Registered number: 00375793

Church & Dwight UK Limited

Annual Report and Financial Statements
for the year ended 31 December 2022

Church & Dwight UK Limited

Annual report and financial statements for the year ended 31 December 2022

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Church & Dwight UK Limited

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Officers and professional advisers

Directors

R D Dancy
M Robinsohn
D J Upton
M G Read

Secretaries

P Fair
C C Fowler

Registered Office

Wear Bay Road
Folkestone
Kent
United Kingdom
CT19 6PG

Bankers

HSBC UK Bank plc
International Subsidiary Banking
Level 7, Thames Tower
Station Road, Reading
United Kingdom
RG1 1AX

Solicitors

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

Independent auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Church & Dwight UK Limited

Strategic Report

Review of the business

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

The Company's principal activities are the manufacture and sale of toiletry and household products in the UK, Europe, Middle East, Asia and other parts of the world. The Company sells to the consumer products sector and to other companies under the common ownership of Church & Dwight Co. Inc..

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 14, the Company's performance in absolute terms has continued to improve year on year. Turnover has increased by 20.1% year on year which is predominantly driven by the full integration of the Waterpik brand accounting for £25.4m of the £34.1m total increase. Accounting for the remaining growth in 2022 is a strong recovery of the brand portfolio following Covid-19 with an increase in sales of £5.6m in the domestic division and £3.1m in the intercompany division. The Company has seen continued cost pressures at gross margin level (discussed further on page 3) but with tailoring of marketing activity and its associated spend, increases in costs have been partially offset. This resulted in an increased operating profit year on year, however operating margin has reduced by 100bps. These are the key performance indicators by which the Company measures its performance. The Balance Sheet on page 15 shows that the Company remains in a strong position in terms of net assets and cash.

	2022	2021
	£'000	£'000
Turnover	**203,854**	169,791
Gross profit	**74,811**	69,237
Gross profit margin	**36.7%**	40.8%
Operating profit	**21,968**	20,027
Operating profit margin	**10.8%**	11.8%

Financial position and going concern

Throughout the financial year the Company met its day to day working capital requirements through cash generated from operations. The Company does not rely on external finance and loans. The Company continues to be profitable and with strong net current and net asset values of £38.3m (2021: £34.9m) and £59.4m (2021: £56.4m) as at 31 December 2022, respectively. The directors have reviewed the Company's future working capital and cash requirements and revenue projections for the 12 months from the date of signing the financial statements, the sensitivities of which have been reviewed against the current uncertain economic environment. They are of the opinion that the forecasts which take account of possible changes in trading performance in the current uncertain economic environment, show that the Company should be able to operate within its current level of cash and working capital, without the requirement for any external finance. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Church & Dwight UK Limited

Strategic Report

Principal risks and uncertainties

Church & Dwight UK Limited identify competitive trading conditions in the UK and Europe as a principal risk to the entity 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.

Throughout 2022, the trading environment remained challenging post Covid, further impacted by additional lockdowns early in the year in China where part of the Company's supply chain sources from. Economies worldwide are addressing a number of macro-economic issues and this is giving rise to continuing pressures within the supply chain. The Company has seen significant price pressure across all major commodities, aluminium, tin plate, raw materials, polymers, and costs to convert, specifically energy. This has been further compounded by the Geopolitical situation in the Ukraine. We have minimal sourcing of raw materials or components from the Ukraine so supply is expected to be secure and the Company is actively working on mitigating its inflationary impacts by commercial pricing negotiations with customers.

Following the Russian invasion of Ukraine on 24 February 2022, the estimated financial impact to the Company for the affected markets in 2022 was c. £5.4m in turnover and c. £3.5m in operating profit. A provision for bad debt had been raised in 2022 for outstanding debts of £86k in Ukraine but this was recovered in the year. All remaining receivables in affected markets had been covered through an external credit agency.

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 for brand performance to improve domestically and internationally through the expansion of export markets.

Details of significant events since the balance sheet date are contained in note 16 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, for example Plastic Packaging Tax, 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) key decisions
The Company has recovered well post covid and has had a strong year in terms of growth. The Company increased its year on year marketing and trade expenditure across the brands and regions. This helped to increase sales.

(c) key events
In January 2022, the Company integrated the Waterpik export business covering important regions such as Mainland Europe, Asia and the Middle East from an intercompany partner. On 27th January 2022, the company acquired £5.3m of inventory.

(d) the interests of the Company's employees
The Company has approximately 406 members of staff and they play a key part in achieving our objectives. The Company ensures staff are aware of strategic decisions and that matters arising from staff are

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.

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

(f) 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.

(g) 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.

(h) 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.

(i) feedback channels

Employees
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 formal and informal meetings and town halls. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Suppliers
The Company works closely with its suppliers to adapt to changes in the market and to pay the agreed payment terms.

Customers
The Company works closely with its customers to promote sales for mutual success. Joint business plans are prepared with larger customers and marketing support provided.

Consumers
A small part of the Company's business is to sell directly to consumers. It also engages with them on social media and through other channels. The Company is committed to product safety and manages reporting and investigation of any issues.

Shareholders
The Company has a single shareholder.

Church & Dwight UK Limited

Strategic Report

Approved by the Board and signed on its behalf by:

D J Upton
Director

20 July 2023

Registered office

Wear Bay Road
Folkestone
Kent
United Kingdom
CT19 6PG

Church & Dwight UK Limited

Directors' Report

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2022.

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 2-5 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, Asia and other parts of the world. The Company sells to the consumer products sector and to other group businesses.

Suppliers

The Company does not follow any formal code or standard on payment practice. The Company recognises the importance of maintaining good business relationships with its suppliers and settles invoices within agreed terms unless there are good reasons not to do so. The average number of days' credit taken on the outstanding balance at the year-end is 69.5 (2021: 83.5).

Customers

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

Environment

The Company recognises the importance of its environmental responsibilities and implements policies to reduce the impact of Company activities. Initiatives include the safe disposal of manufacturing waste, recycling and reducing energy consumption.

Energy and carbon reporting

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

GHG emissions and energy usage data:

	2022	2021
	Tonnes of Co2e	**Tonnes of Co2e**
Energy consumption from factory operations:		
Emissions from combustion of gas (Scope 1) – 4,389,000 kwh (2021: 4,664,000 kwh)	807	857
Emissions from combustion of fuel for transport purposes (Scope 1)	63	61
Emissions from electricity purchased for own use, including the purposes of transport (scope 2) – 5,443,000 kwh (2021: 5,244,000 kwh)	1,391	1,340
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	17	9
	2,278	2,267

Energy consumption from factory operations is first collated from operational sources and from energy invoices and converted to kWh using the appropriate rate for each energy type and its unit of measure.

Once in kWh, energy consumption is converted to Co2e using the Emission Factors from the UK Government's GHG Conversion Factors for Company Reporting 2019.

To calculate the emissions in relation to the operation of lorries, we have used the annual spend on fuel and the average annual price per litre cost for diesel to arrive at litres consumed. Regarding the emissions from car usage, we have used the total annual mileage, converted into litres using a range of 40-50 MPG. Using the consumption by litre, the emissions have been calculated using https://www.carbontrust.com/resources/sme-carbon-footprint-calculator.

Total Co2e per £,000 of turnover for the year ended 31 December 2022 was 0.011 tonnes (2021 – 0.013 tonnes).

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

During the year, the Company has taken steps to improve energy efficiency. Some examples are:
- Preparing for the introduction of solar powered energy in the coming year
- Scoping the use of a CHP plant to generate steam and electricity on site

Research and development

During 2022, 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 17 June 2022, the directors paid a dividend of £15 million (2021 - £16 million).

Directors

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

R D Dancy
M Robinsohn
D J Upton
M G Read

Church & Dwight UK Limited

Directors' Report

Directors' indemnities

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

Financial risk management objectives and policies

Currency risk

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

Credit risk

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

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

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

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

Liquidity risk

The Company has adequate cash reserves for continued operations.

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

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

Disabled employees

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

Employee consultation

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

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

Auditor

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

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

- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

Approved by the Board and signed on its behalf by:

D J Upton
Director

20 July 2023

Registered office

Wear Bay Road
Folkestone
Kent
United Kingdom
CT19 6PG

Church & Dwight UK Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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

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

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

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

Church & Dwight UK Limited

Independent Auditor's Report

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Kim Burge

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

20 July 2023

Church & Dwight UK Limited

Statement of Comprehensive Income
For the year ended 31 December 2022

Continuing activities:

	Note	2022 £'000	2021 £'000
Turnover	3	**203,854**	169,791
Cost of sales		**(129,043)**	(100,554)
Gross profit		**74,811**	69,237
Administrative expenses		**(4,236)**	(4,213)
Distribution expenses		**(48,880)**	(45,296)
Other operating income		**273**	299
Operating profit		**21,968**	20,027
Profit before taxation		**21,968**	20,027
Tax on profit	7	**(3,954)**	(4,145)
Profit for the financial year attributable to the equity shareholders of the Company		**18,014**	15,882
Total comprehensive income attributable to the equity shareholders of the Company		**18,014**	15,882

Church & Dwight UK Limited

Balance Sheet
As at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	8	22,820	23,467
		22,820	23,467
Current assets			
Stocks	9	37,451	20,018
Debtors	10	43,359	37,919
Cash at bank and in hand		7,917	22,469
		88,727	80,406
Creditors: Amounts falling due within one year	11	(50,430)	(45,550)
Net current assets		38,297	34,856
Total assets less current liabilities		61,117	58,323
Provisions for liabilities	12	(1,665)	(1,885)
Net assets		59,452	56,438
Capital and reserves			
Called-up share capital	13	901	901
Share premium account	13	5,023	5,023
Profit and loss account	13	53,528	50,514
Equity shareholders' funds		59,452	56,438

The financial statements of Church & Dwight UK Limited (registered number 00375793) were approved by the board of directors and authorised for issue on 20 July 2023. They were signed on its behalf by:

R D Dancy
Director

Church & Dwight UK Limited

Statement of Changes in Equity
For the year ended 31 December 2022

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2021	901	5,023	50,632	56,556
Profit for the financial year	-	-	15,882	15,882
Total comprehensive Income for the year	-	-	15,882	15,882
Dividend paid	-	-	(16,000)	(16,000)
At 31 December 2021	901	5,023	50,514	56,438
Profit for the financial year	-	-	18,014	18,014
Total comprehensive Income for the year	-	-	18,014	18,014
Dividend paid	-	-	(15,000)	(15,000)
At 31 December 2022	901	5,023	53,528	59,452

Notes to the Financial Statements
For the year ended 31 December 2022

1. Accounting policies

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

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

a. General information and basis of accounting

Accounting convention

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

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

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

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

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

b. Going concern

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

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

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

c. Intangible assets – research and development

Research and development

Research and development expenditure is written off as incurred.

1. Accounting policies (continued)

d. Tangible fixed assets

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

Freehold buildings	1% - 10%
Leasehold improvements	Over the term of the lease
Plant, machinery, fixtures and fittings	3% - 33%

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

e. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

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.

Non-financial assets

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.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine

1. Accounting policies (continued)

reversal. An impairment loss is reversed on an individual impaired financial 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.

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

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

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

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

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

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

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.

Consistent with standard industry practice, the Company has arrangements with its customers providing volume-related rebates, marketing and promotional funding contributions, discounts or lump sum incentives. These costs are recognised as a reduction to revenue as they are considered to be an adjustment to the selling price for the Company's products.

The Company recognises these costs as a deduction from revenue based upon the terms of the relevant arrangement in place. Amounts payable relating to customer deduction arrangements are recognised

1. Accounting policies (continued)

within accruals except in cases where the Company has a legal right of set-off and intends to offset against amounts due from that 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 year 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. Employee Benefits – defined contribution pension schemes

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

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Company's accounting policies

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

Key sources of estimation uncertainty

Customer rebates

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

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

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

At 31 December 2022, the accrual recognised for customer rebates was £6.2m (2021: £6.6m).

Church & Dwight UK Limited

Notes to the Financial Statements
For the year ended 31 December 2022

3. Turnover

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

	2022 £'000	2021 £'000
By geographical market:		
United Kingdom	85,866	83,152
Mainland Europe	60,545	41,365
Middle East	10,102	9,529
North America	7,997	6,144
South America	932	565
Asia	32,944	25,487
Africa	2,197	2,174
Rest of the world	3,271	1,375
	203,854	169,791

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

4. Profit before taxation

Profit before taxation is stated after charging:

	2022 £'000	2021 £'000
Exchange losses	305	165
Research and development	194	156
Inventory impairment losses	2,794	1,925
Depreciation of tangible fixed assets (note 8)	2,808	2,678
Loss/(profit) on disposal	15	(12)
Rentals payable under operating leases		
-hire of plant and machinery	248	234
-hire of other assets	888	659

4. Profit before taxation (continued)

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

	2022 £'000	2021 £'000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	127	93
Total audit fees	127	93

5. Staff numbers and costs

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

	2022 No.	2021 No.
Marketing	22	22
Sales	68	59
Administration	40	37
Manufacturing	232	221
R&D/Product development	44	46
	406	385

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries (including £64,000 (*2021 - £35,000*) in respect of termination payments)	17,763	16,541
Social security costs	2,015	1,789
Pension costs	940	893
	20,718	19,223

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

Termination payments are charged to the profit and loss immediately on recognition and the liability is recognised as the best estimate of the cost at the reporting date. As at 31 December 2022, the Company recognised £nil (*2021 - £3,000*) in respect of involuntary termination payments.

6. Directors' remuneration and transactions

	2022 £'000	2021 £'000
Directors' remuneration		
Emoluments	622	697
Company contributions to money purchase pension schemes	70	95
	692	792

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

	2022 £'000	2021 £'000
Remuneration of the highest paid director:		
Emoluments	246	262
Company contributions to money purchase schemes	17	51

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

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

7. Tax on profit

The tax charge comprises:

	2022 £'000	2021 £'000
Current tax on profit		
UK corporation tax at 19% (2021 – 19%) based on the profit for the year	4,174	3,805
Adjustments in respect of prior years	-	-
Total current tax	4,174	3,805
Deferred tax		
Origination and reversal of timing differences	(170)	(98)
Adjustment in respect of previous years	4	(14)
Effect of changes in tax rates	(54)	452
Total deferred tax	(220)	340
Total tax on profit	3,954	4,145

Factors affecting future tax charges

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

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:

	2022 £'000	2021 £'000
Profit before tax	**21,968**	**20,027**
Tax on profit at standard UK corporation tax rate of 19% (2021 – 19%)	4,174	3,805
Effects of:		
- Expenses not deductible for tax purposes	9	13
- Income not taxable	(72)	-
- Adjustment in respect of previous years	4	(14)
- Tax rate changes	(54)	452
- Share options	(107)	(111)
Total tax	3,954	4,145

8. Tangible fixed assets

	Land and buildings				
	Freehold land £'000	Freehold buildings £'000	Plant, machinery, fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1 January 2022	32	3,399	39,928	1,433	44,792
Additions	-	267	1,095	814	2,176
Transfers	-	-	760	(760)	-
Disposals	-	-	(478)	-	(478)
At 31 December 2022	32	3,666	41,305	1,487	46,490
Depreciation					
At 1 January 2022	-	1,604	19,721	-	21,325
Charge for the year	-	188	2,620	-	2,808
Released on disposal	-	-	(463)	-	(463)
At 31 December 2022	-	1,792	21,878	-	23,670
Net book value					
At 31 December 2022	32	1,874	19,427	1,487	22,820
At 31 December 2021	32	1,795	20,207	1,433	23,467

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

9. Stocks

	2022 £'000	2021 £'000
Raw materials and consumables	7,252	6,352
Work-in-progress	857	1,102
Finished goods and goods for resale	29,342	12,564
	37,451	20,018

Inventory impairment losses in the year were £2,794,000 (2021 - £1,925,000).

10. Debtors

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Trade debtors	33,141	28,650
Amounts owed by Group undertakings	4,960	4,429
Other debtors	4,597	4,498
Prepayments and accrued income	661	342
	43,359	37,919

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

11. Creditors – amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	26,484	22,637
Amounts owed to Group undertakings	8,546	4,144
Corporation tax	924	1,305
Other taxation and social security	606	2,002
Accruals and deferred income	13,821	15,462
Bank overdraft	49	-
	50,430	45,550

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

12. Provisions for liabilities – Deferred tax

	Total £
At 1 January 2022	1,885
Charged to profit and loss account	(220)
At 31 December 2022	1,665

Deferred tax

Deferred tax is provided as follows:

	2022 £'000	2021 £'000
Difference between accumulated depreciation and amortisation and capital allowances	1,665	1,885
Provision for deferred tax	1,665	1,885

Church & Dwight UK Limited

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13. Called-up share capital and reserves

	2022 £'000	2021 £'000
Allotted, called-up and fully-paid		
901,000 ordinary shares of £1 each (2021 – 901,000)	901	901

The Company's other reserves are as follows:
The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

14. Financial commitments

Capital commitments are as follows:

	2022 £'000	2021 £'000
Contracted for but not provided relating to outstanding orders due to timing		
Freehold buildings	301	199
Plant, machinery, fixtures and fittings	303	721
	604	920

There is a contingent liability relating to one bond in favour of HM Revenue and Customs totalling £75,000 (2021 - £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:

	2022		2021	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- within one year	836	291	-	66
- between one and five years	2,553	533	1,232	458
- after five years	600	1	3,074	-
	3,989	825	4,306	524

Church & Dwight UK Limited

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15. Post-employment benefits

Defined contribution pension schemes

The Company supports an approved defined contribution scheme and contributes on a matching basis up to 9% of eligible earnings. The actual cost charged to the profit and loss account for the year to 31 December 2022 of £939,744 (2021 - £893,606) represents amounts payable to the scheme for the year then ended. There are £141,823 of outstanding contributions (2021 – £128,256) at the balance sheet date.

16. Subsequent events

There are no significant events after the balance sheet date to report.

17. Related party transactions

The Company has taken advantage of the exemption per Section 33.1A of FRS 102, extended to subsidiary undertakings 100% of whose voting rights are controlled within a group, where the consolidated financial statements of the group are publicly available. Accordingly, no disclosure has been made of transactions with entities that are part of the group headed by Church & Dwight Co Inc. Outstanding balances are unsecured, interest free and cash settlement is expected no later than 60 days.

Other related party transactions

The total remuneration for key management personnel for the year totalled £789,000 (2021 - £998,000), being the directors' remuneration disclosed in note 6.

18. Ultimate parent company and controlling party

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