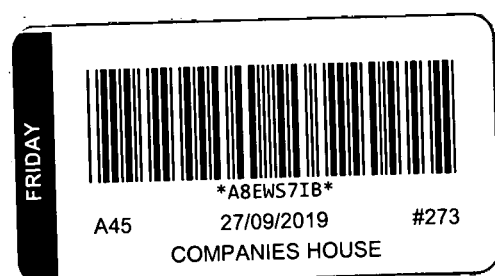


**Registered number: 00375793**

**Church & Dwight UK Limited**

**Annual Report and Financial Statements  
for the year ended 31 December 2018**



# **Church & Dwight UK Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

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# **Church & Dwight UK Limited**

## **Annual report and financial statements for the year ended 31 December 2018**

### **Officers and professional advisers**

#### **Directors**

S Cugine  
R Dancy  
M. Robinsohn  
D J Upton

#### **Secretaries**

D J Upton  
P A Fair

#### **Registered Office**

Wear Bay Road  
Folkestone  
Kent  
United Kingdom  
CT19 6PG

#### **Bankers**

Lloyds TSB Bank plc  
Folkestone  
Kent  
United Kingdom  
CT20 1RZ

#### **Solicitors**

CMS Cameron McKenna Nabarro Olswang LLP  
Cannon Place  
78 Cannon Street  
London  
EC4N 6AF

#### **Independent auditor**

Deloitte LLP  
Statutory Auditor  
Crawley

# 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 11, the Company's performance has continued to improve year on year. Turnover has increased by 7.5% which has been driven by both the acquisition of three new brands and the ongoing expansion of the Company's export division. Operating profit has increased by 45.5% due to the amounts recognised in the profit and loss account in respect of the defined benefit pension schemes in 2017. These are key performance indicators by which the Company measures its performance. The Balance Sheet on page 12 shows that the Company remains in a strong position in terms of net assets and cash.

	2018	2017
	£	£
Turnover	132,034	122,769
Gross profit	52,401	50,451
Gross profit margin	39.7%	41.1%
Operating profit	17,154	11,788
Operating profit margin	13.0%	9.6%

### 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 £56.2m at 31 December 2018. 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.

# **Church & Dwight UK Limited**

## **Strategic Report (continued)**

### **Principal risks and uncertainties**

Competitive trading conditions in the UK and Europe exist which could affect revenue. This risk has been mitigated by marketing a broad product range across many countries and maintaining strong relationships with customers, whilst also expanding into wider geographical territories.

Following the UK's decision to leave the European Union ('Brexit'), there will be additional uncertainty in regards to risk. There are a number of matters that remain uncertain for the Company at this point of time, however to ensure business continuity under a no deal Brexit scenario, significant amount of work and investment has been made to ensure that the Company's goods are compliant in the event of a no deal Brexit.

### **Future developments**

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

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

Details of significant events since the balance sheet date are contained in note 17 to the financial statements.

Approved by the Board and signed on its behalf by:



D J Upton  
Secretary

18/09/2019

### **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 2018.

### **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 80.9 (2017: 73.9).

### **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 2018, the Company's ongoing projects to develop products and production facilities continued according to plan.

### **Going concern**

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

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

### **Dividends**

On 1 May 2018, the directors paid a dividend of £10 million. (2017 - £nil). A group decision was made to pay a further dividend of £10 million on 21 March 2019 to Church & Dwight Co. Inc., the ultimate parent undertaking and controlling party of Church & Dwight UK Limited.

### **Directors**

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

S Cugine  
R Dancy  
M Robinsohn  
D J Upton

# **Church & Dwight UK Limited**

## **Directors' Report (continued)**

### **Directors' indemnities**

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

### **Financial risk management objectives and policies**

#### ***Currency risk***

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

#### ***Credit risk***

The Company's principal financial assets are bank balances and cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables, and the amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

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

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

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

#### ***Liquidity risk***

The Company has adequate cash reserves for continued operations.

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

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

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee consultation**

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

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

## Church & Dwight UK Limited

### Directors' Report (continued)

#### Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

Approved by the Board and signed on its behalf by:



D J Upton  
Secretary

18/09/ 2019

#### 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**

## **Report on the audit of the financial statements**

### **Opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

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

## **Report on the audit of the financial statements (continued)**

statements or our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

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

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

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

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

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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

## **Report on the audit of the financial statements (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.

*William Farren*

William Farren FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Crawley, United Kingdom

*26 September* 2019

## Church & Dwight UK Limited

### Statement of Comprehensive Income

For the year ended 31 December 2018

#### Continuing Activities:

	Note	2018 £'000	2017 £'000
Turnover	3	132,034	122,769
Cost of sales		(79,633)	(72,318)
Gross profit		52,401	50,451
Administrative expenses		(3,547)	(10,354)
Distribution expenses		(31,979)	(28,619)
Other operating income		279	270
Research and development tax credit		-	40
Operating profit		17,154	11,788
Interest receivable		53	46
Profit before taxation		17,207	11,834
Tax on profit	7	(3,357)	(2,151)
Profit for the financial year attributable to the equity shareholders of the Company		13,850	9,683
Total comprehensive income attributable to the equity shareholders of the Company		13,850	9,683

# Church & Dwight UK Limited

## Balance Sheet

As at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	8	-	14
Tangible assets	9	23,465	18,416
		<u>23,465</u>	<u>18,430</u>
<b>Current assets</b>			
Stocks	10	21,018	18,291
Debtors	11	24,824	24,356
Cash at bank and in hand		15,442	16,173
		<u>61,284</u>	<u>58,820</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(27,917)</u>	<u>(24,967)</u>
<b>Net current assets</b>		<u>33,367</u>	<u>33,853</u>
<b>Total assets less current liabilities</b>		<u>56,832</u>	<u>52,283</u>
<b>Provisions for liabilities</b>	13	<u>(596)</u>	<u>103</u>
<b>Net assets</b>		<u>56,236</u>	<u>52,386</u>
<b>Capital and reserves</b>			
Called-up share capital	14	901	901
Share premium account		5,023	5,023
Profit and loss account		50,312	46,462
<b>Equity shareholders' funds</b>		<u>56,236</u>	<u>52,386</u>

The financial statements of Church & Dwight UK Limited (registered number 00375793) were approved by the board of directors and authorised for issue on 18/09/2019. They were signed on its behalf by:

M Robinsohn  
Director

## Church & Dwight UK Limited

### Statement of Changes in Equity For the year ended 31 December 2018

	Called-up share capital £	Share premium account £	Profit and loss account £	Total £
<b>At 1 January 2017</b>	901	5,023	36,779	42,703
Profit for the financial year	-	-	9,683	9,683
Total comprehensive Income for the year	-	-	9,683	9,683
<b>At 31 December 2017</b>	901	5,023	46,462	52,386
Profit for the financial year	-	-	13,850	13,850
Total comprehensive Income for the year	-	-	13,850	13,850
Dividend paid	-	-	(10,000)	(10,000)
<b>At 31 December 2018</b>	901	5,023	50,312	56,236

# Church & Dwight UK Limited

## Notes to the Financial Statements

For the year ended 31 December 2018

### 1. Accounting policies

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

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

#### *a. General information and basis of accounting*

##### **Accounting convention**

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

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

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

Church & Dwight UK Limited meets the definition of a qualifying entity under FRS 102, and has therefore taken advantage of the disclosure exemptions available to it, in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Church & Dwight Inc, details of which are given in note 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).

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

#### *b. Going concern*

The Company's business activities together with the factors likely to affect its future development, performance and position are set out in the business review in the Strategic report. The Strategic report further describes the Company's financial risk, liquidity position, borrowing facilities, and management objectives.

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

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

#### *c. Intangible assets – research and development*

##### **Research and development**

Research and development expenditure is written off as incurred.

#### *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. Amortisation is included within administrative expenses in the statement of comprehensive income.



# Church & Dwight UK Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2018

### 1. Accounting policies (continued)

#### *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	1% - 10%
Fixtures and fittings	18% - 20%
Plant and machinery	3% - 33%

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

#### *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 (cash generating unit), the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

#### *h. Cash and cash equivalents*

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

#### *i. 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.

# **Church & Dwight UK Limited**

## **Notes to the Financial Statements (continued)**

For the year ended 31 December 2018

### **1. Accounting policies (continued)**

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

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

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.

#### ***j. 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.

#### ***k. Interest income***

Revenue is recognised as interest accrues using the effective interest.

#### ***l. 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.

#### ***m. 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.

#### ***n. 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.

#### ***o. 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.

## **Church & Dwight UK Limited**

### **Notes to the Financial Statements (continued)**

For the year ended 31 December 2018

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.

If a settlement payment is made, the defined benefit obligation will be eliminated and the resulting gain or loss recognised in the profit and loss in the current reporting period.

#### **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.

At 31 December 2018, the accrual recognised for customer rebates was £2.5m.

# Church & Dwight UK Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2018

### 3. Turnover

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

	2018 £'000	2017 £'000
<b>By geographical market:</b>		
United Kingdom	65,682	59,478
Mainland Europe	35,026	38,410
Middle East	7,400	5,974
North America	4,670	4,341
South America	70	234
Asia	13,861	10,269
Africa	3,209	464
Rest of the world	2,116	3,599
	<u>132,034</u>	<u>122,769</u>

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

### 4. Profit before taxation

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

	2018 £'000	2017 £'000
Depreciation of tangible fixed assets (note 9)	1,595	1,608
Amortisation of concessions, licenses and trademarks (note 8)	14	54
Exchange (gains)/losses	(181)	(336)
Research and development	147	148
Rentals payable under operating leases		
-hire of plant and machinery	168	169
-hire of other assets	749	759
Loss on pension scheme buyout	-	6,295

# Church & Dwight UK Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2018

### 4. Profit on ordinary activities before taxation (continued)

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

	2018 £'000	2017 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	88	88
<b>Total audit fees</b>	<b>88</b>	<b>88</b>

### 5. Staff numbers and costs

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

	2018 £'000	2017 £'000
Marketing	20	17
Sales	40	34
Administration	33	24
Manufacturing	185	170
R&D/Product development	32	27
	<b>310</b>	<b>272</b>

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries (including £63,000 (2017 - £83,000) in respect of termination payments)	11,742	10,015
Social security costs	1,236	1,053
Pension costs	581	499
	<b>13,559</b>	<b>11,567</b>

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

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

## Church & Dwight UK Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

#### 6. Directors' remuneration and transactions

	2018 £'000	2017 £'000
<b>Directors' remuneration</b>		
Emoluments	472	437
Company contributions to money purchase pension schemes	66	42
	<u>538</u>	<u>479</u>
	Number	Number
<b>The number of directors who:</b>		
Are members of a money purchase pension scheme	3	3
	<u>3</u>	<u>3</u>
	2018 £'000	2017 £'000
<b>Remuneration of the highest paid director:</b>		
Emoluments	186	164
Company contributions to money purchase schemes	22	13
	<u>208</u>	<u>177</u>

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

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

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)).

## Church & Dwight UK Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

#### 7. Tax on profit

The tax charge comprises:

	2018 £'000	2017 £'000
<b>Current tax on profit</b>		
UK corporation tax at 19% (2017 – 19.25%) based on the profit for the year	2,616	1,399
Adjustments in respect of prior years	43	(2)
<b>Total current tax</b>	<b>2,659</b>	<b>1,397</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	729	965
Adjustment in respect of previous periods	(1)	-
Effect of changes in tax rates	(30)	(211)
<b>Total deferred tax</b>	<b>698</b>	<b>754</b>
<b>Total tax on profit</b>	<b>3,357</b>	<b>2,151</b>

#### Factors affecting future tax charges

The Company's profits for this accounting period are taxed at a rate of 19%. The standard rate of Corporation Tax will fall further to 17% with effect from 1 April 2020. The reduction to 17% was enacted during a previous period. Any deferred tax balances are stated at a rate of 17% unless stated otherwise. However, please note that the deferred tax balances are expected to be stated at a rate (19%, hybrid rate, or 17%) depending on the timing of the reversal, where appropriate.

# Church & Dwight UK Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2018

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

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

	2018 £'000	2017 £'000
<b>Profit on ordinary activities before tax</b>	<b>17,207</b>	<b>11,834</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 19% (2017 – 19.25%).	3,270	2,278
Effects of:		
- Expenses not deductible for tax purposes	104	86
- Adjustment from previous periods	41	(2)
- Tax rate changes	(30)	(211)
- Share options	(28)	-
<b>Total tax</b>	<b>3,357</b>	<b>2,151</b>

### 8. Intangible fixed assets

	Concessions, licences and trademarks £'000	Other £'000	Total £'000
<b>Cost</b>			
At 1 January 2018 and at 31 December 2018	4,035	91	4,126
<b>Amortisation</b>			
At 1 January 2018	4,035	77	4,112
Charge for the year	-	14	14
At 31 December 2018	4,035	91	4,126
<b>Net book value</b>			
At 31 December 2018	-	-	-
At 31 December 2017	-	14	14



# Church & Dwight UK Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2018

### 9. Tangible fixed assets

	<u>Land and buildings</u>		Plant, machinery, fixtures and fittings	Assets in the course of construction	Total
	Freehold land £'000	Freehold buildings £'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 January 2018	32	2,058	26,642	4,816	33,548
Additions	-	-	789	5,855	6,644
Transfers	-	-	2,559	(2,559)	-
At 31 December 2018	<u>32</u>	<u>2,058</u>	<u>29,990</u>	<u>8,112</u>	<u>40,192</u>
<b>Depreciation</b>					
At 1 January 2018	-	1,310	13,822	-	15,132
Charge for the year	-	45	1,550	-	1,595
At 31 December 2018	<u>-</u>	<u>1,355</u>	<u>15,372</u>	<u>-</u>	<u>16,727</u>
<b>Net book value</b>					
At 31 December 2018	<u>32</u>	<u>703</u>	<u>14,618</u>	<u>8,112</u>	<u>23,465</u>
At 31 December 2017	<u>32</u>	<u>748</u>	<u>12,820</u>	<u>4,816</u>	<u>18,416</u>

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

# Church & Dwight UK Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2018

### 10. Stocks

	2018 £'000	2017 £'000
Raw materials and consumables	5,157	4,642
Work-in-progress	805	518
Finished goods and goods for resale	15,056	13,131
	<u>21,018</u>	<u>18,291</u>

Stocks recognised as an expense in the period were £857,000 (2017 - £851,000).

### 11. Debtors

	2018 £'000	2017 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	15,859	17,582
Amounts owed by Group undertakings	5,627	3,040
Other debtors	3,096	3,346
Prepayments and accrued income	242	388
	<u>24,824</u>	<u>24,356</u>

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

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

	2018 £'000	2017 £'000
Trade creditors	18,594	16,719
Amounts owed to Group undertakings	697	993
Corporation tax	1,117	1,357
Other taxation and social security	331	324
Accruals and deferred income	7,178	5,574
	<u>27,917</u>	<u>24,967</u>

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

## Church & Dwight UK Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

#### 13. Provisions for liabilities

	Total £
At 1 January 2018	(103)
Credited to profit and loss account	699
At 31 December 2018	<u>596</u>

#### *Deferred tax*

Deferred tax is provided as follows:

	2018 £'000	2017 £'000
Difference between accumulated depreciation and amortisation and capital allowances	596	(103)
<b>Provision for deferred tax</b>	<u>596</u>	<u>(103)</u>

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 rates (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.

# Church & Dwight UK Limited

## Notes to the Financial Statements (continued)

For the year ended 31 December 2018

### 14. Called-up share capital and reserves

	2018 £'000	2017 £'000
<b>Allotted, called-up and fully-paid</b>		
901,000 ordinary shares of £1 each (2017 – 901,000)	901	901

### 15. Financial commitments

Capital commitments are as follows:

	2018 £'000	2017 £'000
Contracted for but not provided relating to outstanding orders due to timing	248	-
	248	-

There is a contingent liability relating to one bond in favour of HM Revenue and Customs totalling £17,000 (2017 - £17,000). This relates to a deferment arrangement in relation to Custom and Excise Duties and Levies. The bank will cover any defaulted payment should the amount of Duties and Levies exceed the bond amount. This contingent liability is reviewed and renewed on an annual basis.

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

	2018		2017	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- within one year	762	210	679	216
- between one and five years	1,981	186	1,978	195
- after five years	2,027	-	2,520	-
	4,770	396	5,177	411

## Church & Dwight UK Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

#### 16. Retirement benefits schemes

During the previous financial year, the Company made a settlement payment of £5.8m to the two funded pension schemes operated by the Company to remove all future liabilities. The profit and loss impact in 2017 was £6.3m which reflects the difference between liabilities on a buyout basis and the schemes surpluses on an accounting basis. The schemes were transferred on 5 June 2017 to Aviva who now fully own and operate the schemes.

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 2018 and 31 December 2017.

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 5 June 2017 by a qualified actuary, taking into account the settlement payment during the year as discussed above.

	31 December 2018 £'000	31 December 2017 £'000
Fair value of plan assets	-	58,966
Present value of defined benefit obligation	-	44,630
Surplus in plan	-	14,336
Unrecognised surplus	-	14,336
Defined benefit liability to be recognised	-	-

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

	31 December 2018 £'000	31 December 2017 £'000
Benefit obligation at the beginning of the year	-	44,630
Interest Cost	-	593
Actuarial losses	-	824
Benefits paid	-	(1,197)
Plan Settlement	-	(44,850)
Benefit obligation at the end of the year	-	-

## Church & Dwight UK Limited

### Notes to the Financial Statements (continued)

For the year ended 31 December 2018

#### 16. Retirement benefits schemes (continued)

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

	31 December 2018 £'000	31 December 2017 £'000
Fair value of plan assets at the beginning of the year	-	58,966
Interest income	-	732
Actuarial (losses)/gains	-	(18,362)
Contributions by the Company	-	5,795
Benefits paid	-	(1,197)
Liabilities distributed on settlements	-	(45,934)
	<hr/>	<hr/>
Fair value of plan assets at the end of the year	-	-
	<hr/>	<hr/>

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

	31 December 2018 £'000	31 December 2017 £'000
Plan introductions, changes, curtailments and settlements	-	6,295
	<hr/>	<hr/>
	-	6,295
	<hr/>	<hr/>

The profit and loss impact was £nil (2017: £6.3m) which reflects the difference between liabilities on a buyout basis and the schemes surpluses on an accounting basis.

## **Church & Dwight UK Limited**

### **Notes to the Financial Statements (continued)**

For the year ended 31 December 2018

#### **16. Retirement benefits schemes (continued)**

The cumulative amount of actuarial net losses recognised in the statement of comprehensive income is £nil (2017 – £24,363,000).

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 5 June 2017 by JLT, taking into account the settlement payment during the year.

#### **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 2018 of £520,006 (2017 – £499,082) represents amounts payable to the scheme for the year then ended. There are £nil of outstanding contributions (2017 – £66k) at the balance sheet date.

#### **17. Subsequent events**

A group decision was made to pay a dividend of £10 million on 21 March 2019 to Church & Dwight Co. Inc..

#### **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. Outstanding balances are unsecured, interest free and cash settlement is expected no later than 60 days.

#### **Other related party transactions**

The total remuneration for key management personnel for the period totalled £538,000 (2017: £479,000), being the directors' 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. Church and Dwight Co. Inc is also the parent undertaking of the largest and smallest group in which the Company is consolidated. The consolidated financial statements of this Company are available to the public and may be obtained from its registered address of 500 Charles Ewing Boulevard, Ewing, N.J. 08628.