

Registered number: 00375793

Church & Dwight UK Limited

**Annual Report and Financial Statements
for the year ended 31 December 2019**



Church & Dwight UK Limited

Annual report and financial statements for the year ended 31 December 2019

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Church & Dwight UK Limited

Annual report and financial statements for the year ended 31 December 2019

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 Bank
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
United Kingdom

Church & Dwight UK Limited

Strategic Report

Review of the business

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

The Company's principal activities are the manufacture and sale of toiletry and household products in the UK, Europe, Middle East 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 12, the Company's performance in absolute terms has continued to improve year on year. Turnover has increased by 12.5% which has been driven by a strong performance within our domestic and the ongoing expansion of the Company's export division. Of the turnover growth, 2.1% related to increase sales to other Group businesses. Operating profit has increased by 5.7% as a result of increased sales and improved gross profit margin. The Company took the decision to reinvest the additional profit achieved into in-year marketing activities. These are key performance indicators by which the Company measures its performance. The Balance Sheet on page 13 shows that the Company remains in a strong position in terms of net assets and cash.

	2019	2018
	£'000	£'000
Turnover	148,551	132,034
Gross profit	60,997	52,401
Gross profit margin	41.1%	39.7%
Operating profit	18,124	17,154
Operating profit margin	12.2%	13.0%

Financial position and going concern

Throughout the financial year the Company met its day to day working capital requirements through cash generated from operations. The Company does not rely on external finance and loans. The Company continues to be profitable and with stronger current and net asset values of £37.9m (2018: £33.4) and £61.1m (2018: £56.2m) as at 31 December 2019, respectively. The directors have reviewed the Company's future working capital and cash requirements and revenue projections for the 12 months from the date of signing the 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. With regards to Covid-19 specifically, the Company is suitably placed with a number of non-discretionary products in the market to withstand the expected negative economic impact. The Company has continued to manufacture and maintain supply chains ensuring the continuous supply to market of our products.

Following the UK's decision to leave the European Union ('Brexit') on 31 January 2020, there remains additional uncertainty in regard to risk. There are a number of matters that continue to be 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. The Company is monitoring ongoing developments with regards to this matter to continually assess the risk to its operations and performance.

Future developments

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

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

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

SECTION 172 (1) STATEMENT COMPANIES ACT 2006

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

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

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

(b) the interests of the Company's employees

The Company has approximately 340 members of staff and they play a key part in achieving our objectives. The Company ensures staff are aware of strategic decisions and likewise for matters arising from staff to be escalated to the appropriate committee. In addition, the Company conducts employee engagement surveys, promotes Mental Health wellbeing, and provides training across a wide range of topics, including risk and governance topics.

(c) the need to foster the Company's business relationships with suppliers, customers and others

The Company has strong and well established long-term relationships with its suppliers and customers. Further details of our engagement with wider stakeholders is provided in the Directors' Report.

(d) the impact of the Company's operations on the community and the environment

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

(e) the desirability of the Company maintaining a reputation for high standards of business conduct

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

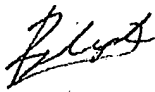
Church & Dwight UK Limited

Strategic Report (continued)

(f) the need to act fairly between members of the Company

The Company's articles of association may be amended by special resolution of the Company's shareholders. The Board continues to review how the Group can improve engagement with its employees and stakeholders.

Approved by the Board and signed on its behalf by:



D J Upton,
Secretary

17 June 2020

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 2019.

Future developments and events after the balance sheet date

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

Principal activities

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

Suppliers

The Company does not follow any formal code or standard on payment practice. The Company recognises the importance of maintaining good business relationships with its suppliers and settles 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 79.3 (2018: 80.9).

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 2019, 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 21 March 2019, the directors paid a dividend of £10 million (2018 - £10 million). A decision was made by the directors to pay a further dividend of £20 million on 27 March 2020 to Church & Dwight Co. Inc., the ultimate parent undertaking and controlling party of Church & Dwight UK Limited. There have been no further dividend payments and the directors are not proposing a further dividend.

Directors

The directors, who served throughout the year and up to the date of signing the 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

17 June 2020

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 2019 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. 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.

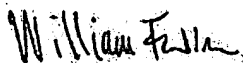
We have nothing to report in respect of these matters.

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

17 June 2020

Church & Dwight UK Limited

Statement of Comprehensive Income

For the year ended 31 December 2019

Continuing activities:

	Note	2019 £'000	2018 £'000
Turnover	3	148,551	132,034
Cost of sales		(87,554)	(79,633)
Gross profit		60,997	52,401
Administrative expenses		(4,058)	(3,547)
Distribution expenses		(39,111)	(31,979)
Other operating income		296	279
Operating profit		18,124	17,154
Interest receivable		68	53
Profit before taxation		18,192	17,207
Tax on profit	7	(3,368)	(3,357)
Profit for the financial year attributable to the equity shareholders of the Company		14,824	13,850
Total comprehensive income attributable to the equity shareholders of the Company		14,824	13,850

Church & Dwight UK Limited

Balance Sheet

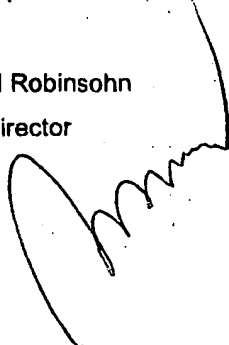
As at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	8	-	-
Tangible assets	9	24,559	23,465
		<u>24,559</u>	<u>23,465</u>
Current assets			
Stocks	10	16,594	21,018
Debtors	11	28,788	24,824
Cash at bank and in hand		21,800	15,442
		<u>67,182</u>	<u>61,284</u>
Creditors: Amounts falling due within one year	12	(29,265)	(27,917)
Net current assets		<u>37,917</u>	<u>33,367</u>
Total assets less current liabilities		<u>62,476</u>	<u>56,832</u>
Provisions for liabilities	13	(1,416)	(596)
Net assets		<u>61,060</u>	<u>56,236</u>
Capital and reserves			
Called-up share capital	14	901	901
Share premium account		5,023	5,023
Profit and loss account		55,136	50,312
		<u>61,060</u>	<u>56,236</u>
Equity shareholders' funds		<u>61,060</u>	<u>56,236</u>

The financial statements of Church & Dwight UK Limited (registered number 00375793) were approved by the board of directors and authorised for issue on 2020. They were signed on its behalf by:

17.06.2020

M Robinsohn
Director



Church & Dwight UK Limited

Statement of Changes in Equity For the year ended 31 December 2019

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2018	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)
At 31 December 2018	901	5,023	50,312	56,236
Profit for the financial year	-	-	14,824	14,824
Total comprehensive Income for the year	-	-	14,824	14,824
Dividend paid	-	-	(10,000)	(10,000)
At 31 December 2019	901	5,023	55,136	61,060

Church & Dwight UK Limited

Notes to the Financial Statements

For the year ended 31 December 2019

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 on a straight-line basis. 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 2019

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 2019

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 – defined contribution pension schemes

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

Church & Dwight UK Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

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

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

At 31 December 2019, the accrual recognised for customer rebates was £3.4m (2018: £2.5m).

Church & Dwight UK Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

3. Turnover

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

	2019 £'000	2018 £'000
By geographical market:		
United Kingdom	69,698	65,682
Mainland Europe	40,051	35,026
Middle East	10,261	7,400
North America	5,942	4,670
South America	430	70
Asia	14,734	13,861
Africa	3,211	3,209
Rest of the world	4,224	2,116
	<u>148,551</u>	<u>132,034</u>

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

4. Profit before taxation

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

	2019 £'000	2018 £'000
Exchange losses/(gains)	176	(181)
Research and development	157	147
Rentals payable under operating leases		
-hire of plant and machinery	141	168
-hire of other assets	887	749
	<u>1,161</u>	<u>983</u>

Church & Dwight UK Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

4. Profit before taxation (continued)

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

	2019 £'000	2018 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	91	88
Total audit fees	91	88

5. Staff numbers and costs

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

	2019 No.	2018 No.
Marketing	20	20
Sales	42	40
Administration	36	33
Manufacturing	205	185
R&D/Product development	35	32
	338	310

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries		
(including £41,000 (2018 - £63,000) in respect of termination payments)	13,023	11,742
Social security costs	1,374	1,236
Pension costs	744	581
	15,141	13,559

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 2019

6. Directors' remuneration and transactions

	2019 £'000	2018 £'000
Directors' remuneration		
Emoluments	491	472
Company contributions to money purchase pension schemes	46	66
	<u>537</u>	<u>538</u>
	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	3	3
	<u>3</u>	<u>3</u>
	2019 £'000	2018 £'000
Remuneration of the highest paid director:		
Emoluments	174	186
Company contributions to money purchase schemes	23	22
	<u>197</u>	<u>208</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.

Church & Dwight UK Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

7. Tax on profit

The tax charge comprises:

	2019 £'000	2018 £'000
Current tax on profit		
UK corporation tax at 19% (2018 – 19%) based on the profit for the year	2,555	2,616
Adjustments in respect of prior years	(7)	43
Total current tax	2,548	2,659
Deferred tax		
Origination and reversal of timing differences	858	729
Adjustment in respect of previous periods	7	(1)
Effect of changes in tax rates	(45)	(30)
Total deferred tax	820	698
Total tax on profit	3,368	3,357

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 in the UK is 19% with effect from 1 April 2017. Although, the March 2020 budget stated the corporation tax rate will remain at 19% from 1 April 2020, the budget was not enacted or substantively enacted as of 31 December 2019. Therefore, any deferred tax balances are stated at a rate of 17%. 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 2019

7. Tax on profit (continued)

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

	2019 £'000	2018 £'000
Profit before tax	18,192	17,207
Tax on profit at standard UK corporation tax rate of 19% (2018 – 19%)	3,457	3,270
Effects of:		
- Expenses not deductible for tax purposes	24	104
- Income not taxable	(8)	-
- Adjustment in respect of previous years	-	41
- Tax rate changes	(45)	(30)
- Share options	(60)	(28)
Total tax	3,368	3,357

8. Intangible fixed assets

	Concessions, licences and trademarks £'000	Other £'000	Total £'000
Cost			
At 1 January 2019 and at 31 December 2019	4,035	91	4,126
Amortisation			
At 1 January 2019	4,035	91	4,126
Charge for the year	-	-	-
At 31 December 2019	4,035	91	4,126
Net book value			
At 31 December 2019	-	-	-
At 31 December 2018	-	-	-

Church & Dwight UK Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

9. Tangible fixed assets

	Land and buildings		Plant, machinery, fixtures and fittings	Assets in the course of construction	Total
	Freehold land £'000	Freehold buildings £'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2019	32	2,058	29,990	8,112	40,192
Additions	-	113	2,256	857	3,226
Transfers	-	243	7,305	(7,548)	-
Disposals	-	(44)	(1,866)	-	(1,910)
At 31 December 2019	32	2,370	37,685	1,421	41,508
Depreciation					
At 1 January 2019	-	1,355	15,372	-	16,727
Charge for the year	-	56	2,074	-	2,130
Released on disposal	-	(44)	(1,864)	-	(1,908)
At 31 December 2019	-	1,367	15,582	-	16,949
Net book value					
At 31 December 2019	32	1,003	22,103	1,421	24,559
At 31 December 2018	32	703	14,618	8,112	23,465

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 2019

10. Stocks

	2019 £'000	2018 £'000
Raw materials and consumables	6,052	5,157
Work-in-progress	318	805
Finished goods and goods for resale	10,224	15,056
	<u>16,594</u>	<u>21,018</u>

Stocks recognised as an expense in the period were £733,000 (2018 - £857,000).

11. Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	20,053	15,859
Amounts owed by Group undertakings	5,125	5,627
Corporation tax	788	-
Other debtors	2,571	3,096
Prepayments and accrued income	251	242
	<u>28,788</u>	<u>24,824</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

	2019 £'000	2018 £'000
Trade creditors	19,470	18,594
Amounts owed to Group undertakings	389	697
Corporation tax	-	1,117
Other taxation and social security	2	331
Accruals and deferred income	9,404	7,178
	<u>29,265</u>	<u>27,917</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 2019

13. Provisions for liabilities – Deferred tax

	Total £
At 1 January 2019	596
Debited to profit and loss account	820
	<hr/>
At 31 December 2019	1,416
	<hr/>

Deferred tax

Deferred tax is provided as follows:

	2019 £'000	2018 £'000
Difference between accumulated depreciation and amortisation and capital allowances	1,416	596
	<hr/>	<hr/>
Provision for deferred tax	1,416	596
	<hr/>	<hr/>

Church & Dwight UK Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

14. Called-up share capital and reserves

	2019 £'000	2018 £'000
Allotted, called-up and fully-paid		
901,000 ordinary shares of £1 each (2018 – 901,000)	901	901

15. Financial commitments

Capital commitments are as follows:

	2019 £'000	2018 £'000
Contracted for but not provided relating to outstanding orders due to timing	11	248
	11	248

There is a contingent liability relating to one bond in favour of HM Revenue and Customs totalling £17,000 (2018 - £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:

	2019		2018	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- within one year	24	31	762	210
- between one and five years	597	197	1,981	186
- after five years	3,946	-	2,027	-
	4,567	228	4,770	396

Church & Dwight UK Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

16. Post-employment benefits

Defined contribution pension schemes

The Company supports an approved defined contribution scheme and contributes on a matching basis up to 9% of eligible earnings. The actual cost charged to the profit and loss account for the year to 31 December 2019 of £637,585 (2018 - £520,006) represents amounts payable to the scheme for the year then ended. There are £116,250 of outstanding contributions (2018 – £nil) at the balance sheet date.

17. Subsequent events

A decision was made by the directors to pay a dividend of £20 million on 27 March 2020 to Church & Dwight Co. Inc..

Since 31 December 2019 the UK economy has been significantly impacted by the Covid-19 virus which has caused widespread disruption and economic uncertainty. As a non-adjusting post balance sheet event there is no impact on the balance sheet carrying values as reported at 31 December 2019.

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 £618,000 (2018: £618,000), 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.