Registered number: 00375793

Church & Dwight UK Limited

Annual Report and Financial Statements
For the year ended 31 December 2016

Church & Dwight UK Limited

Annual report and financial statements for the year ended 31 December 2016

Contents

Church & Dwight UK Limited

Annual report and financial statements for the year ended 31 December 2016

Officers and professional advisers

Directors

S Cugine
R Dancy
M Robinsohn
D J Upton

Secretary

D J Upton

Registered Office

Wear Bay Road
Folkestone
Kent
CT19 6PG

Bankers

Lloyds TSB Bank plc
Folkestone
Kent

Solicitors

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

Independent auditor

Deloitte LLP
Statutory Auditor
Crawley
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 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.

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 10, the Company's performance has continued to improve year on year. Turnover has increased by 10.6% and operating profit has increased by 45%. These are key performance indicators by which the Company measures its performance. The Balance Sheet on page 11 shows that the Company remains in a strong position in terms of net assets and cash.

	2016	2015
	£	£
Net sales	**101,749**	91,984
Gross profit	**39,593**	32,749
Gross profit margin	**38.9%**	35.6%

Financial position and going concern

Throughout the financial year the company met its day to day working capital requirements through cash generated from operations. The Company does not rely on external finance and loans. The Company continues to be profitable and had net assets of £42.7m at 31 December 2016. 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 accounts, 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.

Principal risks and uncertainties

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

Following the UK's decision to leave the European Union ('Brexit'), there will be additional uncertainty in regards to risk. The situation is still uncertain for the Company at this point of time, but steps will be taken to mitigate any potential risks that may occur.

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.

Church & Dwight UK Limited

Strategic report

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 17 to the financial statements.

Approved by the Board and signed on its behalf by:

D J Upton
Secretary

4 August 2017

Registered office

Wear Bay Road
Folkestone
Kent
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 2016.

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 page 2 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 their invoices within agreed terms unless there are good reasons not to do so. The average number of days' credit taken on the outstanding balance at the year-end is 71.2 (2015: 67.1).

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.

Research and development

During 2016, 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

The directors paid no dividend in 2016 (2015 - £nil). No final dividend is proposed.

Directors

The directors, who served throughout the year except as noted, were as follows:

B Bomhard
S Cugine
R Dancy
M Robinsohn
D J Upton

B Bomhard resigned from the company on 4 January 2016. R Dancy was appointed as director on the same day. M Robinsohn was appointed on 10 June 2016 as B Bomhard's direct replacement.

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

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

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.

Church & Dwight UK Limited

Directors' report

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
Secretary

4 August 2017

Registered office

Wear Bay Road
Folkestone
Kent
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 Standards 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 period.

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.

Independent auditor's report to the members of Church & Dwight UK Limited

We have audited the financial statements of Church & Dwight UK Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, 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 and the Directors' Report.

Independent auditor's report to the members of Church & Dwight UK Limited

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

William Farren

William Farren FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Crawley, United Kingdom
4 August 2017

Church & Dwight UK Limited

Statement of Comprehensive Income
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	3	101,749	91,984
Cost of sales		(62,156)	(59,235)
Gross profit		39,593	32,749
Administrative expenses		(2,730)	(2,920)
Distribution expenses		(24,530)	(21,488)
Other operating income		163	176
Research and development credit		94	163
Operating profit		12,590	8,680
Finance income (net)		59	42
Profit on ordinary activites before taxation		12,649	8,722
Tax on profit on ordinary activities	7	(442)	(1,332)
Profit for the financial year attributable to the equity shareholders of the company		12,207	7,390
Other comprehensive income			
Actuarial loss relating to the pension scheme	16	(11,460)	(1,484)
Total comprehensive income attributable to the equity shareholders of the company		747	5,906

Church & Dwight UK Limited

Balance Sheet
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	8	68	123
Tangible assets	9	17,161	15,632
		17,229	15,755
Current assets			
Stocks	10	12,942	13,530
Debtors	11	18,467	17,800
Cash at bank and in hand		14,206	13,904
		45,615	45,234
Creditors: amounts falling due within one year	12	(20,998)	(18,520)
Net current assets		24,617	26,714
Total assets less current liabilities		41,846	42,469
Provisions for liabilities	13	857	(513)
Net assets		42,703	41,956
Capital and reserves			
Called up share capital	14	901	901
Share premium account		5,023	5,023
Profit and loss account		36,779	36,032
Equity shareholders' funds		42,703	41,956

The financial statements of Church & Dwight UK Limited (registered number 00375793 were approved by the board of directors and authorised for issue on 4 August 17. They were signed on its behalf by:

D Upton
Director

Church & Dwight UK Limited

Statement of Changes in Equity
For the year ended 31 December 2016

	Called up share capital £'000	Share premium account £'000	Profit and Loss account £'000	Total £'000
At 1 January 2015	901	5,023	30,126	**36,050**
Profit for the financial year	-	-	7,390	**7,390**
Net actuarial loss (note 16)	-	-	(1,484)	**(1,484)**
Total comprehensive income for the year	-	-	5,906	**5,906**
At 31 December 2015	901	5,023	36,032	**41,956**
Profit for the financial year	-	-	12,207	**12,207**
Net actuarial loss (note 16)	-	-	(11,460)	**(11,460)**
Total comprehensive income for the year	-	-	747	**747**
At 31 December 2016	**901**	**5,023**	**36,779**	**42,703**

Notes to the financial statements
For the year ended 31 December 2016

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, 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 19. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and related party transactions (see note 18).

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 expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit. This period is between three and five years. Provision is made for any impairment.

1. Accounting policies (continued)

d. Intangible assets – concessions, licences and trademarks

Concessions, licences and trademarks purchased by the company prior to the introduction of Financial Reporting Standard 102 are amortised over a period of 10 - 20 years. The intangibles can be accurately measured as they follow the lifecycle of the product and the assets have continued to perform in accordance with the original plan. Concessions, licences and trademarks acquired since 1997 together with non-competitive covenants and other intangibles are amortised over 20 years. The company uses a discounted future cash flow method of valuation.

e. 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	4% per annum
Fixtures and fittings	10% - 14%
Plant and machinery	6% - 20%

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.

f. 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.

g. 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, 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.

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 periods different from those in which they are recognised in the financial statements.

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.

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. 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 period in which they arise.

k. 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.

l. 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.

m. Employee Benefits - Pension costs

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

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

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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 estimation 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 period.

Pension

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and the long term nature of the plans, there will be increased uncertainty in regards to the estimates.

Mortality rates are based on publicly available mortality tables for the UK. Any salary increases and pension increases are based on expected future inflation rates.

Further details are given in note 16.

3. Turnover

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

	2016 £'000	2015 £'000
By geographical market:		
United Kingdom	**51,856**	49,523
Mainland Europe	**33,350**	25,549
Middle East	**5,891**	5,270
North America	**3,596**	4,406
South America	**290**	407
Asia	**5,040**	2,643
Africa	**370**	459
Rest of the world	**1,356**	3,727
	101,749	91,984

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

4. Profit on ordinary activities before taxation

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

	2016 £'000	2015 £'000
Depreciation of tangible fixed assets (note 9)	**1,455**	1,336
Amortisation of concessions, licenses and trademarks	**55**	55
Exchange losses/(gains)	**618**	(62)
Research and development	**135**	58
Rentals payable under operating leases		
- hire of plant and machinery	**135**	144
- hire of other assets	**680**	686

4. Profit on ordinary activities before taxation (continued)

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

	2016 £'000	2015 £'000
Fees payable to the company's auditor and its associates for the *audit of the company's annual accounts*	**83**	87
Total audit fees	**83**	87

5. Staff numbers and costs

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

	2016 Number	2015 Number
Marketing	**17**	20
Sales	**30**	27
Administration	**24**	25
Manufacturing	**188**	186
R&D/Product development	**23**	22
	282	280

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	**9,746**	9,174
(including £96,000 (2015 - £7,000) in respect of termination payments)		
Social security costs	**983**	921
Pension costs	**470**	504
	11,199	10,599

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

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

6. Directors' remuneration and transactions

	2016 £'000	2015 £'000
Directors' remuneration		
Emoluments	361	294
Company contributions to money purchase pension schemes	48	34
	409	328
	Number	Number
The number of directors who are members of a money purchase scheme	3	2

	2016	2015
Remuneration of the highest paid director:		
Emoluments	182	163
Company contributions to money purchase schemes	27	26

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

No directors are members of the Church & Dwight UK Limited Defined Benefit Pension Schemes (the Church & Dwight UK Limited Retirement Benefits Plan (Main Plan) and the Church & Dwight UK Limited Senior Executive Plan (Senior Executive Plan)).

7. Tax on profit on ordinary activities

The tax charge comprises:

	2016 £'000	2015 £'000
Current tax on profit on ordinary activities		
UK corporation tax at 20% (2015 - 20.25%) based on the profit for the year	**1,823**	1,043
Adjustments in respect of prior periods	**(11)**	(199)
Total current tax	**1,812**	844
Deferred tax		
Origination and reversal of timing differences	**(1,497)**	431
Current year tax timing differences	**(73)**	(62)
Adjustment in respect of prior periods	**200**	119
Total deferred tax	**(1,370)**	488
Total tax on profit on ordinary activities	**442**	1,332

Factors affecting future tax charges

The Finance Act 2013, which provided for a reduction in the main rate of corporation tax to 21% effective from 1 April 2014 and further reduction to 20% effective from 1 April 2015, was enacted during 2013. The Finance (No.2) Act 2015, which provided for a reduction in the main rate of corporation tax to 19% effective from 1 April 2017 and futher reduction to 18% from 1 April 2020, was enacted during 2015. The Finance Act 2016, which reduced the main rate of corporation tax to 17% from 1 April 2020 (replacing the 18% reduction) was enacted during 2016.

7. Tax on profit on ordinary activities (continued)

The difference 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:

	2016 £'000	2015 £'000
Profit on ordinary activites before taxation	12,649	8,722
Tax on profit on ordinary activities at standard UK corporation tax of 20% (2015 - 20.25%). The differences are explained below:	2,530	1,766
Expenses not deductible	104	60
Research and development expenditure credit	(11)	(33)
Adjustment from previous periods	(83)	(81)
Tax rate changes	200	(62)
Share options	(6)	(18)
Effect of pension contribution	(2,292)	(300)
Total tax	442	1,332

8. Intangible fixed assets

	Concessions, licenses and trademarks £'000	Other £'000	Total £'000
Cost			
At 1 January 2016 and at 31 December 2016	4,035	91	4,126
Amortisation			
At 1 January 2016	3,928	75	4,003
Charge for the year	55	-	55
At 31 December 2016	3,983	75	4,058
Net book value			
At 31 December 2016	52	16	68
At 31 December 2015	107	16	123

Notes to the financial statements (continued)
For the year ended 31 December 2016

9. 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 2016	32	2,058	22,642	2,969	27,701
Additions	-	-	893	2,091	2,984
At 31 December 2016	**32**	**2,058**	**23,535**	**5,060**	**30,685**
At 1 January 2016	-	1,221	10,848	-	12,069
Charge for the year	-	44	1,411	-	1,455
At 31 December 2016	**-**	**1,265**	**12,259**	**-**	**13,524**
Net book value					
At 31 December 2016	**32**	**793**	**11,276**	**5,060**	**17,161**
At 31 December 2015	32	837	11,794	2,969	15,632

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

10. Stocks

	2016 £'000	2015 £'000
Raw materials and consumables	3,418	4,031
Work-in-progress	389	544
Finished goods and goods for resale	9,135	8,955
	12,942	13,530

11. Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	14,009	12,292
Amounts owed by Group undertakings	1,593	2,335
Other debtors	2,566	2,828
Prepayments and accrued income	299	342
Corporation tax	-	3
	18,467	17,800

12. Creditors - amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	12,569	11,669
Amounts owed to Group undertakings	2,180	954
Other taxation and social security	324	237
Accruals	5,479	5,660
Corporation tax	446	-
	20,998	18,520

13. Provisions for liabilities

Deferred taxation

	Total
	£'000
At 1 January 2016	513
Charged to profit and loss account	(1,370)
At 31 December 2016	**(857)**

Amounts provided in the accounts for deferred taxation are as follows:

	2016	2015
	£'000	£'000
Difference between accumulated depreciation and amortisation and capital allowances	(857)	513
Provision for deferred tax	**(857)**	513

The deferred tax asset and liability are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax ratres (and the tax laws) that have been enacted or substantively enacted by the balance sheet date. The deferred tax has therefore been calculated at 17%.

Defined benefit scheme liability

The provision for the defined benefit scheme liability is set out in note 16.

14. Called - up share capital

	2016 £'000	2015 £'000
Allotted, called up and reserves		
901,000 ordinary shares of £1 each (2015 - 901,000)	**901**	901

15. Financial commitments

Capital commitments are as follows:

	2016 £'000	2015 £'000
Contracted for but not provided relating to outstanding orders due to timing	**11**	1,459
	11	1,459

The capital commitment of £11,000 relates to purchase orders outstanding for assets under construction. There is a contingent liability relating to one bond in favour of HM Revenue and Customs totalling £17,000 (2015 - £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.

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

	2016		2015	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
- within one year	**571**	**244**	561	231
- between two and five years	**1,707**	**447**	1,667	370
- after five years	**2,633**	**3**	2,561	-
	4,911	**694**	4,789	601

16. Retirement benefit schemes

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

For the most recent valuation of the Main Plan, as at 28 February 2015, the Attained Age Method was used. At this valuation the Plan showed a surplus of £2.9 million at the valuation date based on the assumptions made for calculating its technical provisions. This measure compares the Plan's assets with the value of the past service benefits at 28 February 2015. It represents a funding level of 108% relative to the Plan's funding target.

The Senior Executive Plan was set up with effect from 1 November 1989 to provide additional benefits to senior employees in the Main Plan. The most recent valuation for the Senior Executive Plan, as at 28 February 2015, used the Attained Age Method. At this valuation the Plan showed a surplus of £0.9 million at the valuation date based on the assumptions made for calculating its technical provisions. This measure compares the Plan's assets with the value of the past service benefits at 28 February 2015. It represents a funding level of 113% relative to the Plan's funding target.

In order to comply with the disclosures requirements of section 28 of FRS 102, the following information in respect of the Church & Dwight UK Limited Defined Benefit Pensions Schemes (the Church & Dwight UK Limited Retirement Benefits Plan ("Main Plan") and the Church & Dwight UK Limited Senior Executive Plan ("Senior Executive Plan")) is presented as at 31 December 2016.

The "Main Plan" and "Senior Executive Plan" are now closed to new entrants (applicable from 31 December 2010). Accordingly, the company supports an approved stakeholder scheme and contributions on a matching basis up to 9% of eligible earnings.

The following amounts have been disclosed for the "Main Plan" and "Senior Executive Plan" on a combined basis. The valuations for both plans were updated to 31 December 2016 by a qualified actuary, taking into account the projected unit method as required by FRS 102. The projected unit method is an accrued benefits valuation method in which the scheme's liabilities make allowance for projected earnings.

16. Retirement benefit schemes (continued)

Present value of defined benefit obligation, fair value of assets and defined benefit asset

	31 December 2016 £'000	31 December 2015 £'000
Fair value of plan assets	58,966	44,043
Present value of defined benefit obligation	44,630	40,545
Surplus in plan	14,336	3,498
Unrecognised surplus	14,336	3,498
Defined benefit liability to be recognised	-	-

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

	31 December 2016 £'000	31 December 2015 £'000
Benefit obligation at the beginning of the year	**40,545**	44,769
Interest cost	**1,472**	1,495
Actuarial losses/(gains)	**4,357**	(2,132)
Benefits paid	**(1,744)**	(3,587)
Benefit obligation at the end of the year	**44,630**	40,545

Movements in the fair value of plan assets were as follows;

	31 December 2016 £'000	31 December 2015 £'000
Fair value of plan assets at the beginning of the year	**44,043**	45,404
Interest income	**1,632**	1,512
Actuarial gains/(losses)	**3,575**	(770)
Contributions by the company	**11,460**	1,460
Benefits paid	**(1,744)**	(2,126)
Assets distributed on settlements	**-**	(1,437)
Fair value of plan assets at the end of the year	**58,966**	44,043

16. Retirement benefit schemes (continued)

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

	31 December 2016 £'000 £	31 December 2015 £'000 £
Plan introductions, changes, curtailments and settlements	-	24
	-	24

Detailed benefit costs recognised in other comprehensive income

	31 December 2016 £'000	31 December 2015 £'000
Return on plan assets (excluding amounts in net interest cost) - gain/(loss)	3,575	(770)
Experienced gains arising on plan liabilities	1,218	237
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - (loss)/gain	(5,575)	1,895
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - (loss)	(10,678)	(2,846)
Actuarial loss recognised in other comprehensive income	(11,460)	(1,484)

The cumulative amount of actuarial net losses recognised in the statement of comprehensive income are £24,363,000 (2015 – £12,903,000).

The assets in the plans were:

	31 December 2016 £'000	31 December 2015 £'000
Equities	14,432	14,129
Corporate bonds	1,468	5,616
Gilts *	20,755	12,912
Diversified growth funds	7,947	7,133
Property	3,387	3,227
Cash	10,977	1,026
Total market value of assets	58,966	44,043

* Included within gilts are £14m of investment holdings which are part of a liability investment driven strategy. Within the underlying vehicle there is exposure to both derivative products and gilts.

16. Retirement benefit schemes (continued)

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 December 2016 by JLT. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Assumptions

	31 December 2016 £'000	31 December 2015 £'000
Discount rate	2.7%	3.7%
Inflation - RPI	3.4%	3.0%
Inflation - CPI	2.3%	2.1%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.3%	2.1%
Allowance for revaluation of deferred pensions of CPI or 2.5% p.a. if less	2.3%	2.1%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.2%	3.0%
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a.	3.7%	3.0%
Allowance for commutation of pension for cash at retirement	100% of Post A Day	No allowance

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

	Valuation at	
	2016 years	2015 years
Retiring today:		
Males	21.5	23.0
Females	23.5	25.3
Retiring in 20 years		
Males	22.8	24.5
Females	25.0	27.0

Defined contribution schemes

The defined benefit schemes closed to new entrants on 31 December 2010. Accordingly 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 2016 of £469,853 (2015 - £504,474) represents amounts payable to the scheme for the year then ended. There are £66k of outstanding contributions (2015 – £nil) at the balance sheet date.

17. Subsequent events

One major brand acquisition was made in late 2016, with two further acquisitions in early 2017. The intellectual property of each brand was purchased by Church and Dwight Co. Inc, the ultimate parent undertaking and controlling party of Church & Dwight UK Ltd. At this point of time, expected sales for 2017 will be £11m (pro-rated due to transition dates), although this is based on estimates with regards to the data available at the time.

A group decision has been made to buy out the Church & Dwight UK Limited Defined Benefit Schemes (the Church & Dwight UK Limited Retirement Benefits Plan (Main Plan) and the Church & Dwight UK Limited Senior Executive Plan (Senior Executive Plan)). An initial payment of £10m has been paid in 2016 with a further £5.7m to be paid in 2017. The scheme will be fully paid in 2017.

18. 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.

Other related party transactions

The total remuneration for key management personnel for the period totalled £409,000 (2015: £328,000), being remuneration disclosed in note 6.

19. Ultimate parent company and controlling party

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