

**Reckitt Benckiser Healthcare
International Limited**

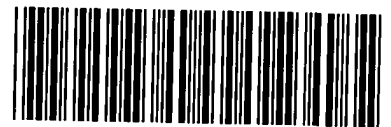
Report and Financial Statements

Year ended

31 December 2019

Company Number 02741587

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Reckitt Benckiser Healthcare International Limited
Company Information

Directors	John Dixon Harminder Singh Viridi
Company Secretary	James Hodges
Registered Number	02741587
Registered Office	103-105 Bath Road Slough Berkshire SL1 3UH United Kingdom
Independent Auditor	KPMG LLP 15 Canada Square London E14 5GL

Reckitt Benckiser Healthcare International Limited

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Reckitt Benckiser Healthcare International Limited

Strategic Report For the year ended 31 December 2019

The Directors of Reckitt Benckiser Healthcare International Limited (the "Company") present their Strategic Report for the year ended 31 December 2019.

Principal activities

The principal activities of the Company, which is a member of the Reckitt Benckiser group of companies (the "Group"), are the development and manufacture of consumer healthcare products in the UK, concentrating on three categories: analgesics, cough and cold, and skincare.

Review of business and key performance indicators ("KPIs")

In the view of the Directors, the Company's future development will continue to centre on the main categories of consumer and healthcare products in which it operates.

The Financial Statements for the year ended 31 December 2019 show a profit for the financial year of £5,295k (2018 - £5,154k) which has been added to reserves. The Directors do not recommend payment of a dividend (2018 - £nil). The Company has net assets of £258,693k (2018: £255,274k).

Principle Risks

The principal risks and uncertainties of the Company are integrated with the principal risks of the Group. Accordingly, the principal risks and uncertainties of Reckitt Benckiser Group plc, which include those of the Company, are discussed in the Group's financial statements which do not form part of this report.

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 section 172 of the 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 section 172 of the 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.

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 the Company's workforce, customers, consumers, suppliers, regulators, other members of our Group and the local communities in which the Company operates. 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 6 to 15 of the Group 2019 Annual Report, which is available at www.rb.com.

Reckitt Benckiser Healthcare International Limited

Strategic report (continued)

For the year ended 31 December 2019

- We understand the importance of engaging with, and understanding the perspectives of, our workforce. We also recognise the benefits of personal interaction and informal discussions in learning more about the day-to-day operations; the development and execution of strategy and gathering direct insight into our culture and workforce engagement. For further details on how the Company has engaged with employees, please see page 3-5 of the Directors' Report.
- 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.

As is normal for large companies, 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. We, in conjunction with our executive management team, regularly review quality including health and safety matters, financial and operational performance and legal and regulatory compliance. We also review other areas over the course of the financial year including the Company's business strategy, key risks, stakeholder-related matters, diversity and inclusivity, corporate responsibility and governance, compliance and legal matters. 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.

Financial risk management

The Group's financing and financial risk management activities are centralised into the Group Treasury Centre. Details of the Group's risk management activities are disclosed in the Reckitt Benckiser Group plc Annual Report.

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/payable on loans with other Group companies is calculated at non-interest bearing and floating rates of interest. The Company's liquidity requirements and interest rate risks are managed at a 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. In general, the Company purchases derivatives to manage its exposure to currency risk on such transactions. The Group's currency risks are managed at Group level.

This report was approved by the Board on 20 August 2020 and signed on its behalf.



Harminder Singh Virdi
Director

Reckitt Benckiser Healthcare International Limited

Directors' Report 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:

James Tilley (Resigned 01/01/2019)
John Dixon
Harminder Singh Viridi (Appointed on 01/01/2019)

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. This was in force during the financial year and at the date of approval of the Financial Statements.

Employment of disabled persons

The Company recognises its responsibilities to disabled persons and endeavours to assist them to make full contribution at work. Where employees become disabled, every practical effort is made to allow them to continue in their jobs or to provide retraining in suitable alternative work.

Employee involvement

During 2019, the Company employed an average of 778 (2018: 810) people. The Company is committed to the principle of equal opportunity in employment; no applicant or employee receives less favourable treatment on the grounds of nationality, age, gender, religion or disability.

It is essential to the continued improvement in efficiency and productivity that each employee understands the Company's strategies, policies and procedures.

Open and regular communication with employees at all levels is an essential part of the management process. A continuing programme of training and development reinforces the Company's commitment to employee involvement.

Regular departmental meetings are held where opinions of employees are sought on a variety of issues. The Company operates multi-dimensional internal communication programmes which include the provision of an intranet and the publication of regular Company newsletters.

Company incentive schemes reinforce financial and economic factors affecting the performance of the business. All employees have 3-5 performance objectives which are directly linked to their job and their role in the overall performance of the Company.

Employees are encouraged to become shareholders and to participate in the Reckitt Benckiser Group employee share ownership schemes.

Reckitt Benckiser Healthcare International Limited

Directors' Report (Continued)
For the year ended 31 December 2019

Financial performance, dividends and S.172

Details of financial performance and dividends are included in the Strategic report on pages 1-2. The directors have had regard to the need to foster the company's business relationships with suppliers, customers and others during the financial year, details of this are included in the Strategic report on pages 1-2

Future developments

The significant consideration for the future relates to COVID-19:

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 Q1 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 some parts of the world. At the same time, as the situation develops, it is likely 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 RB products.

As set out on page 77 of its 2019 Annual Report and Financial Statements, 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.

Financial risk management

Financial risk management is set out within the Strategic Report on pages 1-2.

Charitable and political donations

Charitable donations in the UK amounted to £nil (2018: £nil). No political donations were made (2018: £nil).

Research and development

The Company continues to invest in research and development to rapidly design and develop new or improved product offerings in line with agreed consumer concepts and to lead mid to long term discovery programmes aimed at providing a stream of both breakthrough and efficient technologies across the business.

Going concern

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

The Directors, having assessed the responses of the directors of the Company's ultimate 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 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.

Reckitt Benckiser Healthcare International Limited

Directors' Report (Continued)
For the year ended 31 December 2019

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.

Disclosure of information to Auditor

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

- as far as that Director is aware, there is no relevant audit information of which the Company's auditor's are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's Auditor in connection with preparing their report and to establish that the Company's Auditor's is aware of that information.

This report was approved by the board and signed on its behalf on 20 August 2020.



Harminder Singh Viridi
Director

Reckitt Benckiser Healthcare International Limited

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

For the year ended 31 December 2019

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 period. In preparing these 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 UK accounting standards 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.

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

Independent Auditor's report to the members of Reckitt Benckiser Healthcare International Limited

Opinion

We have audited the financial statements of Reckitt Benckiser Healthcare International Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, 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, including the impact of Brexit, 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 the 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.

Independent Auditor's report to the members of Reckitt Benckiser Healthcare International 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 6, 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.

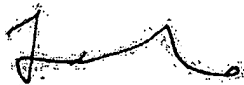
Auditor's responsibilities

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.



Jeremy Williams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

20 August 2020

Reckitt Benckiser Healthcare International Limited
Statement of Comprehensive Income
For the year ended 31 December 2019

	note	2019 £000	2018 £000
Turnover	3	143,402	155,326
Cost of sales		<u>(138,575)</u>	<u>(148,434)</u>
Gross profit		4,827	6,892
Distribution expenses		(486)	(1,208)
Administrative income/ (expenses)		1,251	(332)
Operating profit	4	<u>5,592</u>	<u>5,352</u>
Interest receivable and similar income	7	1,358	1,077
Interest payable and similar expenses	8	(190)	(1)
Profit before taxation		<u>6,760</u>	<u>6,428</u>
Tax on profit	9	(1,465)	(1,274)
Profit for the financial year		<u>5,295</u>	<u>5,154</u>
Other comprehensive Income/ (expense)		(1,876)	743
Total comprehensive income		<u>3,419</u>	<u>5,897</u>

The notes on pages 12 to 22 form part of these Financial Statements.

Reckitt Benckiser Healthcare International Limited

Balance Sheet As at 31 December 2019 Company Number 2741587

	note	2019 £000	2018 £000
Non-current assets			
Intangible assets	10	1,802	1,667
Tangible assets	11	49,953	47,094
Debtors: amounts falling due after more than one year		201,996	1,042
		<u>253,751</u>	<u>49,803</u>
Current Assets			
Stocks	12	28,576	27,957
Debtors	13	24,770	223,885
Cash and cash equivalents		18	61
		<u>53,364</u>	<u>251,903</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(48,422)	(46,432)
		<u>4,942</u>	<u>205,471</u>
Net current assets			
		<u>258,693</u>	<u>255,274</u>
Total assets less current liabilities			
		<u>258,693</u>	<u>255,274</u>
Net Assets			
		<u>258,693</u>	<u>255,274</u>
Equity			
Called up share capital	17	70,000	70,000
Share premium account		18,556	18,556
Other reserves		(1,332)	544
Retained earnings		171,469	166,174
		<u>258,693</u>	<u>255,274</u>
Total Equity			

The notes on pages 12 to 22 form part of these Financial Statements.

The Financial Statements on pages 9 to 22 were approved and authorised for issue by the board and were signed on its behalf.



Harminder Singh Viridi
Director

Reckitt Benckiser Healthcare International Limited
Statement of Changes in Equity
For the year ended 31 December 2019

	Called up share capital £000	Share premium account £000	Retained earnings £000	Other reserves £000	Total equity £000
Balance as at 1 January 2019	70,000	18,556	166,174	544	255,274
Profit for the financial year	-	-	5,295	-	5,295
Other comprehensive income	-	-	-	(1,876)	(1,876)
Total comprehensive income	-	-	5,295	(1,876)	3,419
Total transactions with owners	-	-	-	-	-
At 31 December 2019	70,000	18,556	171,469	(1,332)	258,693

	Called up share capital £000	Share premium account £000	Retained earnings £000	Other reserves £000	Total equity £000
Balance as at 1 January 2018	70,000	18,556	161,019	(199)	249,376
Profit for the financial year	-	-	5,154	-	5,154
Rounding Difference	-	-	1	-	1
Other comprehensive income	-	-	-	743	743
Total comprehensive income	-	-	5,154	743	5,898
Total transactions with owners	-	-	-	-	-
At 31 December 2018	70,000	18,556	166,174	544	255,274

The notes on pages 12 to 22 form part of these Financial Statements.

Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements For the year ended 31 December 2019

1. Accounting Policies

General Information

Reckitt Benckiser Healthcare International Limited is a private company limited by shares incorporated and registered in England. The address of the registered office is given on company information page. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 2.

Statement of Compliance

The Financial Statements have been prepared on a going concern basis, under the historical cost 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.

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).

Financial Reporting Standard 102 – Reduced Disclosure Exemptions

The Company's ultimate parent undertaking, Reckitt Benckiser Group plc includes the Company in its consolidated financial statements. The consolidated financial statements of Reckitt Benckiser Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 103-105 Bath Road, Slough, SL1 3UH or at www.rb.com. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Reckitt Benckiser Group plc include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Foreign Currency Balances

The Company's functional and presentational currency is Sterling.

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate ruling on the balance sheet date. Gains and losses on transactions are taken to the profit and loss account in the year in which they arise.

Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements For the year ended 31 December 2019

1. Accounting Policies (continued)

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, RB does not retain managerial involvement or effective control over the goods, the amount of revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to RB; and any costs incurred/to be incurred in respect of the transaction can be measured reliably.

Operating leases

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

Research and development

This expenditure is written off in the year in which it is incurred, except for expenditure on related fixed assets which is written off over the expected useful life of those assets.

Interest

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Royalties

Royalties are paid/received on the Reckitt Benckiser Group's worldwide sales of certain products. Royalties are recognised in the profit and loss account in the same period as the related sales.

Taxation

Tax is based on the result for the year and takes into account tax deferred due to timing differences between the treatment of certain items for tax 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.

Dividends

Dividends are accounted for in the period in which they are paid or are approved by the shareholders.

Intangible assets

Payments made in respect of product rights are capitalised where the rights are supported by a registered trademark, the brand is established in the marketplace, brand earnings are separately identifiable, and the brand could be sold separately from the rest of the business and where the brand achieves earnings in excess of those achieved by unbranded products. Such rights are amortised over their expected useful life.

Product rights are amortised over periods not exceeding 10 years 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.

External direct costs of software and services (cost of licences and consultants time in developing, testing and installing software and consultants travel) consumed in developing or obtaining internal use computer software are capitalised within intangible assets once technological feasibility, probable future benefits, intent and ability to use or sell the software, resources to complete the software, and ability to measure cost can be demonstrated.

Reckitt Benckiser Healthcare International Limited
Notes to the Financial Statements
For the year ended 31 December 2019

1. Accounting Policies (continued)

Tangible assets

Tangible assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Except for freehold land, the cost of properties, plant and equipment is written off on a straight line basis over the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

Freehold buildings	not more than twenty years
Plant and equipment	not more than eight years

In general, production plant and equipment and office equipment are written off over eight years, motor vehicles and computer equipment over three to five years.

Assets under construction – relate to items under construction that are not depreciated until completed. Once complete they are allocated to the appropriate fixed asset category.

Where a leased property has an option or break clause the capitalised amounts (including any associated leasehold improvements) should be depreciated over the period to the first option or break clause. Leasehold land may be depreciated over a period greater than 20 years where the lease period is for a longer period.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Stocks

Stock is valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses and is arrived at by the 'first in – first out' method. Net realisable value is the estimated selling price less applicable selling expenses.

Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable 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 amortised at the present value of the future receipt discounted at a market rate of interest and subsequently recognised at amortised cost.

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 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

Financial Liabilities

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation

is discharged, cancelled or expires.

Derivatives

Derivatives are initially recorded at fair value at the date a derivative contract is entered into and are subsequently re-measured to its fair value. Changes in the fair value of derivatives are recognised in profit or loss, except where the derivative is designated as a cash flow hedge of a highly probable forecast transaction. Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised in other comprehensive income. Any ineffectiveness in the hedging relationship is recognised in the income statement.

Pension commitments

The Company is a member of the Reckitt Benckiser UK Pension Fund. This scheme has a defined benefit and a defined contribution section providing benefits to certain employees within the Group. In respect of the defined benefit pension scheme it is not possible to identify the Company's share of the underlying assets and liabilities on a consistent and reliable basis. Therefore, payments made to the defined benefit pension scheme are treated as though they were payments to a defined contribution scheme and charged to the profit and loss account in the year that they are incurred.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

The Directors make estimates and assumptions concerning the future of the Company. The resulting accounting estimates will, by definition, seldom equate to actual results. The Company's Directors are of the opinion that there are no estimates and assumptions that have a significant risk of causing material adjustment to the carrying value of assets and liabilities for the Company within the next financial year due to the nature of the business.

3. Turnover

An analysis of turnover by geographical location is as follows:

	2019 £000	2018 £000
United Kingdom	93,385	98
Rest of Europe	34,554	137,422
Rest of World	15,463	17,806
	<u>143,402</u>	<u>155,326</u>

All the above turnover derives from business conducted from within the United Kingdom.

4. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	10,414	7,772
Amortisation of intangible fixed assets	374	313
Royalties payable	392	824
Fees payable to the company's auditor for the audit of the company	45	46

Total fees payable to the Company's auditor in respect of the audit of the financial statements amounted to £45k (2018: £46k).

Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements For the year ended 31 December 2019

5. Staff costs

	2019 £000	2018 £000
The staff costs were as follows:		
Wages and salaries	26,424	24,167
Social security costs	3,008	3,022
Other pension costs	3,062	2,986
	32,494	30,175

The average monthly number of persons employed by the company at the year-end, analysed by category was as follows:

	2019 number	2018 Number
Production	778	810

6. Directors' remuneration

No director received, or waived any remuneration for their services as director to the Company (2018: £nil).

No Directors received payments for compensation for loss of office during the year. The directors' emoluments were born by another group company. The directors are employed by other entities and none of their remuneration is deemed to relate to this entity.

7. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from Group undertakings	1,358	1,077
	1,358	1,077

8. Interest payable and other similar expenses

	2019 £000	2018 £000
Other interest payable	190	1
	190	1

Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements
For the year ended 31 December 2019

9. Tax on profit

	2019 £000	2018 £000
Corporation tax		
UK corporation tax charge on profit for the year	1,135	397
Adjustments in respect of prior periods	-	1,748
Total current tax	1,135	2,145
Deferred tax		
Origination and reversal of timing differences	284	759
Adjustments in respect of prior periods	76	(1,551)
Effect of change in tax rate	(30)	(80)
Total deferred tax	330	(872)
Taxation on profit	1,465	1,273

Reconciliation of tax charge

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

Profit on ordinary activities before tax	6,760	6,428
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	1,284	1,221
Effects of:		
Expenses not deductible for tax purposes	212	109
Adjustments in respect of prior periods	76	198
Tax rate changes	(30)	(80)
Share options	(77)	(174)
Non-taxable worldwide debt cap income	-	-
Total tax charge for the year	1,465	1,274

Factors that may affect future tax charges

The standard rate of Corporation tax in the UK is 19%.

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 asset 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. The effect of this change on the company's deferred tax balance is not material.

Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements For the year ended 31 December 2019

10. Intangible assets

	Software £000	Total £000
Cost		
At 1 January 2019	2,198	2,198
Additions	509	509
Transfers	-	-
At 31 December 2019	2,707	2,707
Accumulated amortisation		
At 1 January 2019	531	531
Charge for the year	374	374
At 31 December 2019	905	905
Net book value		
At 31 December 2019	1,802	1,802

	Software £000	Total £000
Cost		
At 1 January 2018	2,036	2,036
Additions	162	162
At 31 December 2018	2,198	2,198
Accumulated amortisation		
At 1 January 2018	218	218
Charge for the year	313	313
At 31 December 2018	531	531
Net book value		
At 31 December 2018	1,667	1,667

Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements
For the year ended 31 December 2019

11. Tangible assets

	Leasehold land and buildings £000	Plant and Equipment £000	Assets under construction £000	Total £000
Cost				
At 1 January 2019	25,158	122,311	9,210	156,679
Additions	3,954	3,982	5,337	13,273
Transfers	-	4,896	(4,896)	-
At 31 December 2019	29,112	131,189	9,651	169,952
Accumulated Depreciation				
At 1 January 2019	14,427	95,158	-	109,585
Charge for the year	1,883	8,531	-	10,414
At 31 December 2019	16,310	103,689	-	119,999
Net book value				
At 31 December 2019	12,802	27,500	9,651	49,953

	Leasehold land and buildings £000	Plant and Equipment £000	Assets under construction £000	Total £000
Cost				
At 1 January 2018	22,346	110,814	9,040	142,200
Additions	2,812	5,899	5,768	14,479
Transfers	-	5,598	(5,598)	-
At 31 December 2018	25,158	122,311	9,210	156,679
Accumulated Depreciation				
At 1 January 2018	13,432	88,381	-	101,813
Charge for the year	995	6,777	-	7,772
At 31 December 2018	14,427	95,158	-	109,585
Net book value				
At 31 December 2018	10,731	27,153	9,210	47,094

Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements For the year ended 31 December 2019

12. Stocks

	2019 £000	2018 £000
Raw materials and consumables	16,060	14,964
Work in progress	4,846	4,666
Finished goods and goods for resale	7,670	8,327
	28,576	27,957

Inventories are stated after provisions for impairment of £1,200k (2018: £537k).

13. Debtors

	2019 £000	2018 £000
Due within one year		
Amounts owed by Group undertakings	20,637	220,383
Deferred tax asset	1,601	1,554
Other debtors	1,752	770
Prepayments and accrued income	780	1,178
	24,770	223,885

	2019 £000	2018 £000
Due after one year		
Amounts owed by Group undertakings	201,996	-
	201,996	-

Included in the amounts owed by Group undertakings is an amount of £163,189k (2018: £170,098k) which is interest bearing at LIBOR minus 0.125% and is repayable on demand (2018 interest bearing at LIBOR minus 0.125%, repayable on demand). During the year the Directors have changed their intention for both balances, and they do not intend for both balances to be recalled within 12 months.

The remaining amounts owed by Group undertakings are unsecured, non-interest bearing and repayable on demand (2018 – unsecured, non-interest bearing, repayable on demand).

Trade debtors are stated after provisions for impairment of £nil (2018: £nil).

14. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Creditors within one year		
Trade creditors	25,082	27,349
Amounts owed to Group undertakings	1,365	4,172
Accruals and deferred income	20,005	12,272
Corporation tax payable	1,533	2,639
Overdraft	437	-
	48,422	46,432

The amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand (2018: unsecured, non-interest bearing and repayable on demand).

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Notes to the Financial Statements For the year ended 31 December 2019

15. Deferred taxation

	2019 £000	2018 £000
At 1 January	1,555	826
(Charged)/ credited to profit and loss account	(254)	1,550
Adjustments in respect of prior periods	(76)	(678)
Deferred tax charge in OCI for the period	376	(143)
At 31 December	1,601	1,555
The deferred tax assets are made up as follows:		
Accelerated capital allowances	1,328	1,657
Other timing differences	273	(102)
	1,601	1,555

16. Financial Instruments

	2019 £000	2018 £000
Financial Assets		
Cash and cash equivalents	18	61
Financial assets measured at amortised cost	217,148	221,153
	217,166	221,214
Financial Liabilities		
Overdraft	437	-
Financial liabilities measured at amortised cost	47,985	46,432
	48,422	46,432

17. Called up share capital

	2019 £000	2018 £000
Issued and fully paid		
70,000,002 – (2018: 70,000,002) ordinary shares of £1 each	70,000	70,000

This is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements For the year ended 31 December 2019

18. Pension scheme

Pension costs for the year of £3,055k (2018: £2,983k) represent contributions to the defined contribution scheme. There were no contributions (2018: £nil) payable to the fund at the year-end included within creditors due within one year.

Pension costs for the year of £7k (2018: £4k) represent contributions in respect of the defined benefit scheme. There were no outstanding contributions (2018: £nil) at the year-end. Of this £nil (2018: £nil) represents a payment to the group scheme for the pension deficit.

The Company participated in the Reckitt Benckiser UK Pension Fund, a Reckitt Benckiser group plc funded defined benefit scheme for UK employees. Under FRS102, where more than one employer participates in a defined benefit scheme the individual participating employers should account for the scheme as if it were a defined contribution scheme if they are unable to identify their individual shares of the underlying assets and liabilities in the scheme. The Company only participates in multi-employer schemes and the Company is unable to identify its share of the underlying assets and liabilities of the schemes. Therefore, under FRS102 the Company does not recognise any share of any surplus or deficit in respect of the joint pension schemes.

The last actuarial valuation of the Reckitt Benckiser UK Pension Fund has been updated to 31 December 2019 by a qualified independent actuary and a surplus of £235 million (2018: surplus of £156 million) was identified. The main assumptions used were that salaries will increase by 5.2% per annum (2018: 5.4%), a general inflation rate of 3.2% will apply per annum (2018: 3.4%) and that the discount rate is 1.9% (2018: 2.7%). A suitable funding plan has been prepared by the scheme actuaries and agreed by the trustees and the Group.

19. Capital Commitment

	2019 £000	2018 £000
Future capital expenditure contracted for, but not provided, in the financial statements is	3,842	5,793

The Company had no future minimum lease payments under non-cancellable operating leases in 2019 (2018: nil)

20. Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

21. Ultimate Parent Undertaking and Controlling Party

The immediate parent company is RB Holdings (Nottingham) Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party is Reckitt Benckiser Group plc a company incorporated in the United Kingdom, 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, SL1 3UH or at <http://www.rb.com>. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.