Registered number: 215496

HENKEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

HENKEL LIMITED

COMPANY INFORMATION

DIRECTORS	S Bhandal J Crane G Deussen T Raghavan (appointed 30 November 2021) M Tyers
COMPANY SECRETARY	S Bhandal
REGISTERED NUMBER	215496
REGISTERED OFFICE	Wood Lane End Hemel Hempstead Hertfordshire HP2 4RQ
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Statutory Auditor & Chartered Accountants 40 Clarendon Road Watford Hertfordshire WD17 1JJ
SOLICITORS	Shoosmiths LLC Apex Plaza Forbury Road Reading Berkshire RG1 1SH

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

INTRODUCTION

The principal activity of the company during the year was the sales and marketing of adhesive technologies, beauty care and laundry and home care products.

The company is organised into three operational business units - Adhesive Technologies, Beauty Care and Laundry and Home Care. The Adhesive Technologies business unit is a leading solution provider for adhesives, sealants and functional coatings, and is active in industrial, consumer and professional markets. The business unit is composed of four business areas: Automotive & Metals, Packaging & Consumer Goods, Electronics & Industrials, and Craftsmen, Construction & Professional. The Beauty Care business unit is active in the branded consumer goods business area with hair care, body care, skin care and oral care, as well as in the professional hair salon market. The Laundry and Home Care business unit manages a portfolio of brands that ranges from laundry additives and WC cleaners to products in fabric care, shoe care and household products. On 28 January 2022 the Henkel group announced plans to merge the business units Laundry & Home Care and Beauty Care into one new business unit “Henkel Consumer Brands”.

The coronavirus (COVID-19) pandemic has profoundly changed the way we live, work and do business over the past two years. At the end of 2021 infection rates again soared, but at the same time vaccination and booster campaigns were well under way. During the start of 2022 we have continued to see an improving picture allowing the government to take steps in the next phase of living with COVID-19 and a return to a more normal life.

Following the large 9.4% fall in UK gross domestic product (GDP) in 2020 due to the initial impact of the COVID-19 pandemic and public health restrictions, the economy has recovered. According to the ONS the UK GDP saw an annual rise of 7.5% in 2021.

Despite the recovery of the economy from the pandemic, the impact from the outbreak of war in Ukraine is expected to slow growth in the UK and other global economies during 2022. Higher commodity prices and the disruption of supplies are expected to have the biggest impact for the Company and on the UK economy.

BUSINESS REVIEW

The Company delivered an overall good performance in 2021 across all business units thanks to its diversified portfolio, successful innovations, financial strength and commitment of employees.

Sales of £ 305,433,000 were achieved during the year 2021, a decline of 0.4 % compared to the prior year in nominal terms. The Company divested the Rightguard and Nitromors brands for consideration of USD 49,232,529 and EUR 622,615 respectively during 2021. Adjusted for these divestments, underlying organic sales growth was strong at +4.8%. The operating profit saw a strong increase to £ 61,067,000 (*2020 - £ 26,618,000*) as a result of stronger gross margins and including the one-time effects from the gain on the brand divestments (a net profit on disposal of £33,989,000).

The Adhesive Technologies business experienced an overall increase in turnover of 3.4 % to £ 166,731,000 (*2020 - £ 161,024,000*). A decline in sales in the Automotive & Metals business area (mainly driven by global semi-conductor shortages) was more than offset by strong growth in the other areas, such as Packaging & Consumer Goods, General Manufacturing & Maintenance (a segment within the Craftsmen, Construction & Professional business area) and Electronics & Industrials which all benefited from the strong economic recovery. The Consumers & Craftsmen Adhesives business (a segment within the Craftsmen, Construction & Professional business area) saw a 4.9% increase in sales following the growth driven by higher levels of home improvement and DIY activities and the re-opening of schools.

The Beauty Care business experienced a decrease in turnover of 13.6 % to £ 84,575,000 (*2020 - £ 97,931,000*). This was driven mainly by the Retail Branded Consumer Goods business which recorded a sales decline of 22.2% to £60,596,000 as a result of the divestment of the Rightguard branded business in May 2021, but also by a normalisation of demand in the home hair coloration category which experienced a strong increase in the previous year. Our Professional Hair Salon business segment, which was severely affected by the enforced closure of hair salons during the first waves of the COVID-19 pandemic, saw a significant recovery during 2021 leading to an increase in sales of 19.8% to £23,979,000 compared to the prior year.

The Laundry and Home Care business experienced strong sales growth of 14.9 % to £ 50,380,000 (*2020 - £ 43,850,000*), partially benefiting from the rising demand for household and cleaning products during the pandemic. The business has benefited from occupying market leading positions across sectors and is currently the number one provider in the Toilet care market.

As at 31 December 2021, the total assets of the Company were £ 233,054,000 (2020 - £ 228,786,000) and net assets were £ 156,180,000 (2020 - £ 153,220,000).

On 30 June 2021 one of the defined benefit pension plans that the Company sponsors was closed to future accrual which also resulted in the recognition of a curtailment gain of £4,131,000.

On 17 December 2021 it was announced that the Henkel group had entered into an agreement to sell its global solder materials business. The sale was completed by the Company on 1 June 2022 and includes the transfer of the Multicore® brand, but has had no impact on the Company's financial statements at 31 December 2021.

PRINCIPAL RISKS AND UNCERTAINTIES (INCLUDING FINANCIAL RISKS)

Procurement risk:
The Company acquires all products from Henkel Global Supply Chain B.V., a group company incorporated in the Netherlands.

In our procurement markets the Henkel group is expecting year-on-year price increases for direct materials to be in the low double-digit percentage range in 2022. The geopolitical challenges, imbalances between demand and supply, logistics restrictions and climatic uncertainties are expected to continue and result in fluctuations in the course of the year. Uncertainty still surrounds the COVID-19 pandemic, and the outbreak of war in Ukraine has presented a significant shock to the global economy. This may lead to raw material price trends that are unfavourable for Henkel but cannot always be passed on in full. We therefore see risks arising beyond the forecasted increase in the low double-digit range in relation to important raw materials, packaging materials and purchased goods.

The segments in the industrial goods sector are affected to a greater extent by these price risks inherent in the performance of the global raw materials markets than the individual segments in the consumer goods sector. Additional price and supply risks exist due to possible demand or production related shortages in the procurement markets, and may also have long-term impacts. Furthermore, the COVID-19 pandemic, war in Ukraine and persisting risks surrounding the world economy, geopolitics and the climate can be expected to cause considerable volatility and uncertainty, and might result in rising material prices and supply shortages.

The measures taken to manage and combat these risks include active supplier portfolio management through the Henkel groups' globally engaged, cross-divisional sourcing capability, together with strategies aimed at securing both price and volume through contracts and, where appropriate and possible, through financial hedging instruments. Furthermore, we work in interdisciplinary teams on devising alternative formulations and packaging forms to be able to respond flexibly to unforeseen fluctuations in raw material prices. We also avoid becoming dependent on individual suppliers to better secure the constant supply of the goods and services that we require. Finally, close collaboration with our strategic suppliers plays an exceptionally important role in our risk management approach.

Macroeconomic risk:
We remain exposed to macroeconomic risks emanating from the uncertainties of the current geopolitical and economic environment. Extensive risk continues due to the COVID-19 pandemic and the associated impacts on the world economy. We also see geopolitical risk arising, especially in connection with the war in Ukraine. This could mean risks for our business, especially in connection with any long-term adverse effect on economic development. A slowdown in production of our industrial customers could lead to less demand for our solutions. In our consumer business, lower volumes due to reduced demand could pose risks for our sales, as could changes in purchasing behaviour.

The impacts of the global trade conflicts are also jeopardising the global economic climate. A decline in the macroeconomic environment and a downturn in consumer spending pose risks to our branded consumer goods, professional and industrial business segments. A further key risk is posed by an increasingly competitive environment, which could result in stronger price and promotional pressures in the consumer goods sector. As consolidation in the retail sector continues and private labels occupy a growing share of the market, competition in the consumer goods sector could further intensify. The risk of product substitution inherent in this could, in principle, affect all business units. Technological change associated with digitalisation may involve risks for the success of our products and processes.

To mitigate this risk, the market environment is continuously monitored to enable flexible adjustment of our portfolio and our cost structures to dynamic trends. In addition the focus is on continuously strengthening our brands and consistently developing further innovations. Innovative products and processes are considered to be a significant success factor for the company, enabling us to differentiate ourselves from the competition. Specific marketing and sales initiatives are also pursued, for example advertising and promotional activities. Another central aspect is the advancement of digitalisation, for example through the targeted marketing of our products via a dedicated eCommerce platform for our industrial customers. Our consumer businesses are also striving to strengthen and expand their share of eCommerce and direct-to-consumer business. Response to the emergence of new business models or new competitors, or changing demand behaviour includes taking strategic measures such as adapting our structures and portfolio as well as acquisitions and divestments.

Financial risk:
We are exposed to financial risk in the form of credit risk, currency risk, interest rate risk, liquidity risk and risks arising from pension obligations.

The Company is exposed to credit risk, in particular to the risk of default by customers in the course of its operating activities, and the possibility of contractual parties not fulfilling their obligations. Furthermore, depending on the development of economic conditions, the risk of defaults - particularly with regard to trade accounts receivable - may increase. Our credit risk management system, operating on the basis of a globally applied Credit Policy, ensures that credit risks are constantly monitored and bad debts minimised. This includes minimising losses on receivables through the application of fixed credit limits, use of customer-specific creditworthiness analyses, risk classifications, and continuous monitoring of risks associated with the receivables concerned.

Currency risks are proactively managed by the Corporate Treasury department of the Henkel group. This includes the ongoing assessment of the specific currency risk and the development of appropriate hedging strategies. Interest rate risk is also managed centrally within the Henkel group, with a strategy aligned to optimise the net interest result for the group.

In order to ensure the financial flexibility of Henkel at any time, the liquidity within the group is largely centralised and managed through the use of cash pools, and the Company participates in Henkel’s cross border cash concentration agreement (cash pooling system). Additionally, the Henkel Group has at its disposal confirmed credit lines.

Risks arising from pension obligations relate to changes in interest rates, inflation rates, trends in wages and salaries, and changes in the statistical life expectancy of pension beneficiaries. To minimise exposure and improve risk management, the pension obligations are fully funded and managed based on a two-track portfolio approach: the main portion of the portfolio is invested in interest-bearing plan assets (liability-driven investments), reducing the interest rate and inflation risk. In order to cover the risks arising from trends in wages, salaries and life expectancies, and to close the potential deficit between fund assets and pension obligations over the long term, additional investments are made in a return-enhancing portfolio as an add-on instrument that contains assets such as equities, private equity investments, hedge funds, real estate and commodity investments.

FINANCIAL KEY PERFORMANCE INDICATORS

The company uses key performance indicators to assess performance including turnover and operating profit.

In the year under review, turnover decreased by £ 1,308,000 to £ 305,433,000 , and operating profit increased by £ 34,449,000 to a profit of £ 61,067,000 .

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

Section 172 of the Companies Act 2006 requires directors to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard to the interests of stakeholders.

The likely consequences of any decisions in the long term
As a Board, we strive to take decisions for the long term, with the aim of understanding and respecting the views and needs of our stakeholders and our shareholder to whom we are accountable.

Interests of employees
The Directors recognise the importance of attracting, retaining and motivating high-performing individuals and considering the implications for our employees where possible.

There is an established policy of communicating with all employees regularly through town hall meetings, CEO communications, senior leadership business briefings and the Group intranet. We regularly solicit feedback from employees in our ongoing effort to understand the employee experience and better ensure we are cultivating the work environment that we want.

The Directors are committed to promoting a safe and inclusive working environment for all employees. The diversity of our employees with their individual differences and perspectives is essential to our strength and innovative capabilities. We want to create an inclusive working environment where everyone is valued and individual performance is recognised.

Fostering the Company’s business relationships with suppliers, customers and others
Our relationship with customers, suppliers, governments and partners is essential to ensure the success of our strategy. Stakeholder engagement is key to innovation and risk management, and helps the Henkel Group as a whole to continuously develop our sustainability strategy and reporting.

Impact of operations on the community and the environment
The Henkel Group is committed to leadership in sustainability. The core tenets of our sustainability strategy are creating more value for customers and consumers, for the communities in which we operate and for the company, while reducing our environmental footprint at the same time. We want to improve our products and solutions through innovations and smart thinking in order to create more value at a reduced ecological footprint. We concentrate our activities along the value chain on six focal areas that reflect the challenges of sustainable development as they relate to our operations. These focal areas are divided into two dimensions: "more value" and "reduced footprint". We aim to increase the value we create in the areas of social progress, safety & health, and performance. In the areas of energy & climate, materials & waste, and water & waste water we aim to further reduce the resources we use. More information can be found in our Sustainability Report 2021 that is available online at www.henkel.com/sustainability/sustainability-report.

Maintaining a reputation for high standards of business conduct
Our Code of Conduct, Code of Corporate Sustainability, Social Standards, Safety, Health & Environmental Standards, Sustainability Sourcing Policy and Modern Slavery Statement are reviewed regularly. This ensures the high standards of conduct we expect are upheld by all levels of the business.

The need to act fairly between members of the Company
Following careful consideration of all relevant factors including the effect on our stakeholders, the Directors assess the course of action that enables the delivery of our strategy and the long-term success of our Company.

This report was approved by the board on 7 October 2022 and signed on its behalf.

T Raghavan
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £45,469,000 *(2020 - £ 19,400,000)*.

Dividends paid during the year amounted to £ 53,000,000 *(2020 - £ 57,023,000)*. The Directors do not propose any dividends at the date of signing of the annual report and financial statements.

DIRECTORS

The directors who served during the year and to the date of approval of these financial statements were:

P Budden (resigned 30 November 2021)
S Bhandal
J Crane
G Deussen
E Gallagher (resigned 27 May 2022)
T Raghavan (appointed 30 November 2021)
M Tyers

FINANCIAL RISKS AND UNCERTAINTIES

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by Sch. 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) to be contained in the Directors' report. It has done so in respect of Financial risks.

FUTURE DEVELOPMENTS

The Henkel group announced in 2022 that they have decided to merge the Laundry & Home Care and Beauty Care businesses into a new business unit - Henkel Consumer Brands. The integration will create synergies and efficiency gains as well as greater agility.

In the long-term, the directors plan to invest towards successful growth of all business units, either through acquisition or organic growth.

RESEARCH AND DEVELOPMENT ACTIVITIES

Henkel maintains regional research and development sites around the world. The site in Hemel Hempstead is one of Henkel's Technology centres of excellence, developing hot melt adhesives for food packaging and curing hot melt adhesives for General Industry, with industrial applications in all global regions. The Electronic Adhesives business also have both product development and applications laboratories in the Hemel Hempstead facility for the global product development and European technical customer support for solder materials.

ENGAGEMENT WITH EMPLOYEES

The commitment, skills and experience of all of our employees are the foundations on which we plan to build our future success. The success of our teams derives from their diversity, with employees working together with different competencies and skills, educational backgrounds, and experience gained in different situations and countries.

The Company utilises a number of Henkel Group initiatives to engage with employees and more information can be found in the Henkel Internet pages on Corporate culture, mission and vision statements.

The Company conducts regular town hall meetings for all employees, where information is shared and discussed with employees, including financial results and a business performance overview. The Company has an established Employee Forum, where employee representatives meet management representatives on a regular basis to discuss relevant topics and proposals.

The Company participates in the Henkel group employee share program that is offered on a yearly basis to all employees.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

The Directors are required to promote the success of the Company as a whole and, in doing so, have regard to a range of stakeholders. On pages 4 - 5 we have set out how we have engaged with our key stakeholders, including customers, suppliers and others in a business relationship with the Company, and how the Board has considered their interests during the year.

EMPLOYEE EQUALITY

Henkel is an equal opportunity employer. We evaluate qualified applicants based on skill and experience regardless of gender, origin, culture, mindset, generation, disability, religion and sexual orientation.

Corporate policy on “Global Diversity & Inclusion” defines Henkel’s commitment to a diverse and inclusive working environment and to create an equitable, healthy and high-performing organization in which all individuals feel valued and their contributions are appreciated.

It is company policy not to discriminate unlawfully against individuals (including but not limited to prospective, current and former employees, customers and suppliers) in connection with the protected characteristics of: sex, marriage / civil partnership, pregnancy / maternity, gender reassignment, disability, sexual orientation, religion / belief, race (including colour, nationality, ethnic or national origins).

Individuals who have these characteristics (as well as those who are perceived to or associated with individuals who have these characteristics) are protected by equality legislation, which is designed to promote equality and dignity at work.

This equality policy applies to all aspects of the Company’s working practices, including: day to day conduct at work; recruitment / selection; development / training / promotion; pay / benefits / other terms of employment; discipline / grievances; transfer / dismissal (including redundancy selection).

It is company policy to consider all applications for employment from disabled persons and not to exclude disabled persons from the application process. Any rejection of an application from a disabled person will be based on their performance at interview alone and not on the basis of the Company having to make reasonable adjustments for a disabled candidate. The Company raises awareness of inclusive hiring with managers through regular training. The Company also makes reasonable adjustments to ensure workers with disabilities are not substantially disadvantaged when doing their jobs.

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

The Company's greenhouse gas emissions and energy consumption are as follows:

	2021	*2020*
Emissions resulting from activities for which the Company is responsible involving the combustion of gas or consumption of fuel for the purposes of transport (in tonnes of CO2 equivalent)	**378**	*547*
Emissions resulting from the purchase of the electricity by the Company for its own use, including the purposes of transport (in tonnes of CO2 equivalent)	**343**	*383*
Energy consumed from activities for which the Company is responsible involving the combustion of gas, or the consumption of fuel for the purposes of transport, and the annual quantity of energy consumed resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport, in kWh	**3,264,912**	*3,983,810*

The methodology used to calculate total energy consumption and carbon emissions has been invoice data for the financial years stated. Where data was not available, estimates have been calculated using historical profiles. The financial year being disclosed is the same as the financial year of the Directors' report.

Energy and fuel consumption has been converted to carbon (KGCO2e) using 2021 DEFRA published conversion factors. Fuel for Transportation has been converted using statistical data sets published by Department of Transport .

The approach to reporting is based on the GHG Protocol Corporate Accounting and Reporting Standard. In line with the guidance on SECR the energy and emissions for the buildings owned and operated (ie. those within the financial control boundary) have been included.

During the year, solar panels were fitted to the roof of the main office block and were fully operational from the end of July. In the five months to the end of our financial year they generated 24,400 kWh which offset our emissions by 5 tCO2e, which is reflected in our market-based results.

The most appropriate intensity metric in line with the primary drivers of energy consumption is Gross Internal Area in Square Metres (SQM). The Intensity ratio for the year was 0.073 TCO2e/SQM *(2020 - 0.095 TCO2e/SQM).*

DIRECTORS' CONFIRMATIONS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

GOING CONCERN

The Company’s business activities, together with the factors likely to affect its future development, performance and position, including COVID-19, are set out in the Strategic Report and the Directors’ Report.

The Directors have assessed the Company’s ability to continue as a going concern by undertaking a stress test of the Company’s cash and cash equivalents. The stress test involves subjecting the amount of cash and cash equivalents held by the Company to a series of unlikely future negative financial impacts covering a period of 12 months from the date of signing of the financial statements.

The majority of the cash equivalent assets are short-term loans to the Company's ultimate parent under the group cash pool agreement. The cash pool agreement also provides for short-term loans from the Company's ultimate parent should they be required. The agreement may be cancelled at any time by either party and all short-term loans are repayable immediately upon cancellation.

The going concern assessment indicates that the Company will generate positive cash flows over the next twelve months and will have sufficient funds to meet its liabilities as they fall due and therefore the Directors have prepared the financial statements on a going concern basis.

POST BALANCE SHEET EVENTS

On 28 January 2022 the Henkel group announced plans to merge our business units Laundry & Home Care and Beauty Care into one new business unit “Henkel Consumer Brands”. This is considered a non-adjusting event for the Company's financial statements at 31 December 2021.

On 24 February 2022 Russia invaded Ukraine. The impact of the war in Ukraine is not expected to directly impact the Company, but is expected to exacerbate the effects of current market conditions with rising commodity prices and disruptions to supply chains. This is considered a non-adjusting event for the Company's financial statements at 31 December 2021.

There have been no other significant events affecting the Company since the year end.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 7 October 2022 and signed on its behalf.

T Raghavan
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; 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 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 also 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HENKEL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Henkel Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: statement of financial position as at 31 December 2021; income statement, statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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.

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HENKEL LIMITED

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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Corporation Tax and Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with Management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by Management in their significant accounting estimates, in particular in relation to rebate provisions and pensions;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or journals posted by unexpected users;
- Reviewing minutes of meetings with those charged with governance;
- Reviewing financial statement disclosures made by management in their significant accounting estimates, in particular in relation to rebate provisions and pensions;
- An element of unpredictability was incorporated into our audit testing by performing additional procedures, such as testing completeness of rebates through internet searches, performing a supplier legitimacy check, comparing employee and supplier bank details and tracing bank payments to approvals provided.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Fotis Kyrmizoglou

Fotis Kyrmizoglou (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

7 October 2022

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	4	**305,433**	*306,741*
Cost of sales		**(195,610)**	*(190,205)*
Gross profit		**109,823**	*116,536*
Distribution costs		**(46,679)**	*(46,832)*
Administrative expenses		**(37,910)**	*(44,408)*
Other operating income	5	**36,346**	*1,794*
Other operating charges	6	**(513)**	*(472)*
Operating profit	7	**61,067**	*26,618*
Income from other fixed asset investments	11	**3,226**	*-*
Other interest receivable and similar income	12	**243**	*552*
Amounts written off investments	19	**(3,237)**	*(1,345)*
Interest payable and similar expenses	13	**(18)**	*(51)*
Other finance income	14	**661**	*338*
Profit before tax		**61,942**	*26,112*
Tax on profit	15	**(16,473)**	*(6,712)*
Profit for the financial year		**45,469**	*19,400*

The notes on pages 19 to 48 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Profit for the financial year		**45,469**	*19,400*
Other comprehensive income/(expense)			
Actuarial gain on defined benefit schemes	29	**14,169**	*21,599*
Movement on deferred tax relating to pension gains	25	**(3,599)**	*(4,104)*
Loss from cash-flow hedging		**(79)**	*(409)*
Other comprehensive income for the year		**10,491**	*17,086*
Total comprehensive income for the year		**55,960**	*36,486*

The notes on pages 19 to 48 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		**2021 £000**		*2020 £000*
Fixed assets					
Intangible assets	17		**54,836**		*66,748*
Tangible assets	18		**4,150**		*4,855*
Investments	19		**17,831**		*21,068*
			76,817		*92,671*
Current assets					
Debtors: amounts falling due after more than one year	20	**62,273**		*42,805*	
Debtors: amounts falling due within one year	21	**94,059**		*91,786*	
Cash at bank and in hand	22	**2,807**		*4,249*	
		159,139		*138,840*	
Creditors: amounts falling due within one year	23	**(62,631)**		*(68,350)*	
Net current assets			**96,508**		*70,490*
Total assets less current liabilities			**173,325**		*163,161*
Provisions for liabilities					
Deferred tax liability	25	**(14,060)**		*(6,990)*	
Other provisions	26	**(183)**		*(226)*	
			(14,243)		*(7,216)*
Pension liability	29		**(2,902)**		*(2,725)*
Net assets			**156,180**		*153,220*
Capital and reserves					
Called up share capital	27		**100,000**		*100,000*
Other reserves	28		**(357)**		*(278)*
Profit and loss account	28		**56,537**		*53,498*
Total Equity			**156,180**		*153,220*

The financial statements and their notes on pages 15 to 48 were approved and authorised for issue by the board and were signed on its behalf on 7 October 2022.

T Raghavan
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Revaluation reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	**100,000**	**2,862**	**131**	**70,764**	**173,757**
Comprehensive income for the year					
Profit for the year	-	-	-	**19,400**	**19,400**
Actuarial gains on pension scheme	-	-	-	**17,495**	**17,495**
Loss on cash-flow hedging	-	-	**(409)**	-	**(409)**
Other comprehensive income for the year	-	-	**(409)**	**17,495**	**17,086**
Total comprehensive income for the year	-	-	**(409)**	**36,895**	**36,486**
Dividends: Equity capital	-	-	-	**(57,023)**	**(57,023)**
Transfer to/from profit and loss account	-	**(2,862)**	-	**2,862**	-
At 31 December 2020 and 1 January 2021	**100,000**	-	**(278)**	**53,498**	**153,220**
Comprehensive income for the year					
Profit for the year	-	-	-	**45,469**	**45,469**
Actuarial gains on pension scheme	-	-	-	**10,570**	**10,570**
Loss on cash-flow hedging	-	-	**(79)**	-	**(79)**
Other comprehensive income for the year	-	-	**(79)**	**10,570**	**10,491**
Total comprehensive income for the year	-	-	**(79)**	**56,039**	**55,960**
Dividends: Equity capital	-	-	-	**(53,000)**	**(53,000)**
At 31 December 2021	**100,000**	-	**(357)**	**56,537**	**156,180**

The notes on pages 19 to 48 form part of these financial statements.

1. GENERAL INFORMATION

Henkel Limited is a private company limited by shares, incorporated in England and Wales of the United Kingdom. The registered office and principal place of business of the company is Wood Lane End, Hemel Hempstead, Hertfordshire, HP2 4RQ.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The accounting policies have been applied consistently over the years, other than where new policies have been adopted.

The presentation currency of these financial statements is sterling (£). All amounts in the financial statements have been rounded to the nearest thousand.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Henkel AG & Co. KGaA as at 31 December 2021 and these financial statements may be obtained from the Company Secretary, Henkel Limited, Wood Lane End, Hemel Hempstead, Hertfordshire, HP2 4RQ or online at www.henkel.com.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 GOING CONCERN

The Company’s business activities, together with the factors likely to affect its future development, performance and position, including COVID-19, are set out in the Strategic Report and the Directors’ Report.

The Directors have assessed the Company’s ability to continue as a going concern by undertaking a stress test of the Company’s cash and cash equivalents. The stress test involves subjecting the amount of cash and cash equivalents held by the Company to a series of unlikely future negative financial impacts covering a period of 12 months from the date of signing of the financial statements.

The majority of the cash equivalent assets are short-term loans to the Company's ultimate parent under the group cash pool agreement. The cash pool agreement also provides for short-term loans from the Company's ultimate parent should they be required. The agreement may be cancelled at any time by either party and all short-term loans are repayable immediately upon cancellation.

The going concern assessment indicates that the Company will generate positive cash flows over the next twelve months and will have sufficient funds to meet its liabilities as they fall due and therefore the Directors have prepared the financial statements on a going concern basis.

2.4 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Rebates are primarily provided as volume incentives and are triggered when relevant customers meet certain sales volume target criteria. Rebates are normally off-invoice discounts that are settled retroactively. Best estimates of customers' annual sales are multiplied by appropriate rates for each customer to derive the rebate accrual value, taking into consideration contractual arrangements and obligations for promotions and listing fees.

The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the financial year in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting year can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 OTHER OPERATING INCOME

Other operating income includes revenue from all other operating activities which are not related to the principal activities of the company, such as gains from disposals of assets.

2.7 RESEARCH AND DEVELOPMENT

The company provides research and development activities under a service contract with Henkel AG & Co. KGaA and the company does not own any of the resulting intangible assets. As the company will not take ownership of any intangible assets, all costs are expensed through the income statement as they are incurred.

2. ACCOUNTING POLICIES (CONTINUED)

2.8 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.9 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.10 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. ACCOUNTING POLICIES (CONTINUED)

2.12 INTANGIBLE ASSETS

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income statement over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	3	years
Goodwill	-	10	years
Trademarks	-	10	years
Other intangible fixed assets	-	10	years

Goodwill has no residual value.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

2. ACCOUNTING POLICIES (CONTINUED)

2.13 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2.5% to 5% per annum
Plant and machinery	- 10% to 20% per annum
Fixtures and fittings	- 10% to 25% per annum
Assets in course of construction	- Not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 IMPAIRMENT OF FIXED ASSETS AND GOODWILL

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior years may no longer exist or may have decreased.

2.15 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Income statement for the year. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2. ACCOUNTING POLICIES (CONTINUED)

2.16 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

The cash pool facility is an arrangement between the Company and Henkel AG & Co. KGaA, the ultimate parent company. Under this arrangement, both parties transfer funds to and from one another using agreed bank accounts in order to achieve a target balance of zero in the Company's bank account at the end of each business day. Any funds in the bank account of the Company are transferred to the bank account of Henkel AG & Co. KGaA and any overdraft in the bank account of the Company is funded by a transfer of cash from the bank account of Henkel AG & Co. KGaA. Where funds transferred by the Company to Henkel AG & Co. KGaA are in excess of funds transferred from Henkel AG & Co. KGaA to the Company, the Company reflects a debtor in the financial statements. Where the opposite applies, the Company reflects a creditor in the financial statements.

2.17 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2. ACCOUNTING POLICIES (CONTINUED)

2.19 FINANCIAL INSTRUMENTS

The Company has chosen to adopt the recognition and measurement provisions of IFRS 9 *Financial Instruments* (as adopted in the EU) and IAS 39 (as amended following the publication of IFRS 9), the disclosure requirements of sections 11 and 12 and the presentation requirements of paragraphs 11.38A and 12.25B of FRS 102 in respect of financial instruments.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Income statement if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.20 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.21 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2. ACCOUNTING POLICIES (CONTINUED)

2.22 PENSIONS

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan 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 in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates three defined benefit plans for certain employees of the Company, and also participates within another shared defined benefit plan for certain employees of both the Company and Henkel UK Operations Limited, its subsidiary company incorporated in the United Kingdom.

A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset and/or liability recognised in the Statement of financial position in respect of the defined benefit plans is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled. There is no netting of the asset or liability for each of the four defined benefit plans.

The Company has determined that a proportional approach should be applied to determine the allocation of the shared defined benefit pension plan between the Company and Henkel UK Operations Limited, which would be updated as and when revised census data was available following each triennial funding valuation. Each entity recognises the apportioned assets, liabilities and costs of this net defined benefit plan in its own financial statements.

The defined benefit obligations are calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The costs of the defined benefit plans, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprise:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

2. ACCOUNTING POLICIES (CONTINUED)

2.22 PENSIONS (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'other finance income'.

2.23 INCOME FROM OTHER FIXED ASSET INVESTMENTS

Income from other fixed asset investments comprises dividends received from subsidiaries and is recognised when it becomes legally receivable.

2.24 HEDGE ACCOUNTING

The company has entered into fixed rate foreign exchange forward contracts to manage its exposure to foreign exchange cash flow risk on its sales and purchases of finished goods. These derivatives are measured at fair value at each reporting date. To the extent that the hedges are effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash-flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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.

The following judgments and accounting policies are in the opinion of management the most critical for the purpose of presenting these financial statements, requiring estimates and assumptions:

- **The valuation of tangible and intangible fixed assets including estimates of useful life, depreciation and amortisation policy, and identification of any impairment**
  The annual depreciation and amortisation charges for tangible and intangible assets are sensitive to changes in the estimated useful lives and residual values of the assets. The useful life estimates and residual values are reviewed annually, and are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. This includes considering whether any tangible and intangible fixed assets, including goodwill, are impaired. Where an indication of impairment is identified, estimation of the recoverable amount is required. This can require estimation of the future cash flows of the cash generating unit and selection of appropriate discounts rates in order to calculate the net present value of those cash flows. See notes 2.12 and 2.13 for the useful economic lives assumed, note 2.14 for the impairment policy and notes 17 and 18 for the carrying amounts of the fixed assets.

- **The valuation of investments including the judgment and estimate of any possible impairment of the investments**
  The carrying value of investments is reliant on the continuing good performance of the subsidiaries of the Company. On an annual basis the Company considers whether any of its investments are impaired requiring management's judgment. Where an indication of impairment is identified, estimation of the recoverable amount is required. This can require estimation of the future cash flows from the investment and selection of appropriate discounts rates in order to calculate the net present value of those cash flows. See note 2.15 for the accounting policy on investments and note 19 for the carrying amount of investments.

- **The accrual of customer rebates**
  Customer rebates impact the value of turnover and accruals. The amounts payable under rebate agreements are often subject to negotiation after the balance sheet date. A number of agreements are non-coterminous with the Company's financial year, requiring judgment on the amount of rebate that will become payable by the Company under these agreements based upon prices, volumes and product mix and forecasts. Best estimates of customers' annual sales are multiplied by appropriate rates for each customer to derive the rebate accrual value, taking into consideration contractual arrangements and obligations for promotions and listing fees. See note 2.5 for the turnover policy, note 4 for the turnover and accruals in the creditors note 23.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

- **The actuarial assumptions for the accounting and disclosure of the defined benefit pension plan**
  The Company has an obligation to pay defined pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend upon several factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management engages independent actuaries to advise on and estimate these factors that determine the net pension assets or obligations in the balance sheet. The assumptions reflect historical experience and current trends. For details of assumptions adopted, see note 29.

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2021	*2020*
	£000	*£000*
Sale of goods	**292,480**	*295,072*
Rendering of services	**12,953**	*11,669*
	305,433	*306,741*

An analysis of turnover by class of business is as follows:

	2021	*2020*
	£000	*£000*
Industrial Adhesives	**101,076**	*98,417*
Consumer Adhesives	**65,655**	*62,607*
Beauty Care	**84,575**	*97,931*
Laundry & Home Care	**50,380**	*43,850*
Corporate	**3,747**	*3,936*
	305,433	*306,741*

Analysis of turnover by country of destination:

	2021	*2020*
	£000	*£000*
United Kingdom	**288,938**	*290,770*
Rest of Europe	**15,019**	*14,300*
Rest of the world	**1,476**	*1,671*
	305,433	*306,741*

5. OTHER OPERATING INCOME

	2021 £000	*2020 £000*
Other operating income	-	*11*
Net income from sub-lease of property	-	*66*
Royalty receivable	1,737	*1,717*
Profit on disposal of intangible assets	34,047	*-*
Profit on disposal of tangible assets	6	*-*
Transitional services income from divestments	556	*-*
	36,346	*1,794*

During 2021 the Company sold its Rightguard branded business resulting in a profit on disposal of £34,047,000.

6. OTHER OPERATING CHARGES

	2021 £000	*2020 £000*
Restructuring costs	115	*377*
Adjustment to R&D expenditure tax credit	-	*48*
Loss on disposal of tangible assets	-	*2*
Impairment of tangible assets	-	*45*
Loss on disposal of intangible assets	59	*-*
Other severance charges	329	*-*
Other operating charges	10	*-*
	513	*472*

7. OPERATING PROFIT

The operating profit is stated after charging:

	2021 £000	*2020 £000*
Other operating lease rentals	1,847	*2,009*
Depreciation of tangible assets	1,058	*1,279*
Amortisation of intangible assets, including Goodwill	11,316	*11,450*

8. AUDITORS' REMUNERATION

	2021	*2020*
	£000	*£000*
Fees payable to the Company's auditors and their associates for the audit of the Company's annual accounts	**114**	*81*
	114	*81*

PricewaterhouseCoopers LLP provide no other services besides the audit.

9. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2021	*2020*
	£000	*£000*
Wages and salaries	**23,405**	*21,551*
Social security costs	**3,227**	*2,795*
(Income from)/cost of defined benefit scheme	**(2,847)**	*2,315*
Cost of defined contribution scheme	**2,694**	*2,089*
	26,479	*28,750*

(Income from)/cost of defined benefit scheme comprises current service cost, past service cost and gains on curtailment (see note 29).

The average monthly number of employees, including the directors, during the year was as follows:

	2021	*2020*
	No.	*No.*
Administration	**54**	*53*
Research and development	**9**	*10*
Supply Chain / Customer Services	**63**	*60*
Sales and marketing	**281**	*265*
	407	*388*

10. DIRECTORS' REMUNERATION

	2021 £000	*2020* *£000*
Directors' emoluments	1,027	*1,150*
Company contributions to defined contribution pension schemes	78	*61*
	1,105	*1,211*

During the year retirement benefits were accruing to 6 directors *(2020 - 5)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £287,000 *(2020 - £374,000)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £22,000 *(2020 - £8,000)*.

Note for non-disclosure of other Directors

One of the Directors who served during the year is remunerated by other Henkel Group companies and has determined that their qualifying services to the Company do not occupy a significant amount of their time. There is therefore no recharge to the Company for their services for the years ended 31 December 2021 and 31 December 2020.

11. INCOME FROM OTHER FIXED ASSET INVESTMENTS

	2021 £000	*2020* *£000*
Dividends received from investments	3,226	*-*
	3,226	*-*

12. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £000	*2020* *£000*
Interest receivable from group companies	148	*384*
Net foreign exchange gains on financial items	36	*165*
Other interest receivable	59	*3*
	243	*552*

13. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £000	2020 £000
Interest payable to group companies	**6**	*2*
Other interest payable	**12**	*49*
	18	*51*

14. OTHER FINANCE INCOME

	2021 £000	2020 £000
Interest income on pension scheme assets	**7,638**	*9,445*
Interest expense on pension scheme liabilities	**(6,977)**	*(9,107)*
	661	*338*

15. TAX ON PROFIT

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	**12,368**	*5,842*
Adjustments in respect of previous years	**671**	*(180)*
	13,039	*5,662*
Foreign tax		
Foreign tax on income for the year	**181**	*93*
Adjustments in respect of previous years	**507**	*(84)*
	688	*9*
Total current tax	**13,727**	*5,671*
Deferred tax		
Origination and reversal of timing differences	**1,500**	*1,198*
Changes to tax rates	**1,246**	*(168)*
Adjustments in respect of previous years	**-**	*11*
Total deferred tax	**2,746**	*1,041*
Tax on profit	**16,473**	*6,712*

15. TAX ON PROFIT (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021 £000	*2020 £000*
Profit before tax	**61,942**	*26,112*
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**11,769**	*4,961*
Effects of:		
Non-tax deductible amortisation and impairment of goodwill and trademarks	**1,814**	*1,815*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**59**	*52*
Adjustments in respect of prior years	**1,178**	*(253)*
Non-tax deductible impairment of investment	**615**	*256*
Foreign tax suffered	**181**	*93*
Dividends from UK companies	**(613)**	-
Double taxation relief	**(181)**	*(93)*
Other permanent differences	**(3)**	-
Increase in tax rate on deferred tax balances	**379**	-
Deferred tax adjustment due to change in tax rate	**1,246**	*(168)*
Transfer pricing adjustments	**29**	*49*
Total tax charge for the year	**16,473**	*6,712*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The March 2020 Budget announced that a corporation tax rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The Company's deferred tax liability as at 31 December 2020 and current tax charge for the year was calculated based on this rate.

The March 2021 Budget announced that the rate of corporation tax will increase effective from 1 April 2023 to 25% on profits over £250,000. The rate for small profits under £50,000 will remain at 19% and there will be taper relief for businesses with profits between £50,000 and £250,000. This change was substantively enacted on 24 May 2021. This will increase the company’s future current tax charge accordingly and increased the deferred tax liability as at 31 December 2020 by £1,246,000.

16. DIVIDENDS

	2021 £000	*2020 £000*
Dividends paid to Henkel Nederland B.V.	**53,000**	*57,023*
	53,000	*57,023*

17. INTANGIBLE ASSETS

	Software £000	Product Registration Costs £000	Trademarks £000	Goodwill £000	Total £000
Cost					
At 1 January 2021	**4,485**	**145**	**13,301**	**283,391**	**301,322**
Disposals	**-**	**-**	**-**	**(28,709)**	**(28,709)**
At 31 December 2021	**4,485**	**145**	**13,301**	**254,682**	**272,613**
Accumulated amortisation					
At 1 January 2021	**4,319**	**100**	**7,040**	**223,115**	**234,574**
Charge for the year on owned assets	**49**	**19**	**1,122**	**10,126**	**11,316**
On disposals	**-**	**-**	**-**	**(28,113)**	**(28,113)**
At 31 December 2021	**4,368**	**119**	**8,162**	**205,128**	**217,777**
Net book value					
At 31 December 2021	**117**	**26**	**5,139**	**49,554**	**54,836**
At 31 December 2020	*166*	*45*	*6,261*	*60,276*	*66,748*

Intangible assets are amortised to administration expenses in the Income statement over their useful economic life.

18. TANGIBLE ASSETS

	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Assets in course of construction £000	Total £000
Cost or valuation					
At 1 January 2021	**4,852**	**1,918**	**8,555**	**29**	**15,354**
Additions	**82**	**38**	**204**	**29**	**353**
Disposals	**-**	**-**	**(58)**	**-**	**(58)**
Transfers between classes	**-**	**30**	**-**	**(30)**	**-**
At 31 December 2021	**4,934**	**1,986**	**8,701**	**28**	**15,649**
Accumulated depreciation					
At 1 January 2021	**2,216**	**1,645**	**6,638**	**-**	**10,499**
Charge for the year on owned assets	**229**	**72**	**757**	**-**	**1,058**
Disposals	**-**	**-**	**(58)**	**-**	**(58)**
At 31 December 2021	**2,445**	**1,717**	**7,337**	**-**	**11,499**
Net book value					
At 31 December 2021	**2,489**	**269**	**1,364**	**28**	**4,150**
At 31 December 2020	*2,636*	*273*	*1,917*	*29*	*4,855*

19. INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2021	**197,301**
Disposals	**(65,648)**
At 31 December 2021	**131,653**
Impairment	
At 1 January 2021	**176,233**
Charge for the year	**3,237**
Disposals	**(65,648)**
At 31 December 2021	**113,822**
Net book value	
At 31 December 2021	**17,831**
At 31 December 2020	*21,068*

The carrying value of the investment in Darex UK Limited was written down by £3,237,000 to its fair value. The write down arose as a result of the receipt of a depreciatory dividend by the Company from Darex UK Limited.

Spotless Punch (UK) Limited was dissolved effective from 30 March 2021 and the investment disposed.

19. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Henkel UK Operations Limited	Production services	Ordinary	100%
Darex UK Limited	Dormant company	Ordinary	100%
Jeyes Group Limited	Dormant company	Ordinary	100%

The registered office for all subsidiary undertakings was Wood Lane End, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 4RQ. All subsidiary undertakings are incorporated in England and Wales of the United Kingdom.

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit/(Loss) £000
Henkel UK Operations Limited	**24,525**	**5,275**
Darex UK Limited	**1**	**(7)**
Jeyes Group Limited	**135**	**139**

20. DEBTORS: Amounts falling due after more than one year

		2021 **£000**	*2020* *£000*
Deferred tax asset	25	**4,016**	*3,291*
Pension asset	29	**58,257**	*39,514*
		62,273	*42,805*

21. DEBTORS: Amounts falling due within one year

	2021 **£000**	*2020* *£000*
Trade debtors	**61,780**	*62,342*
Amounts owed by group companies - trade	**1,783**	*2,505*
Amounts owed by group companies - financials and loans	**22,693**	*102*
Amounts owed by group companies - cash pool	**3,136**	*23,946*
Other debtors	**1,589**	*1,646*
Corporation tax repayable	**1,276**	-
Tax recoverable	**1,172**	*1,013*
Prepayments	**630**	*232*
	94,059	*91,786*

Amounts owed by group undertakings - trade are unsecured, interest free and due for repayment within 1 year. Amounts owed by group undertakings - financials and loans contains an unsecured loan, at an interest rate of 0.42% and due for repayment within 302 days. Amounts owed by group undertakings - cash pool are unsecured, at variable interest, have no fixed date of repayment and are repayable on demand.

22. CASH AT BANK AND IN HAND

	2021 **£000**	*2020* *£000*
Cash at bank and in hand	**2,807**	*4,249*
	2,807	*4,249*

23. CREDITORS: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	7,048	6,385
Amounts owed to group companies - trade	19,503	16,949
Amounts owed to group companies - financial and loans	1	-
Corporation tax	-	776
Other taxation and social security	2,995	10,275
Other creditors	5,772	5,627
Accruals and deferred income	27,312	28,338
	62,631	68,350

Amounts owed to group undertakings - trade are unsecured, interest free, and due for payment within 30 days. Amounts owed to group undertakings - financials and loans are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

	2021 £000	2020 £000
Other taxation and social security		
PAYE/NI control	1,336	1,225
VAT control	1,659	9,050
	2,995	10,275

24. FINANCIAL INSTRUMENTS

	2021 £000	2020 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	93,787	94,675
Financial liabilities		
Financial liabilities measured at amortised cost	(32,324)	(28,961)

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors (note 21) and cash (note 22).

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and other creditors (note 23)

25. DEFERRED TAXATION

	2021 £000	2020 £000
At beginning of year	**(3,699)**	*1,446*
Charged to profit or loss	**(2,746)**	*(1,041)*
Charged to other comprehensive income	**(3,599)**	*(4,104)*
At end of year	**(10,044)**	*(3,699)*

The deferred tax balance is made up as follows:

	2021 £000	2020 £000
Difference between accumulated depreciation, amortisation and capital allowances	**3,650**	*2,885*
Deferred tax on defined benefit pension plans	**(14,060)**	*(6,990)*
Other short term timing difference	**366**	*406*
	(10,044)	*(3,699)*
Comprising:		
Asset	**4,016**	*3,291*
Liability	**(14,060)**	*(6,990)*
	(10,044)	*(3,699)*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

26. OTHER PROVISIONS

	Restructuring £000	Other £000	Total £000
At 1 January 2021	**127**	**99**	**226**
Charged to profit or loss	**115**	**451**	**566**
Utilised in year	**(217)**	**(270)**	**(487)**
Released in year	**-**	**(122)**	**(122)**
At 31 December 2021	**25**	**158**	**183**

Restructuring
Restructuring provisions relate to ongoing projects to optimise structures within the Company. This includes best estimates for severance costs, stock destruction costs and site decommissioning costs.

Other
Other provisions mainly relates to best estimates for employee severance and associated costs that are not related to a restructuring project.

The expected time period of these provisions is up to 1 year.

27. CALLED UP SHARE CAPITAL

	2021 £000	*2020 £000*
Allotted, called up and fully paid		
100,000,000 *(2020 - 100,000,000)* Ordinary shares of £1.00 each	**100,000**	*100,000*

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

28. RESERVES

Revaluation reserve

The Revaluation reserve comprises the effect of the revaluation of freehold land and buildings which were revalued as at 1 January 2014 during the transition to FRS102. These assets were subsequently sold to Henkel UK Operations Limited, its subsidiary company incorporated in the United Kingdom, in 2016.

Other reserves

Other reserves comprises the effects of cash-flow hedges and net investment hedges.

29. PENSION COMMITMENTS

Defined contribution pension plan

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £2,694,000 *(2020 - £2,089,000)*. There were no outstanding contributions payable to the fund at the reporting date of the current or prior year.

Defined benefit pension plans

The Company operates three defined benefit pension plans for certain employees of the Company: Acheson Industries (Europe) Limited Retirement Benefits Scheme (AIEL), the Dylon Retirement Benefits Plan (DRBP) and the Jeyes UK Pension Scheme (JUKPS). The Company also participates within another shared defined benefit pension plan - Henkel Retirement Benefits Scheme (HRBS) - for certain employees of both the Company and Henkel UK Operations Limited, its subsidiary company incorporated in the United Kingdom.

The defined benefit pension schemes provide benefits based on final pensionable pay and all are now closed to new entrants. Three of the defined benefit pension schemes (AIEL, DRBP and JUKPS) are closed to future accrual, and on 30 June 2021 the HRBS defined benefit pension scheme that the Company participates in was also closed to future accrual.

The assets of the schemes are held separately from those of the Company in independently administered funds.

The fair value of the scheme's assets are not intended to be realised in the short term and may be subject to significant change before they are realised. The present value of the scheme's liabilities are derived from cash flow projections over the long term and are inherently uncertain.

The Company has determined that a proportional approach should be applied to determine the allocation of the HRBS defined benefit pension plan between the Company and Henkel UK Operations Limited, which would be updated as and when revised census data was available following each triennial funding valuation. Each entity recognises the apportioned assets, liabilities and costs of the net defined benefit plan in its own financial statements.

The disclosures below are prepared on an aggregated basis of the three defined benefit pension schemes (AIEL, DRBP and JUKPS) and a proportion of the shared defined benefit pension scheme (HRBS).

29. PENSION COMMITMENTS (CONTINUED)

Reconciliation of present value of plan liabilities:

	2021 £000	2020 £000
At the beginning of the year	**456,584**	*440,389*
Current service cost	**858**	*1,579*
Interest cost	**6,977**	*9,107*
Actuarial (gains)/losses	**(28,289)**	*18,546*
Participant contributions	**5**	*13*
Benefits paid	**(13,779)**	*(13,786)*
Past service cost	**426**	*736*
Gain on settlement or curtailment	**(4,131)**	*-*
At the end of the year	**418,651**	*456,584*

Reconciliation of fair value of plan assets:

	2021 £000	2020 £000
At the beginning of the year	**493,373**	*455,645*
Interest income	**7,638**	*9,445*
Employer contributions	**889**	*1,911*
Actuarial (losses)/gains	**(14,120)**	*40,145*
Participant contributions	**5**	*13*
Benefits paid	**(13,779)**	*(13,786)*
At the end of the year	**474,006**	*493,373*

Composition of plan assets:

	2021 £000	2020 £000
Cash and cash equivalents	**3,436**	*1,062*
Equity instruments	**38,776**	*33,136*
Debt instruments	**126,162**	*170,621*
Other	**305,632**	*288,554*
Total plan assets	**474,006**	*493,373*

29. PENSION COMMITMENTS (CONTINUED)

	2021 £000	2020 £000
Fair value of plan assets	**474,006**	*493,373*
Present value of plan liabilities	**(418,651)**	*(456,584)*
Net pension scheme asset	**55,355**	*36,789*

The amounts recognised in profit or loss are as follows:

	2021 £000	2020 £000
Current service cost	**858**	*1,579*
Interest expense on obligation	**6,977**	*9,107*
Interest income on plan assets	**(7,638)**	*(9,445)*
Past service cost	**426**	*736*
Gains on curtailments and settlements	**(4,131)**	*-*
Total	**(3,508)**	*1,977*

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was a gain of £14,169,000 *(2020 - gain £21,599,000).*

The Company expects to contribute £3,062,000 to its Defined benefit pension schemes in 2022.

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021 %	2020 %
Discount rate	**1.80**	*1.40*
Future salary increases	**n/a**	*3.65*
Inflation assumption	**3.55**	*3.15*
Mortality rates		
- for a male aged 65 now	**22.5**	*22.9*
- at 65 for a male aged 40 now	**24.6**	*25.2*
- for a female aged 65 now	**24.3**	*24.8*
- at 65 for a female member aged 40 now	**26.5**	*27.1*

30. COMMITMENTS UNDER OPERATING LEASES

At 31 December the Company had future minimum lease payments due under non-cancellable operating leases for each of the following years:

	2021 £000	2020 £000
Not later than 1 year	**1,457**	*1,543*
Later than 1 year and not later than 5 years	**3,814**	*3,875*
Later than 5 years	**2,033**	*2,817*
	7,304	*8,235*

31. RELATED PARTY TRANSACTIONS

The Company has availed of the exemption in FRS 102, Section 33 Related Party Transactions, which exempts the Company from disclosing transactions entered into between two or more members of the group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

32. POST BALANCE SHEET EVENTS

On 28 January 2022 the Henkel group announced plans to merge the business units Laundry & Home Care and Beauty Care into one new business unit “Henkel Consumer Brands”. This is considered a non-adjusting events for the Company's financial statements at 31 December 2021.

On 24 February 2022 Russia invaded Ukraine. The impact of the war in Ukraine is not expected to directly impact the Company, but is expected to exacerbate the effects of current market conditions with rising commodity prices and disruptions to supply chains. This is considered a non-adjusting event for the Company's financial statements at 31 December 2021.

There have been no other significant events affecting the Company since the year end.

33. CONTROLLING PARTY

The immediate parent company is Henkel Nederland B.V., a company incorporated in the Netherlands. The ultimate parent company and controlling party is Henkel AG & Co. KGaA, a company incorporated in Germany. The largest and smallest group in which the results of the company are consolidated is that headed by Henkel AG & Co. KGaA. The registered office of Henkel AG & Co. KGaA is at Henkelstraße 67, 40589 Düsseldorf, Germany. The consolidated accounts of the Henkel Group are available to the public and may be obtained from the Secretary, Henkel Limited, Wood Lane End, Hemel Hempstead, Hertfordshire, HP2 4RQ and are available to download at www.henkel.com/investor-relations.