

LRC Products Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number 00698371



LRC Products Limited

Company Information

Directors	John Dixon Charles David Everitt Harminder Singh Viridi
Company Secretary	James Edward Hodges
Registered Number	00698371
Registered Office	103-105 Bath Road Slough Berkshire SL1 3UH
Independent Auditor	KPMG LLP 15 Canada Square London E14 5GL

LRC Products Limited

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LRC Products Limited

Strategic Report For the Year Ended 31 December 2019

The Directors of LRC Products Limited (the "Company") present their Strategic Report for the year ended 31 December 2019.

Principal activities

The principal activity of the Company, which is a member of the Reckitt Benckiser Group plc group of companies (the Group), continues to be the manufacture and distribution of a variety of healthcare and personal products. The Company manufactures and distributes Durex products and distributes Scholl footcare and other locally owned brands, on which royalty income is received. In the view of the Directors, the Company's future development will continue to centre on the development and manufacture of branded consumer products.

Business review

Review of the business

The Company continues to manufacture and distribute healthcare and personal products. The Company also continues to own brands on which royalty income is received. There have been no changes in the Company's principal activities during the year.

Performance of the business has been generally in line with expectations.

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Key Performance Indicators ("KPIs")

The Directors of Reckitt Benckiser Group plc manage the Group's operations on a geographical and category basis. For this reason the Directors believe analysis using key performance indicators for the Company is not necessary, or appropriate for an understanding of the development, performance or position of the business.

LRC Products Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Reckitt Benckiser Group plc, which include those of the Company, are discussed on pages 80 - 92 of the Reckitt Benckiser Group plc 2020 Annual Report which does not form part of this report.

Financial risk management

The Company is a subsidiary undertaking within the Group. Cash funds of the Company are managed at Group level. Interest is received by the Company on a loan with another Group company.

Liquidity and interest rate risk

The Company's arrangements with the Group, as described above, ensure it can access the funds needed to meet its liquidity requirements as cash can be obtained through Group funding. Interest receivable on loans with other Group companies is calculated at floating rates of interest, with another loan being interest free. The Company's liquidity requirements and interest rate risks are managed at Group level.

Currency risk

The Company's functional currency is Sterling and its Financial Statements are also presented in Sterling. Some transactions undertaken by the Company are denominated in currencies other than Sterling. The Company's currency risks are managed at Group level.

Credit risk

The Company has no significant concentrations of credit risk. Financial institution counterparties are subject to approval under the Group's counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. The amount of exposure to any individual counterparty is subject to a limit defined within the counterparty risk policy, which is reassessed annually by the board of Reckitt Benckiser Group plc. Amounts owing from companies in the Group are usually remitted within the Company's standard credit terms.

COVID 19

The spread of Coronavirus disease 2019 (COVID-19) represents one of the most serious global health emergencies in the last 100 years, with the pandemic having now reached over 120 countries.

As a leader in both hygiene and health, the Group is uniquely positioned to provide tangible assistance to consumers, governments and healthcare authorities. Demand for certain Group products has increased substantially in 2020, and the Group is currently working to increase the level of available supply. At present, the Group's supply chains and distribution channels are proving both resilient and flexible, though there has been some unavoidable disruption in many parts of the world. At the same time, as the situation develops, it is possible that the Group will experience increased levels of disruption, particularly in those countries and regions that are hardest hit. Longer term, the economic consequences associated with COVID-19 are difficult to predict, however they may lead to weakened demand for some Reckitt Benckiser products.

As set out in the basis of preparation in its 2020 consolidated Financial Statements for the year ended 31 December 2020, the Group assessed the impact of COVID-19 on its going concern and viability statement. This assessment concluded that, even with COVID-19 and the occurrence of other unexpected scenarios, the Group would still have sufficient funds to trade, settle its liabilities as they fall due, and remain compliant with financial covenants.

Based on this assessment updated on 04 May 2021, and given the nature of the Company's operations, the Directors remain satisfied that amounts owed by Group undertakings (refer Note 10) are unlikely to be materially impacted by COVID-19, and that the Company will not need to take responsive steps to continue functioning as a going concern.

LRC Products Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Statement under section 172 of the Companies Act 2006

This statement, which forms part of the Strategic Report, is intended to show how the Directors have approached and met their responsibilities under s172 Companies Act 2006 during 2019. The statement has been prepared in response to the obligations as set out in the Companies (Miscellaneous Reporting) Regulations 2018.

As required by s172 of the UK Companies Act 2006, a Director of a Company must act in a way s/he considers, in good faith, would most likely promote the success of the Company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- Company's reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

In discharging our section 172 duties we have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. As a Board our aim is always to uphold the highest standards of governance and conduct, taking decisions in the interests of the long-term sustainable success of the Company, generating value for our shareholders and contributing to wider society. We recognise that our business can only grow and prosper over the long term by understanding the views and needs of our stakeholders. Understanding our stakeholders is key to ensuring the Board can have informed discussions and factor stakeholder interests into decision-making. Those factors, for example, include the interests and views of our suppliers and other members of our Group. By considering the Company's purpose and values, together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances. In particular:

- The strategy of the Group applies to the Company, as a member of the Group, and shapes the Company's business operations and activities. Details of the Group's long-term strategy can be found on pages 10 to 55 of the Group 2020 Annual Report, which is available at www.reckitt.com.
- The Company is committed to responsible and ethical corporate behaviour. This includes high standards of business conduct in our relationships. The Company operates under documented policies approved by the Group, including the Group's Code of Business Conduct, Global Anti-Bribery Policy, Data Privacy Policies and Global Anti-Money Laundering Policy and processes are in place to ensure compliance therewith.

We delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the Directors consider the Company's activities and make decisions. As a part of those meetings the Directors receive information on section 172 matters when making relevant decisions. The directors then consider a range of factors. These include the long term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in our business and the expectations of the Group. In addition, the Board have received training on, and considered, practices, policies and initiatives within the Reckitt group of companies which are considered to contribute towards behaviours and a culture which, in the pursuit of success for the benefit of our shareholders as a whole, are consistent with our goals in relation to stakeholders.

LRC Products Limited

Strategic Report (continued) For the Year Ended 31 December 2019

Results for the year and movement on reserves

The Financial Statements for the year ended 31 December 2019 show a profit of £13,002k (2018 - £12,887k) which has been added to reserves (2018 - added to reserves).

The Directors do not recommend the payment of a dividend (2018 - £Nil).

Future developments

No significant change in the business of the Company has taken place during the year or is expected in the immediately foreseeable future.

This report was approved by the Board on 4 May 2021 and signed on its behalf.

DocuSigned by:

James Edward Hodges



Signer Name: James Edward Hodges
Signing Reason: I approve this document
Signing Time: 04 May 2021 | 16:44 BST

James Edward Hodges
Company Secretary
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LRC Products Limited

Directors' Report to the members of LRC Products Limited For the Year Ended 31 December 2019

The Directors present their report and the audited Financial Statements for the year ended 31 December 2019.

Directors

The Directors of the Company who held office during the year and up to the date of signing of the Financial Statements, unless otherwise stated, were as follows:

John Dixon
Charles David Everitt
Harminder Singh Viridi (appointed 1 January 2019)
James Stephen Tilley (resigned 1 January 2019)

Directors' indemnity

On 28 July 2009, Reckitt Benckiser Group plc executed a deed poll of indemnity for the benefit of each individual who is, at any time on, or after 28 July 2009, an officer of Reckitt Benckiser Group plc and/or any company within the Group in respect of costs of defending claims against them and liabilities suffered or incurred by them.

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'*.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

LRC Products Limited

Directors' Report to the members of LRC Products Limited (continued) For the Year Ended 31 December 2019

Results for the year and movement on reserves

The Company's results for the year and movements on reserves are included in the Strategic Report on page 3.

Financial risk management

The Company's approach to managing financial risk is included in the Strategic Report on page 2.

Future developments

No significant change in the business of the Company has taken place during the year or is expected in the immediately foreseeable future.

Going concern

The Company participates in the Group's centralised treasury arrangements and so shares the banking arrangements with its parent and fellow subsidiaries.

On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of Reckitt Benckiser Group plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Independent auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report to the members of LRC Products Limited is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that 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 auditor is aware of that information.

This report was approved by the Board on 4 May 2021 and signed on its behalf.

DocuSigned by:

John Dixon



Signer Name: John Dixon
Signing Reason: I approve this document
Signing Time: 02-May-2021 | 14:44 BST

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John Dixon

Director

LRC Products Limited

Independent Auditor's Report to the Members of LRC Products Limited

Opinion

We have audited the Financial Statements of LRC Products Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the Financial Statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the Financial Statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic Report and Directors' Report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the Financial Statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

LRC Products Limited

Independent Auditor's Report to the Members of LRC Products Limited (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the Financial Statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

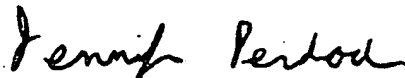
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



JENNIFER PERDOCH (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 5 May 2021

LRC Products Limited

Profit and Loss Account and Other Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	3	71,517	75,542
Cost of sales		(54,860)	(58,906)
Gross profit		16,657	16,636
Distribution costs		(284)	(217)
Administrative expenses		(7,324)	(8,766)
Other operating income	4	-	3,824
Operating profit	4	9,049	11,477
Interest receivable and similar income	5	6,960	4,545
Profit before tax		16,009	16,022
Tax on profit	6	(3,007)	(3,135)
Profit for the financial year		13,002	12,887
Other comprehensive income			
Remeasurements of net defined benefit obligation	16	(7,100)	40,400
Movement of deferred tax relating to pension asset		1,207	(6,868)
Other comprehensive income		(5,893)	33,532
Total comprehensive income		7,109	46,419

The notes on pages 12 to 29 form part of these Financial Statements.

LRC Products Limited
Registered number:00698371

Balance Sheet
As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed Assets			
Intangible Assets	7	26,755	29,062
Investments	8	-	-
Post employment benefits	15	63,000	69,600
		89,755	98,662
Current Assets			
Stocks	9	2,828	2,979
Debtors due within one year	10	749,902	733,574
Cash at bank and in hand		126	29
		752,856	736,582
Creditors due within one year	11	(144,476)	(154,481)
Net Current Assets		608,380	582,101
Total Assets less Current Liabilities		698,135	680,763
Creditors: amounts falling due after more than one year	13	(10,263)	-
Provisions for liabilities	12	(64)	(64)
		(64)	(64)
Net Assets		687,808	680,699
Equity			
Share capital	14	92,088	92,088
Retained earnings		595,720	588,611
Total Equity		687,808	680,699

The notes on pages 12 to 29 form part of these Financial Statements.

The Financial Statements on pages 9 to 29 were approved and authorised for issue by the Board and were signed on its behalf on 4 May 2021.

DocuSigned by:

John Dixon



Signer Name: John Dixon
Signing Reason: I approve this document
Signing Time: 02-May-2021 | 14:45 BST

John Dixon

Director

LRC Products Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2019	92,088	588,611	680,699
Comprehensive income			
Profit for the financial year	-	13,002	13,002
Other comprehensive income	-	(5,893)	(5,893)
Total comprehensive income	-	7,109	7,109
Total transactions with owners	-	-	-
At 31 December 2019	92,088	595,720	687,808

Statement of Changes in Equity For the Year Ended 31 December 2018

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2018	92,088	542,192	634,280
Comprehensive income			
Profit for the financial year	-	12,887	12,887
Other comprehensive income	-	33,532	33,532
Total comprehensive income	-	46,419	46,419
Total transactions with owners	-	-	-
At 31 December 2018	92,088	588,611	680,699

The notes on pages 12 to 29 form part of these Financial Statements.

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting Policies

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

1.1 General Information

LRC Products Limited is a private company limited by shares and is incorporated in England and Wales. The address of the registered office is given on the Company Information page at the beginning of these statutory Financial Statements. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 4.

1.2 Statement of compliance

The Financial Statements have been prepared on a going concern basis, under the historical costs convention and in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102, "*The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland*" ("FRS 102") and the Companies Act 2006.

1.3 Basis of Preparation

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

1.4 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 FRS 102 for qualifying entities:

- the requirements of section 3 Financial Statement Presentation paragraph 3.17(d) and section 7 Statement of Cash Flows not to prepare a Statement of Cash Flows; and
- the requirements of section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation in total.

The Company's results are included in the publicly available consolidated Financial Statements of Reckitt Benckiser Group plc and these Financial Statements may be obtained from 103-105 Bath Road, Slough, Berkshire, United Kingdom, SL1 3UH or at <https://www.reckitt.com>.

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting Policies (continued)

1.5 Going concern

The Directors have received indication from Reckitt Benckiser Group plc to the effect that it will ensure that the Company has sufficient funds to enable it to continue as a going concern without significant curtailment of its operations for the foreseeable future and at least the next twelve months from the date of this report.

The Directors, having assessed the responses of the Directors of the Company's parent Reckitt Benckiser Group plc to their enquiries, have no reason to believe that a material uncertainty exists that may cause significant doubt about the ability of Reckitt Benckiser Group plc to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the Company's financial position and the enquiries made of the Director's of Reckitt Benckiser plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

1.6 Consolidation

The Financial Statements contain information about LRC Products Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated Financial Statements as it and its subsidiary undertakings are included in the consolidated Financial Statements of its ultimate parent company, Reckitt Benckiser Group plc, a company registered in England and Wales.

1.7 Turnover

Turnover is defined as the amount invoiced to customers during the year which is gross sales net of trade discounts and customer allowances and exclusive of Value Added Tax and other sales-related taxes. Turnover is recognised at the point at which the risks and rewards of the goods have passed to the customer.

Royalty income received from other group companies is also recognised in turnover on an accrual basis in accordance with the substance of the royalty agreements.

1.8 Foreign Currency Balances

The Company's functional and presentational currency is Sterling, therefore foreign currency is determined to be any currency other than Sterling.

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange on the day the transaction occurs. Monetary assets and liabilities denominated in a foreign currency are translated into Sterling at the exchange rate ruling on the Balance Sheet date.

1.9 Interest

Interest payable is charged to the Profit and Loss Account and Other Comprehensive Income as incurred and interest receivable is credited as it falls due.

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting Policies (continued)

1.10 Taxation

Tax is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognised to the extent that they are considered recoverable.

1.11 Intangible assets

Goodwill arising on acquisition of a business is recorded at the excess of purchase consideration over the fair value of assets and liabilities acquired. Goodwill is amortised over 20 years on a straight line method.

Trademarks, brands, know how, customer relationships, patents and capitalised development and other intangibles are amortised over 50 years on a straight line method in line with the Directors' view of their useful economic lives. The Directors, to determine whether there should be a reduction to reflect any impairment, review their carrying value annually.

1.12 Investments

Investments are stated at the lower of cost or their recoverable amount, which is determined as the higher of net realisable value and value in use. A review of the potential impairment of an investment is carried out by the Directors if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. Such impairment reviews are performed in accordance with FRS 102 Section 27 'Impairment of assets'.

1.13 Stock

Stock is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises materials, direct labour and an appropriate proportion of overhead expenses and is arrived at by the 'first in - first out' method.

1.14 Operating leases: Lessee

Operating lease rentals are charged against profit on a straight line basis over the period of the lease.

1.15 Pension commitments

The Company provides pensions to employees through both a defined contribution pension scheme and a defined benefit pension scheme. The assets of these schemes are held independently of the Company.

The Company has a defined benefit pension scheme that is closed to new members. The regular service cost of providing the retirement benefits to members of the scheme during the year is charged to operating profit in the year. The full cost of providing amendments to benefits in respect of past service is also charged to operating profit in the year.

Income representing the expected return on assets of the fund during the year is included within other finance costs. This is based on the market value of the assets of the fund at the start of the financial year. A cost representing the interest on the liabilities of the fund during the year is also included within other finance costs. This arises from the liabilities of the fund being one year closer to payment.

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. Accounting Policies (continued)

1.15 Pension commitments (continued)

Differences between actual and expected returns on assets during the year are recognised in the Profit and Loss Account and Other Comprehensive Income in the year, together with differences arising from changes in assumptions underlying the present value of scheme liabilities and experience gains and losses arising on scheme liabilities.

The amount charged to the Profit and Loss Account and Other Comprehensive Income for the defined contribution scheme is the contributions payable in the period. Any difference between amounts charged to the Profit and Loss Account and Other Comprehensive Income and contributions paid to the pension scheme is shown as a separately identified liability or asset in the Balance Sheet.

1.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date.

1.17 Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of basic financial assets and liabilities, including trade and other receivables and payables and loans to and from related parties. These transactions are initially recorded at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipt discounted at a market rate of interest, and subsequently recognised at amortised cost.

(a) Financial Assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in Profit and Loss Account and Other Comprehensive Income or Expense.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(b) Financial Liabilities

Basic financial liabilities, including loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits.

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting Estimates and Judgements

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

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

In preparing these Financial Statements, the Directors have had to make the following judgements:

- The value of the Company's defined benefit pension plan obligations are dependent on a number of key assumptions. These include assumptions over the rate of increase in pensionable salaries, the discount rate to be applied, the level of inflation and the life expectancy of the scheme members. Detail of the key assumptions and the sensitivity of the principles schemes carrying values to changes in the assumptions are set out on Note 15.
- Brands and trademarks are amortised over 50 years in line with the Directors' view of their useful economic lives. The Directors, to determine whether there should be reduction to reflect any impairment, review their carrying value annually.

The Company's Directors are of the opinion that there are no further judgements or estimates that have a significant risk of casting material adjustment to the carrying value of assets and liabilities for the Company within the next financial year.

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

3. Turnover

(i) An analysis of turnover by geographical location is as follows:

	2019 £000	2018 £000
United Kingdom & Ireland	22,163	12,964
Continental Europe	4,496	17,810
Asia Pacific and Rest of World	44,858	44,768
	71,517	75,542

(ii) An analysis of turnover by category is given below:

	2019 £000	2018 £000
Sale of goods	58,388	61,603
Royalties	13,129	13,939
	71,517	75,542

4. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £000	2018 £000
Amortisation of intangible assets	2,307	2,307
Foreign exchange losses/(gains)	224	(78)
Other operating income	-	(3,824)
	-	(3,824)

In 2018, the Company wrote off historical balances with a value of £3,824k.

5. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from Group undertakings	5,160	3,845
Defined benefit pension scheme income, net	1,800	700
	6,960	4,545

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

6. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profit for the year	2,859	3,590
Adjustments in respect of previous periods	8	110
Total current tax	2,867	3,700
Deferred tax		
Origination and reversal of timing differences	164	(513)
Effect of changes in tax rates	(17)	55
Adjustments in respect of previous periods	(7)	(107)
Total deferred tax	140	(565)
Tax on profit	3,007	3,135

Reconciliation of tax charge

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before tax	16,009	16,022
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	3,042	3,044
Effects of:		
Expenses not deductible for tax purposes	-	48
Adjustments in respect of previous periods	1	3
Transfer pricing adjustments	(19)	(15)
Effect of changes in tax rates	(17)	55
Total tax charge for the year	3,007	3,135

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

6. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax liability as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate would remain at 19% and not reduce to 17% from 1 April 2020. Additionally in the 3 March 2021 budget it was announced that the UK 's main corporation tax rate is to increase to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the Balance Sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. The effect of these changes on the Company's deferred tax balance is not material.

7. Intangible assets

	Brands £000	Goodwill £000	Trademark, know how and customer relationship £000	Patents and capitalised developme nt £000	Other intangibles £000	Total £000
Cost						
At 1 January 2019	24,242	41,892	9,343	18,093	45,004	138,574
At 31 December 2019	24,242	41,892	9,343	18,093	45,004	138,574
Accumulated amortisation						
At 1 January 2019	12,995	24,077	9,343	18,093	45,004	109,512
Charge for the year	309	1,998	-	-	-	2,307
At 31 December 2019	13,304	26,075	9,343	18,093	45,004	111,819
Net book value						
At 31 December 2019	10,938	15,817	-	-	-	26,755
At 31 December 2018	11,247	17,815	-	-	-	29,062

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

8. Investments

	Investments in subsidiary undertakings* £000*
Cost	
At 1 January 2019 and 31 December 2019	-
	-
Impairment	
At 1 January 2019 and 31 December 2019	-
	-
Net book value	
At 31 December 2019	-
	-
At 31 December 2018	-
	-

* The value is below £1,000.

Direct Subsidiary Undertakings

The following were direct subsidiary undertakings of the Company:

Name	Class of shares	Holding	Registered office
SSL (MG) Products Limited	Ordinary	50 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Durex Limited	Ordinary	50 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
LRC Secretarial Services Limited	Ordinary	50 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
LI Pensions Trust Limited	Ordinary	50 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom

The Directors believe that the carrying value of the investments is supported by their net assets.

Indirect Subsidiary and Other Participating Interests Undertakings

The following was the indirect subsidiary and other participating interests undertakings of the Company:

Name	Class of shares	Holding	Registered office
SSL (MG) Polymers Limited	Ordinary	25 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Stocks

	2019 £000	2018 £000
Raw materials and consumables	421	625
Work in progress	1,569	1,226
Finished goods and goods for resale	838	1,128
	2,828	2,979

The Directors consider that there is no material difference between the replacement cost of stocks and their Balance Sheet values.

10. Debtors due within one year

	2019 £000	2018 £000
Amounts owed by Group undertakings	749,735	733,574
Other debtors	167	-
	749,902	733,574

Of the amounts owed by Group undertakings £738,421k (2018 - £719,949k) is interest bearing at LIBOR less 0.125% (2018 - same) is unsecured, interest free is £2,357k (2018 - £3,694k) and repayable on demand. The remainder relates to regular intercompany transactions which are paid based on intercompany payment policy.

11. Creditors due within one year

	2019 £000	2018 £000
Trade creditors	4,758	6,001
Amounts owed to Group undertakings	139,703	137,145
Deferred tax liability (Note 13)	-	11,330
Accruals and deferred income	15	5
	144,476	154,481

Of the amounts due to Group undertakings £124,020k (2018 - £125,421k) is unsecured, interest free and repayable on demand and the remainder relates to regular intercompany transactions which are paid based on intercompany payment policy. The remainder relates to regular intercompany transactions which are paid based on intercompany payment policy.

Creditors: amounts falling due after more than one year relates to deferred tax liability of £10,262k (Note 13).

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Provisions for liabilities

	2019 £000
At 1 January 2019	64
At 31 December 2019	64

The provision at 31 December 2019 of £64k (2018 - £64k) relates to an onerous lease provisions, which arose from the merger of the Seton, Scholl and LIG Group.

13. Deferred tax

	2019 £000
At the beginning of year	11,330
Credited to profit and loss account	(1,067)
At end of year	10,263

The deferred tax liability is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	(406)	(492)
Short term timing differences	10,669	11,822
	10,263	11,330

	2019 £000	2018 £000
- Deferred tax (assets) Recoverable after 12 months	(406)	-
- Deferred tax liabilities Payable after 12 months	10,669	-
	10,263	-

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

14. Share Capital

	2019	2018
	£000	£000
Issued and fully paid		
92,087,800 (2018 - 92,087,800) Ordinary shares of £1 each	92,088	92,088

15. Defined Benefit Pension Scheme

The Company operates a number of defined benefit schemes following the transfer of trade and assets from Scholl Consumer Products and SSL Products in March 2007. All schemes are closed to new members. Independent actuaries assess the finances of all schemes regularly and all assets of the schemes are held in separate trustee administered funds. The schemes have provided benefits for the employees as outlined below:

Seton

Accrual of further service related benefits under this scheme ceased in August 1995, but existing benefits at that date are maintained. The latest valuation of the scheme by independent actuaries was at 5 April 2018. The Company expects to make no contributions into the scheme during the next financial year.

Scholl

Accrual of further service related benefits under this scheme ceased in August 2000, but benefits accrued to 31 August 2000 continue to be provided from the scheme. The latest valuation of the scheme by independent actuaries was at 5 April 2018. The Company expects to make no contributions into the scheme during the next financial year.

LIG

Accrual of further service related benefits under this scheme ceased in January 2001, but benefits accrued to 31 January 2001 continue to be provided from the scheme. The latest valuation of the scheme by independent actuaries was at 31 March 2018. The Company expects to make no contributions into the scheme during the next financial year.

The most recent valuation for each scheme, as at the dates above, was updated for FRS 102 purposes to 31 December 2019 by independent actuaries.

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Defined Benefit Pension Scheme (continued)

The principal assumptions used by the actuaries in determining the present value of the liabilities are given below.

Life expectancy (years)	31 December 2019			31 December 2018		
	LIG	Scholl	Seton	LIG	Scholl	Seton
60 year old male retiring in the current period	27.0	27.2	27.6	26.9	27.1	27.5
Male retiring in 15 years at age 60	28.4	28.3	28.7	28.3	28.2	28.6
60 years old female retiring in the current period	28.5	28.7	28.2	28.4	28.6	28.2
Female retiring in 15 years at age 60	30.0	29.9	29.5	29.9	29.8	29.4

Under FRS 102, the expected return on assets is assumed to equal the discount rate, e.g. at 31 December 2019 this is 1.9% per annum.

	31 December 2019	31 December 2018
Rate of increase in salaries	5.20%	5.40%
Pension increase per annum (Seton)	2.95%	3.10%
Pensions accrued to 6 April 1997 (Scholl)		
- Closed section	3.00%	3.00%
- Open section	2.40%	2.60%
Pensions accrued from 6 April 1997 (Scholl)		
- Closed section	3.45%	3.50%
- Open section	2.50%	2.50%
Pre April 1997 (LIG)	2.50%	2.50%
Post April 1997 (LIG)	2.50%	2.50%
Discount rate applied to scheme liabilities	1.90%	2.70%
Inflation assumption (RPI)	3.20%	3.40%
Inflation assumption (CPI)	2.50%	2.40%

On 8 July 2010, it was announced that the UK Government will in future use the Consumer Prices Index 'CPI' rather than the Retail Prices Index 'RPI' in its determination of pension increases for private sector occupational pension schemes. For all schemes, the change to CPI has been applied to the assumed revaluation on deferred revaluation, and the assumed pension increases for accrual from 6 April 1997.

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Defined Benefit Pension Scheme (continued)

The assets across the three schemes and the expected rate of return as at 31 December 2019 and 2018 were:

	31 December 2019	31 December 2019	31 December 2018	31 December 2018
	Long term rate of return for forthcoming year	£'000	Long term rate of return for forthcoming year	£'000
Equities	1.90%	-	2.70%	-
Corporate bonds	1.90%	94,800	2.70%	80,800
Government bonds	1.90%	285,200	2.70%	285,100
Property	1.90%	-	2.70%	-
Cash	1.90%	12,700	2.70%	16,700
Insured pensions	1.90%	1,100	2.70%	1,100
Fair value of plan assets		393,800		383,700
Present value of scheme liabilities		(313,000)		(295,700)
Surplus in schemes		80,800		88,000
Irrecoverable surplus*		(17,800)		(18,400)
Defined benefit asset at end of year		63,000		69,600
Deferred tax asset		1,207		(6,868)
Net pension asset		63,000		62,732

* This relates to the asset restriction applied on Scholl and Seton schemes as the Company does not have right to surplus from these schemes in accordance with section 28 (paragraph 22) of FRS 102.

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Defined Benefit Pension Scheme (continued)

Reconciliation of present value of plan liabilities:

	2019 £000	2018 £000
At 1 January	(295,700)	(360,800)
Actuarial (loss)/gain	(27,200)	58,200
Past service cost – GMP equalisation	-	(2,900)
Interest expense on plan liabilities	(7,800)	(8,500)
Benefits paid	17,700	18,300
At the end of the year	(313,000)	(295,700)

Reconciliation of present value of plan assets:

	2019 £000	2018 £000
At 1 January	383,700	404,800
Actuarial gain/(loss)	19,000	(11,000)
Benefits paid	(17,700)	(18,300)
Interest income on plan assets	10,100	9,400
Administrative expenses	(1,300)	(1,200)
At the end of the year	393,800	383,700

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Defined Benefit Pension Scheme (continued)

Expense recognised in the Profit and Loss Account and Other Comprehensive Income

	2019	2018
	£000	£000
Net interest income on net defined benefit asset	2,300	900
Administrative expenses	(1,300)	(1,200)
	<hr/>	<hr/>
Net benefit credit/(expense) before special events	1,000	(300)
Past service cost – GMP equalisation	-	(2,900)
Adjustment due to asset restriction on irrecoverable surplus	(500)	(200)
	<hr/>	<hr/>
Disclosed credit/(expense)	500	(3,400)
	<hr/> <hr/>	<hr/> <hr/>

The expense is recognised in the following line items in the Profit and Loss Account and Other Comprehensive Income

	2019	2018
	£000	£000
Administrative expenses (including past service cost)	-	(4,100)
Interest receivable and similar income	500	700
	<hr/> <hr/>	<hr/> <hr/>

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Defined Benefit Pension Scheme (continued)

Analysis of amounts recognised in the Other Comprehensive Income

	2019 £000	2018 £000
Actual return less expected return on scheme assets	19,000	(11,000)
Actuarial gain due to liability experience	-	22,500
Changes in assumption underlying the present value of the scheme liabilities	(27,200)	35,700
Adjustment due to asset restriction on irrecoverable surplus	1,100	(6,800)
	(7,100)	40,400

History of plans

The history of the plans for the current year and prior year is as follows:

Balance sheet

	2019 £000	2018 £000
Fair value of plan assets	393,800	383,700
Present value of funded obligations	(313,000)	(295,700)
Surplus	80,800	88,000
Irrecoverable surplus	(17,800)	(18,400)
Net balance sheet asset	63,000	69,600

Experience adjustments

	2019	2018
Difference between expected return and actual return on scheme assets		
- Amount (£'000)	19,000	(11,000)
- Percentage of year end scheme assets (%)	5%	(3)%
Experience gains on scheme liabilities		
- Amount (£000)	-	22,500
- Percentage of year end scheme liabilities (%)	0%	8%

LRC Products Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16. Directors and Employees

During the year, the Company had 4 Directors (2018 - 5 Directors) resident in the UK, none (2018 - none) of whom received any emoluments in respect of services to the Company. None (2018 - none) of the Directors who resigned in the year received any compensation for loss of office. The Directors are also directors of fellow subsidiaries and it is not practical to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the above details no remuneration in respect of the Directors. The Directors have no material interest in any contract of significance to the company's business.

17. Related Party Transactions

During the year, the Company made Sales for £42,990k (2018 – £12,199k) Reckitt Benckiser (China Trading) Limited, another group company. Reckitt Benckiser (China Trading) Limited is 80% owned by the company and 20% by a third-party shareholder.

During the year, the Company made Sales for £726k (2018 - £590k) from RB T.M. Sanayi Ve Ticaret A.S., another group company. RB T.M. Sanayi Ve Ticaret A.S. is 99.96% owned by the company and 0.4% by a third-party shareholder.

During the year, the Company received royalties for £131k (2018 - £139k) from Reckitt Benckiser Nigeria Ltd, another group company. Reckitt Benckiser Nigeria Ltd is 99.53% owned by the company and 0.47% by a third-party shareholder.

18. Ultimate Parent Undertaking and Controlling Party

The immediate parent company is London International Group Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party is Reckitt Benckiser Group plc, a company incorporated in England and Wales, which is the parent undertaking of the smallest and largest Group to consolidate these Financial Statements. Copies of the Group Financial Statements of Reckitt Benckiser Group plc can be obtained from 103-105 Bath Road, Slough, Berkshire, United Kingdom, SL1 3UH or at <https://www.reckitt.com>.

19. Auditor's Remuneration

The auditor's remuneration is met by the ultimate parent company, Reckitt Benckiser Group plc and is disclosed in total in the Group Financial Statements. Amounts receivable by the Company's auditor in respect of the audit of these Financial Statements is £20k. It was not practical to make an allocation of the audit fee to the Company in 2018.

20. Post Balance Sheet Event

Reckitt have entered into an agreement in relation to the proposed sale of Scholl. This is subject to a number of closing conditions.