

Reckitt Benckiser (UK) Limited

Report and Financial Statements

Year ended

31 December 2019

Company Number 03982446

THURSDAY



A9DAXNNL

A19

10/09/2020

#225

COMPANIES HOUSE

Reckitt Benckiser (UK) Limited
Company Information

Directors	Rohit Chandarana John Dixon Robert Barratt
Company Secretary	James Edward Hodges
Registered Number	03982446
Registered Office	103-105 Bath Road Slough Berkshire SL1 3UH
Independent Auditor's	KPMG LLP 15 Canada Square London E14 5GL

Reckitt Benckiser (UK) Limited

Contents

	Page no.
Strategic Report	1 – 3
Directors' Report	4 – 6
Statement of directors' responsibilities	7
Independent Auditor's Report to the members of Reckitt Benckiser (UK) Ltd	8 – 9
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 – 26

Reckitt Benckiser (UK) Limited

Strategic Report

For the year ended 31 December 2019

The Directors of Reckitt Benckiser (UK) 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 of companies (the "Group") is the manufacture and sale of branded consumer products for sale to other Group companies and to act as a holding and financing company for other Group companies. The Company manufactures household cleaning and surface care products to sell to other Group companies and as a consequence inter-company debtors and related investments are, the most important part of the Statement of Financial Position. In the view of the Directors, the Company's future development will continue to centre on the main categories of household cleaning, surface care and fabric care products in which it operates.

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

The Financial Statements for the year ended 31 December 2019 show a profit for the financial year of £43,074k (2018 - profit of £2,396k). The company has net assets of £2,233,278k (2018: £2,191,338k).

During the year, the Directors did not pay dividends (2018 - nil).

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 KPIs for the Company is not necessary, or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the Hygiene and Personal Care category of Reckitt Benckiser Group plc, that includes the Company, is discussed in the Group's Financial Statements which does 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 (UK) 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 4-6 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. These include matters affecting 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.

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.

Financial risk management

The Company'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 Reckitt Benckiser Group plc, 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. The Company purchases derivatives to manage its exposure to currency risk on such transactions.

Reckitt Benckiser (UK) Limited
Strategic report (continued)
For the year ended 31 December 2019

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. The credit history of counterparties and external trade debtors is also monitored regularly.

This report was approved by the board and signed on its behalf on 07 September 2020.

DocuSigned by:
Rohit Chandarana
Signer Name: Rohit Chandarana
Signing Reason: I approve this document
Signing Time: 07-09-2020 12:55 BST
6583FAE045D646CEAA71BC3F65648D96
Rohit Chandarana
Director
103-105 Bath Road
Slough
Berkshire
SL1 3UH

Reckitt Benckiser (UK) 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:

Rohit Chandarana
John Dixon
Jaime Cruz (Resigned on 31 January 2020)
Robert Barratt (Appointed on 31 January 2020)

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 third party liabilities. This was in force during the financial period 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 a 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 287 (2018: 335) 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 Group's employee share ownership schemes.

Financial performance, dividends and S.172 Statement

Details of financial performance, dividends and S.172 are included in the Strategic report on pages 1-3. 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 1-3.

Reckitt Benckiser (UK) Limited
Directors' Report (continued)
For the year ended 31 December 2019

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. As a leader in both hygiene and health, the Group is uniquely positioned to provide tangible assistance to consumers, governments and healthcare authorities. 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

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

Going concern

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

The Company's projections, taking into account reasonably possible changes in trading performance, including those resulting from COVID-19, show that the Company should be able to operate within the level of its current funding.

Based on assessment of the Company's financial position the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing these accounts.

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.

Reckitt Benckiser (UK) Limited
Directors' Report (continued)
For the year ended 31 December 2019

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 is 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 is aware of that information.

This report was approved by the Board on 07 September 2020 and signed on its behalf.

DocuSigned by:
Rohit Chandarana
Signer Name: Rohit Chandarana
Signing Reason: I approve this document
Signing Time: 07-09-2020 | 20:58 BST
Rohit Chandarana
E94659D4-FB2F-4293-8860-5A02A71ED8B1
Director
103-105 Bath Road
Slough
Berkshire
SL1 3UH

Reckitt Benckiser (UK) Limited

Statement of directors' responsibilities in respect of the strategic, 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RECKITT BENCKISER (UK) LIMITED

Opinion

We have audited the financial statements of Reckitt Benckiser (UK) Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, and 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 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 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 (UK) LIMITED

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 7, 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.

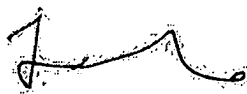
Auditor's responsibilities

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

07 September 2020

Reckitt Benckiser (UK) Limited
Statement of Comprehensive Income
For the year ended 31 December 2019

	note	2019 £000	2018 £000
Turnover	3	124,237	119,281
Cost of sales		(117,305)	(114,598)
Gross profit		6,932	4,683
Administrative expenses		(7,129)	(6,428)
Reversal of impairment	12	32,085	(5,000)
Operating loss	4	31,888	(6,745)
Loss before interest and taxation		31,888	(6,745)
Interest receivable and similar income	7	13,810	10,806
Interest payable and similar expenses	8	(25)	(18)
Profit before taxation		45,673	4,043
Tax on profit	9	(2,599)	(1,647)
Profit for the financial year		43,074	2,396
Other comprehensive income		(1,134)	473
Total comprehensive income		41,940	2,869

The notes on pages 13 to 26 form part of these Financial Statements.

DocuSigned by:
Rohit Chandarana
 Signer Name: Rohit Chandarana
 Signing Reason: I approve this document
 Signing Time: 07-09-2020 | 20:58 BST
 6583FAE045D646CEAA71BC3F65648D96

Rohit Chandarana
 Director

Reckitt Benckiser (UK) Limited**Balance Sheet****As at 31 December 2019**

Registered number: 3982446

	note	2019 £000	2018 £000
Fixed Assets			
Intangible assets	10	1,243	1,245
Tangible assets	11	11,509	13,259
Investments	12	354,384	322,299
Debtors: amounts falling due after more than one year	14	1,909,574	-
		2,276,710	336,803
Current Assets			
Stocks	13	3,592	4,977
Debtors	14	11,137	1,905,329
Deferred Tax Asset	16	1,148	826
Cash and cash equivalents		19	30
		15,896	1,911,162
Creditors: amount falling due within one year	15	(59,328)	(56,627)
Net Current Assets		(43,432)	1,854,535
Total assets less current liabilities		2,233,278	2,191,338
Net Assets		2,233,278	2,191,338
Equity			
Called up share capital	19	-	-
Share premium account		376,125	376,125
Other reserves		(781)	353
Retained earnings		1,857,934	1,814,860
Total Equity		2,233,278	2,191,338

The notes on pages 13 to 26 form part of these Financial Statements.

The Financial Statements and supplementary notes on pages 13 to 26 were approved and authorised for issue by the board and were signed on its behalf on 07 September 2020.

DocuSigned by:
Rohit Chandarana
 Signer Name: Rohit Chandarana
 Signing Reason: I approve this document
 Signing Time: 07-09-2020 | 20:56 BST
 Rohit Chandarana
 658F9E04B0C8AA71BC3F65648D96
 Director

Reckitt Benckiser (UK) Limited
Statement of Changes in Equity
For the year ended 31 December 2019

	Other reserves	Called up share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2019	353	-	376,125	1,814,860	2,191,338
Profit for the financial year	-	-	-	43,074	43,074
Other comprehensive expense	(1,292)	-	-	-	(1,292)
Deferred Tax	158	-	-	-	158
Total comprehensive income	(1,134)	-	-	43,074	41,940
Dividends paid	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
As at 31 December 2019	(781)	-	376,125	1,857,934	2,233,278

	Other reserves	Called up share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance as at 1 January 2018	(120)	-	376,125	1,812,464	2,188,469
Profit for the financial year	-	-	-	2,396	2,396
Other comprehensive expense	473	-	-	-	473
Total comprehensive income	473	-	-	2,396	2,869
Dividends paid	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
As at 31 December 2018	353	-	376,125	1,814,860	2,191,338

The notes on pages 13 to 26 form part of these Financial Statements.

Reckitt Benckiser (UK) Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting Policies

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

General Information

Reckitt Benckiser (UK) Limited is a private limited liability company limited by shares incorporated in the United Kingdom and registered in England under the Companies Act 2006. 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 1-3.

Statement of Compliance

The Financial Statements have been prepared 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.

Going concern

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

The Company's projections, taking into account reasonably possible changes in trading performance, including those resulting from COVID-19, show that the Company should be able to operate within the level of its current funding.

Based on assessment of the Company's financial position the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future.

Accordingly, the Company continues to adopt the going concern basis in preparing these accounts.

Basis of preparation

The preparation of Financial Statements in compliance with FRS102 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.

Reckitt Benckiser (UK) Limited
Notes to the Financial Statements
For the year ended 31 December 2019

1. Accounting Policies (continued)

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 transaction are taken to the profit and loss account in the year in which they arise.

Turnover

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:

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.

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 members in a general meeting.

Intangible assets

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.

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 Machinery	not more than eight years
Fixtures and Fittings	not more than five years

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

Reckitt Benckiser (UK) Limited
Notes to the Financial Statements
For the year ended 31 December 2019

1. Accounting Policies (continued)

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.

Investments

Investment in subsidiary companies are held at cost less accumulated impairment losses.

A review for 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. Based on the review, if impairment indicators are no longer relevant based on which an impairment had been carried out then it is subsequently reversed.

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.

Reckitt Benckiser (UK) Limited

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

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

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

- Assessing the carrying value of investments requires estimation such as consideration of the future profitability of subsidiary undertakings over a number of years.

The Company's Directors are of the opinion that there are no further judgements and no key sources of estimation uncertainty 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.

3. Turnover

An analysis of turnover by geographical location is as follows:

	2019 £000	2018 £000
United Kingdom	20,938	-
Rest of Europe	98,781	112,302
Rest of World	4,518	6,979
	<u>124,237</u>	<u>119,281</u>

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

4. Operating loss

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

	2019 £000	2018 £000
Depreciation of tangible fixed assets	4,078	3,501
Amortisation of intangible assets	282	230
Operating lease charges - Plant and machinery	163	252
Foreign exchange gain	(245)	(128)

Total fees payable to the Company's auditor in respect of the audit of the financial statements amounted to £45k (2018: £45k). The Auditor was not engaged in any non-audit services.

Reckitt Benckiser (UK) Limited
Notes to the Financial Statements
For the year ended 31 December 2019

5. Staff costs

	2019	2018
	£000	£000
The staff costs were as follows:		
Wages and salaries	11,510	10,073
Social security costs	1,363	1,241
Other pension costs	6,698	9,077
	<u>19,571</u>	<u>20,391</u>

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

	2019	2018
	Number	number
Manufacturing	287	335
	<u>287</u>	<u>335</u>

6. Directors' remuneration

During the financial period the Company had three Directors, all were resident in the UK.

One Director received remuneration for his services as Director to the Company for the amount of £297k (2018: £84k). At the end of the year there were no retirement benefits accruing to this Director under a defined benefit scheme. The accrued pension at the end of the year was therefore £nil (2018: £nil).

No Directors received payments for compensation for loss of office during the financial period.

7. Interest receivable and similar income

	2019	2018
	£000	£000
Interest receivable from Group undertakings	13,810	10,806
	<u>13,810</u>	<u>10,806</u>

8. Interest payable and similar expenses

	2019	2018
	£000	£000
Other interest payable	25	18
	<u>25</u>	<u>18</u>

Reckitt Benckiser (UK) Limited
Notes to the Financial Statements
For the year ended 31 December 2019

9. Tax on profit

	2019	2018
	£000	£000
Corporation tax		
Current tax on profits for the financial year	2,684	1,471
Adjustments in respect of prior periods	76	572
Total current tax	2,760	2,043
Deferred tax		
Origination and reversal of timing differences	(101)	122
Adjustments in respect of prior periods	(71)	(505)
Impact in change in UK Corporation tax rate	11	(13)
Total deferred tax	(161)	(396)
Tax on profit	2,599	1,647
Reconciliation of tax charge		
Tax rate for the year is 19% (2018: 19%):		
Profit before taxation	45,673	9,043
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	8,678	1,718
Effects of:		
Expenses not deductible for tax purposes	39	50
Tax rate changes	11	(13)
Adjustments in respect of prior periods	5	67
Share options	(35)	(171)
Transfer pricing adjustments	(3)	(4)
Income not Taxable	(6,096)	-
Total tax charge for the year	2,599	1,647

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 (UK) Limited
Notes to the Financial Statements
For the year ended 31 December 2019

10. Intangible assets

Year Ending 31 December 2019	Assets under construction £000	Software £000
Cost		
At 1 January 2019	-	1,624
Prior year adjustment	246	-
Additions	-	33
Transfers	(246)	246
At 31 December 2019	-	1,903
Accumulated amortisation		
At 1 January 2019	-	378
Charge for the year	-	282
At 31 December 2019	-	660
Net book value		
At 31 December 2019	-	1,243

Year Ending 31 December 2018	Assets under construction £000	Software £000
Cost		
At 1 January 2018	-	1,624
Additions	-	-
At 31 December 2018	-	1,624
Accumulated amortisation		
At 1 January 2018	-	148
Charge for the year	-	230
At 31 December 2018	-	378
Net book value		
At 31 December 2018	-	1,245

11. Tangible assets

Year Ending 31 December 2019	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Assets under construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2019	7,881	68,128	364	509	76,882
Prior year Adjustment	-	-	-	(246)	(246)
Transfers	37	226	-	(263)	-
Additions	1,552	593	6	423	2,574
Disposals	-	-	-	-	-
At 31 December 2019	9,470	68,947	370	423	79,210
Accumulated depreciation					
At 1 January 2019	5,189	58,229	205	-	63,623
Charge for the year	204	3,805	69	-	4,078
Disposals	-	-	-	-	-
At 31 December 2019	5,393	62,034	274	-	67,701
Net book value					
At 31 December 2019	4,077	6,913	96	423	11,509

No depreciation has been charged on land with a book value of £55k.

Year Ending 31 December 2018	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Assets under construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2018	7,767	61,287	356	2,186	71,596
Transfers	58	2,104	8	(2,171)	-
Additions	56	5,180	-	494	5,730
Disposals	-	(443)	-	-	(443)
At 31 December 2018	7,881	68,128	364	509	76,882
Accumulated depreciation					
At 1 January 2018	4,924	55,170	136	-	60,230
Charge for the year	265	3,501	69	-	3,835
Disposals	-	(442)	-	-	(442)
At 31 December 2018	5,189	58,229	205	-	63,623
Net book value					
At 31 December 2018	2,692	9,899	159	509	13,259

No depreciation has been charged on land with a book value of £55k.

Reckitt Benckiser (UK) Limited
Notes to the Financial Statements
For the year ended 31 December 2019

12. Investments

	2019	2018
	£000	£000
Subsidiary undertakings		
Cost	2,563,785	2,563,785
Provision brought forward	(2,241,486)	(2,236,486)
Impairment (charge)/reversal during the year	32,085	(5,000)
Net book value	354,384	322,299

The subsidiary undertakings of the Company are detailed below:

Name	Holding	Registered office
<i>Direct investments</i>		
Benckiser	100%	4th Floor, 115, George Street, Edinburgh, EH2 4JN, Scotland
Helpcentral	99%	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Linden Germany A Limited	100%	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Linden Germany B Limited	100%	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
<i>Indirect investments:</i>		
Kukident GmbH	100%	Heinestrasse 9, 69469 Weinheim, Germany
Propack GmbH	100%	Dr. Albert-Reimann-Strasse 3, 68526 Ladenburg, Germany
Reckitt Benckiser Detergents GmbH	100%	Darwinstrasse 2-4, 69115 Heidelberg, Germany
Reckitt Benckiser Deutschland GmbH	100%	Darwinstrasse 2-4, 69115 Heidelberg, Germany
Reckitt Benckiser Holding GmbH & Co. KG	100%	Darwinstrasse 2-4, 69115 Heidelberg, Germany
Reckitt Benckiser Global R&D GmbH	100%	Dr. Albert-Reimann-Strasse 3, 68526 Ladenburg, Germany
RB Hygiene Home Deutschland GmbH	100%	Darwinstrasse 2-4, 69115 Heidelberg, Germany
Reckitt & Colman Sagrotan Verwaltungsgesellschaft GmbH	100%	Darwinstrasse 2-4, 69115 Heidelberg, Germany

Reckitt Benckiser (UK) Limited

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

12. Investments (continued)

Name	Principal activity	Country of incorporation
Benckiser	Non-trading	Scotland
Helpcentral	Non-trading	England & Wales
Kukident GmbH	Trading	Germany
Linden Germany A Ltd	Holding	England & Wales
Linden Germany B Ltd	Holding	England & Wales
Propack GmbH	Trading	Germany
Reckitt Benckiser Detergents GmbH	Trading	Germany
Reckitt Benckiser Deutschland GmbH	Trading	Germany
Reckitt Benckiser Holding GmbH & Co. KG	Holding	Germany
Reckitt Benckiser Global R&D GmbH	Trading	Germany
RB Hygiene Home Deutschland GmbH	Trading	Germany
Reckitt & Colman Sagrotan Verwaltungsgesellschaft GmbH	Holding	Germany

The Directors believe that the carrying value of the investments is supported by their net assets for holding companies and equity value for trading companies.

The shares of the subsidiary Benckiser are legally owned by another group company, Reckitt Benckiser Healthcare (UK) Limited. However, the shares are held in trust for the Company, which retains the risks and rewards associated with the shares. The shares have therefore been accounted for as an investment of this Company.

13. Stocks

	2019 £000	2018 £000
Raw materials and consumables	2,918	3,951
Finished goods and goods for resale	577	919
Work in progress	97	107
	3,592	4,977

Stocks are stated after provisions for impairment of £470k (2018: £497k).

Reckitt Benckiser (UK) Limited
Notes to the Financial Statements
For the year ended 31 December 2019

14. Debtors

	2019 £000	2018 £000
Amounts falling due within one year		
Amounts owed by Group undertakings	10,636	1,903,804
Other Receivables	-	353
Prepayments and accrued income	501	1,172
	<u>11,137</u>	<u>1,905,329</u>
Debtors: amounts falling due after more than one year		
Amounts owed by Group undertakings	1,909,574	-
	<u>1,909,574</u>	<u>-</u>

Included in the amounts owed by group undertakings is an amount of £471,486k (2018: £465,781k) which is unsecured, interest bearing at LIBOR plus 0.40% and is repayable on demand (2018: unsecured, interest bearing at LIBOR plus 0.40% and repayable on demand). Also included is an amount of £1,438,087k (2018: £1,422,060k) which is unsecured, interest bearing at LIBOR minus 0.25% and is repayable on demand (2018: unsecured, interest bearing at LIBOR minus 0.25% and repayable on demand). During the year the Directors have reconsidered their intention for both balances, and they do not intend for either balance 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 and repayable on demand).

15. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Creditors within one year		
Trade creditors	37,560	39,296
Amounts owed to Group undertakings	8,277	9,321
Taxation	4,239	2,803
Accruals and deferred income	9,252	5,207
	<u>59,328</u>	<u>56,627</u>

Included in amounts owed to group undertakings is £4,334k (2018: £4,334k) which is interest bearing at LIBOR minus 0.25% (2018: interest bearing at LIBOR minus 0.25%), all of which are unsecured and repayable on demand or within one year.

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

Reckitt Benckiser (UK) Limited
Notes to the Financial Statements
For the year ended 31 December 2019

16. Deferred taxation

	2019	2018
	£000	£000
At 1 January	826	430
Charged to profit and loss account	91	505
Adjustments in respect of prior periods	11	(109)
Other Comprehensive Income	220	-
At 31 December	<u>1,148</u>	<u>826</u>
The provision for deferred taxation is made up as follows:		
Accelerated capital allowances	988	826
Other timing differences	160	-
	<u>1,148</u>	<u>826</u>

17. Capital and other commitments

	2019	2018
	£000	£000
Future capital expenditure contracted for, but not provided, in the financial statements is	196	161

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2019	2018
	£000	£000
Within 1 year	118	157
Between 2 and 5 years	135	265
	<u>253</u>	<u>422</u>

Note this commitment primarily relates to Fleet related commitments.

Reckitt Benckiser (UK) Limited
Notes to the Financial Statements
For the year ended 31 December 2019

18. Financial Instruments

	2019	2018
	£000	£000
Financial Assets		
Cash and cash equivalents	19	30
Amounts owed by Group undertakings measured at amortised cost	<u>1,920,143</u>	<u>1,903,804</u>
	<u>1,920,162</u>	<u>1,903,834</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	45,837	48,617
Accruals and deferred income	<u>9,252</u>	<u>5,207</u>
	<u>55,089</u>	<u>53,824</u>

The company has made loans to group undertakings at LIBOR plus 0.40% and at LIBOR minus 0.25%, both of these loans are repayable on demand. The amounts outstanding as at 31 December 2019 is £471,486k (2018: £465,781k) and £1,438,087k (2018: £1,442,060k).

The company has the following loans from Group undertakings as at 31 December 2019, £4,334k (2018: £4,334k) which is interest bearing at LIBOR minus 0.25% and is repayable on demand.

19. Called up share capital

	2019	2018
	£000	£000
Issued and fully paid		
40,119 – (2018: 40,119) ordinary shares of £0.000129 each	<u>-</u>	<u>-</u>

Reckitt Benckiser (UK) Limited
Notes to the Financial Statements
For the year ended 31 December 2019

20. Pension scheme

Pension costs for the year of £1,260k (2018: £1,192k) 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 £5,438k (2018: £6,428k) represent contributions in respect of the defined benefit scheme. There were no outstanding contributions (2018: £nil) at the year-end. Of this £5,438k (2018: £6,428k) 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 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.

21. 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.

22. Ultimate Parent Undertaking and Controlling Party

The immediate parent company is Maddison Square Holding B.V., a company registered in the Netherlands.

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. 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. 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.