticipated liability.

#### ***Intangible assets***

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairment losses. The carrying value of intangible fixed assets is considered when impairment indicators arise.

Amortisation is provided on all intangible fixed assets, at rates calculated to write-off the cost, less estimated residual value, of each asset over the period of its estimated useful life on a straight-line basis. The principal rates of amortisation (based on original cost) are as follows:

Software	20% per annum
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#### ***Impairment of non-financial assets***

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

## Notes to the financial statements

at 1 July 2022

### 1. Accounting policies (continued)

#### *Judgements and key sources of estimation and uncertainty (continued)*

##### *Impairment of non-financial assets (continued)*

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

##### *Taxation*

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authority. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

##### *Dividend distributions*

Dividends on equity shares are recognised as a deduction of equity when a liability to pay the dividend arises. Consequently, interim dividends are recognised when paid and final dividends when approved in general meeting.

##### *Provisions for liabilities*

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provision is made for separation pay in accordance with the detailed terms of the separation pay policy on the basis of accrued length of service. Customer claims relate to demands by certain customers for lower prices and better trade terms, with such demands being applied retrospectively. A provision is made in accordance with agreed promotional terms over a defined period.

##### *Taxation*

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

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

##### *Turnover*

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, trade spend deductions, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

## Notes to the financial statements

at 1 July 2022

### 1. Accounting policies (continued)

#### *Turnover (continued)*

##### *Sale of goods*

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### *Royalty income*

Included in turnover is royalty income arising on sales of Mr Muscle products in the United Kingdom and Ireland. Royalties shall be recognised on an accrual basis in accordance with the substance of the relevant agreement.

#### *Foreign currencies*

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at banks and short-term deposits.

#### *Short term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

#### *Pension scheme arrangements*

The company is a participating employer of the Johnson Wax Retirement and Life Assurance Plan defined benefit group pension scheme, which is non-contributory and contracted out of the State Earnings Related Pension Scheme. The assets of the scheme are held separately from those of the company in separate trustee administered funds. The fund is valued every three years by a professionally qualified independent actuary on both a going concern and a discontinuance basis, the rate of contributions payable being determined on the advice of the actuary.

The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 102, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in the period.

The company participated in a defined contribution (money purchase) scheme established at 1 January 1999 for new employees joining the company from that date. After consultation with active members, from 1 March 2018 the company moved new contributions to an external Master Trust arrangement and existing investments with the former defined contributions scheme transitioned to the Master Trust from 13 June 2018. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### *Operating lease commitments*

The company has entered into a number of leases as a lessee to obtain the use of its motor vehicle fleet and also holds various residential operating leases and an operating lease on a commercial property used as a regional sales force base. The rentals payable for the leases have been determined to represent operating leases and are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

## Notes to the financial statements

at 1 July 2022

### 2. Segmental analysis

Turnover represents the amounts derived from the provision of goods and royalties which fall within the group's ordinary activities, stated net of value added tax.

Turnover is analysed as follows:

	2022 £000	2021 £000
United Kingdom & Ireland	123,726	134,853
Switzerland	1,053	1,160
	<u>124,779</u>	<u>136,013</u>

<i>Area of activity</i>	2022 £000	2021 £000
<i>Group turnover</i>		
Product sales	123,726	134,853
Royalty income	1,053	1,160
	<u>124,779</u>	<u>136,013</u>

### 3. Operating profit

This is stated after charging/(crediting):	2022 £000	2021 £000
Amortisation of software	288	109
Rentals under operating leases – plant and machinery	94	95
– other	90	92
Foreign exchange differences	(10)	72
Auditors remuneration – audit of the financial statements	146	141
	<u>          </u>	<u>          </u>

### 4. Directors' remuneration

	2022 £000	2021 £000
Aggregate remuneration in respect of qualifying services	<u>683</u>	<u>864</u>

One director is a member of the group's defined benefit scheme. No directors are members of the money purchase scheme. The above amounts for remuneration include £683,000 (2021 – £864,000) in respect of the highest paid director. Three directors of the company are also directors or officers of other Johnson Wax group companies, and the emoluments have been borne by those companies. The directors' services to the company do not occupy a significant amount of their time, as such the directors do not consider that they have received any remuneration for their incidental services to the company for the period ended 1 July 2022.

## Notes to the financial statements

at 1 July 2022

### 5. Staff costs

	2022 £000	2021 £000
Wages and salaries	3,578	3,895
Social security costs	534	528
Pension costs (see note 14)	268	265
	<u>4,380</u>	<u>4,688</u>

Included in pension costs are £nil (2021: nil) in respect of contributions made to the defined benefit scheme and £268,000 (2021: £265,000) in respect of defined contribution costs.

The monthly average number of employees during the period was as follows:

	2022 No.	2021 No.
Selling and distribution	22	24
Administration	23	22
	<u>45</u>	<u>46</u>

### 6. Interest receivable

	2022 £000	2021 £000
Interest received from group undertakings	<u>418</u>	<u>559</u>

### 7. Tax on profit on ordinary activities

#### (a) Analysis of the charge in the period

The tax charge comprises:

	2022 £000	2021 £000
<i>Current tax:</i>		
UK corporation tax on profit for the year	159	453
Adjustments in respect of prior periods	348	166
Group relief – current period	455	497
Group relief – adjustments in respect of prior periods	(10)	(149)
Total current tax charge	<u>952</u>	<u>967</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	122	64
Impact of change in UK tax rate	40	(82)
Adjustments in respect of prior periods	(157)	(21)
Total deferred tax charge	<u>5</u>	<u>(39)</u>
<b>Total tax charge on profit on ordinary activities</b>	<u><b>957</b></u>	<u><b>928</b></u>

## Notes to the financial statements

at 1 July 2022

### 7. Tax on profit on ordinary activities (continued)

#### (b) Factors affecting tax charge for period

The tax assessed on the profit on ordinary activities for the period is higher (2021 – lower) than the standard rate of corporation tax in the UK of 19% (2021 – 19.00%). The differences are reconciled below:

	2022 £000	2021 £000
<i>Profit on ordinary activities before tax</i>	4,855	5,316
Tax on profit on ordinary activities at standard UK corporation tax rate of 19.00% (2021: 19.00%)	922	1,010
Effect of:		
Expenses not deductible for tax purposes	3	4
Impact of change in UK tax rate	40	(82)
Adjustments in respect of prior periods	(8)	(4)
<i>Total tax charge</i>	957	928

#### c) Factors affecting future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 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. These changes were substantively enacted at the balance sheet date and hence have been reflected in the measurement of deferred tax balances at the period end. Deferred taxes on the balance sheet have been measured at 22% (2021 – 25%) which represents the blended future corporation tax rate that was enacted at the balance sheet date.

## Notes to the financial statements

at 1 July 2022

### 8. Intangible fixed assets

	<i>Software</i>	<i>Assets under construction</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost:			
At 2 July 2021	1,093	692	1,785
Additions / (transfers)	692	(692)	-
At 1 July 2022	<u>1,785</u>	<u>-</u>	<u>1,785</u>
Amortisation:			
At 2 July 2021	109	-	109
Charge for the period	288	-	288
At 1 July 2022	<u>397</u>	<u>-</u>	<u>397</u>
Net book value at 1 July 2022	<u>1,388</u>	<u>-</u>	<u>1,388</u>
Net book value at 2 July 2021	<u>984</u>	<u>692</u>	<u>1,676</u>

### 9. Debtors: amounts falling due within one year

	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	14,759	16,344
Amounts owed by fellow group undertakings	41,324	44,334
Called up share capital not paid	460	460
Prepayments and accrued income	124	127
Other taxation and social security	-	-
Other debtors	495	215
Deferred tax (note 12)	323	328
	<u>57,485</u>	<u>61,808</u>

Included in amounts owed by fellow group undertakings are £40,860,000 (2021 – £44,049,000) unsecured loan notes receivable on demand with an interest rate of 0.95% (2021: 1.00%)

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

	<i>2022</i>	<i>2021</i>
	<i>£000</i>	<i>£000</i>
Trade creditors	515	808
Bank loans and overdrafts	1	-
Amounts owed to fellow group undertakings (unsecured and payable on demand)	12,656	16,273
Group relief payable	940	367
Corporation tax	1,450	917
Accruals and deferred income	11,752	10,528
Other taxation and social security	1,290	1,085
	<u>28,604</u>	<u>29,978</u>



## Notes to the financial statements

at 1 July 2022

### 11. Provisions for liabilities

	<i>Separation pay</i>	<i>Customer claims</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 2 July 2021	54	758	812
Provided	3	46	49
Utilised	-	(375)	(375)
Released	-	(109)	(109)
At 1 July 2022	<u>57</u>	<u>320</u>	<u>377</u>

Separation pay is payable on the retirement of employees who commenced work for the company before 31 December 1993 and is based on the number of years continuous service with the company. The youngest eligible member has 14 years to plan retirement age.

Customer claims relate to demands by certain customers for lower prices and better trade terms, with such demands being applied retrospectively. Provisions relating to individual years are expected to be utilised within five years.

### 12. Deferred tax

Deferred tax included in the balance sheet consists of the following amounts:

	<i>2022 £000</i>	<i>2021 £000</i>
Included within debtors (note 9)	<u>323</u>	<u>328</u>

Deferred tax is provided as follows:

	<i>2022 £000</i>	<i>2021 £000</i>
Timing differences in relation to intangible fixed assets	89	161
Other timing differences	235	167
	<u>323</u>	<u>328</u>

The movement on deferred taxation comprises:

	<i>£000</i>
At 2 July 2021	328
Origination and reversal of timing differences	(122)
Impact of change in tax rate	(40)
Adjustment in respect of prior period	157
At 1 July 2022	<u>323</u>

The amount of the net reversal of deferred tax expected to occur next year is £174,000 (2021: £183,000) relating to the reversal of existing timing differences on intangible fixed assets and other reserves.

## Notes to the financial statements

at 1 July 2022

### 13. Share capital

	2022 £000	2021 £000
<i>Authorised</i>		
50,000,000 ordinary shares of £1 each	50,000	50,000
	£000	£000
<i>Allotted, called up and fully paid</i>		
22,410,652 ordinary shares of £1 each	22,411	22,411
<i>Not paid</i>		
460,188 ordinary shares of £1 each	460	460
	<u>22,871</u>	<u>22,871</u>
Dividends and other appropriations		
	2022 £000	2021 £000
<i>Declared and paid during the year</i>		
Equity dividend on ordinary shares:		
Interim for 2022: 29.29p (2021: 131.17p)	6,700	30,000
	<u>6,700</u>	<u>30,000</u>

### 14. Pensions and other post-retirement benefits

The Johnson Wax group provides pension arrangements for the majority of full time employees through the Johnson Wax Retirement and Life Assurance Plan. Johnson Wax Limited is the sponsoring employer and has legal responsibility for the Plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual group entities therefore this is accounted for entirely in the Johnson Wax Limited accounts. As such, the Company accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in the period. The related costs of the plan are assessed in accordance with the advice of professionally qualified actuaries. Should the defined benefit obligation fall into a net liabilities position, SC Johnson Limited would be liable to pay additional contributions to the Plan in order to eliminate any deficit in relation to its employees.

The most recent full actuarial valuation of the defined benefit scheme was conducted as at 1 January 2019 using a marketed approach. The valuation of the scheme updated by the actuaries as at 1 July 2022 to reflect conditions at that date showed a surplus of £68.4 million with assets of £216.2 million and liabilities of £147.8 million. Full details are disclosed in the accounts of Johnson Wax Limited.

The pension cost charged for the period for the defined benefit scheme was £nil (2021 – nil). The pension cost charged for the period for the money purchase plan was £268,000 (2021 – £265,000).

### 15. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital.

Profit and loss account – includes all current and prior period retained profits and losses.

## Notes to the financial statements

at 1 July 2022

### 16. Obligations under lease contracts and other commitments

The company uses operating leases to acquire its motor vehicle fleet. The leases do not transfer ownership to the Company, and although there is the option to purchase the car at the end of the lease term at market price, this has never been exercised. The Company has the option to cancel leases at any time.

The company also holds residential and commercial lease agreements. These leases do not transfer ownership of the asset at the end of the lease term, and there is no option to purchase the properties at the end of the lease term. The lease term is not for the major part of the economic life of the property, and the present value of the minimum lease payments are not substantially all of the fair value of the property.

Future minimum lease payments due under operating leases:

	2022 £000	2021 £000
Land and buildings - amounts payable:		
Not later than one year	52	123
Later than one year but not later than five years	4	62
Other leases – amounts payable:		
Not later than one year	57	86
Later than one year but not later than five years	34	74
	<u>147</u>	<u>345</u>

### 17. Ultimate and immediate parent companies

The ultimate parent company is S.C. Johnson & Son Inc, incorporated in the USA and the immediate parent company is Johnson Wax Limited, a company incorporated in England and Wales. The smallest group in which the results of the company are consolidated is that headed by Johnson Wax Limited, whose principal place of business is at Frimley Green, Camberley, Surrey GU16 7AJ. The largest group in which the results of the Company are consolidated is that headed by S.C. Johnson & Son Inc., whose principal place of business is 1525 Howe Street, Racine, Wisconsin, 53403-2236, USA.