Reckitt Benckiser Corporate Services Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number 04027682

Reckitt Benckiser Corporate Services Limited

Company Information

Directors	John Dixon Gurveen Singh Jonathan Timmis Alasdair James Peach
Company Secretary	Christine Anne-Marie Logan
Registered Number	04027682
Registered Office	103-105 Bath Road Slough Berkshire SL1 3UH
Independent Auditor	KPMG LLP 15 Canada Square London E14 5GL

Reckitt Benckiser Corporate Services Limited

Contents

Reckitt Benckiser Corporate Services Limited

Strategic Report
For the Year Ended 31 December 2019

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

Principal activities

The principal activity of the Company is the provision of management services to the Reckitt Benckiser group of companies (the "Group"). The Company, which is a member of the Group, carries out the strategy intended by the Company Directors.

Business review

Review of the business

The Company continues to provide management services to Group companies. There have been no changes in the Company's principal activities during the year.

Performance of the business has been generally in line with expectations with operating margin impacted by an increase in costs recharged. The Company received a dividend of £218,306,155 from Reckitt Benckiser Austria GmbH.

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

The results for the 2019 financial year show a profit of £227,172,000 (2018 - loss of £95,110,000).

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Reckitt Benckiser Group plc, which include those of the Company, are discussed on pages 64 - 76 of the Group's 2019 Annual Report and Financial Statements which do not form part of this report.

Financial risk management

The Company is a subsidiary undertaking within the Group. Cash funds of the Company are managed at Group level. Interest is received/paid by the Company on loans with other Group companies.

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 floating rates of interest. The Company's liquidity requirements and interest rate risks are managed at a Group level.

Principal risks and uncertainties (continued)

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.

Credit risk

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

COVID-19

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

As a leader in both hygiene and health, the Group is uniquely positioned to provide tangible assistance to consumers, governments and healthcare authorities. Demand for certain Group products has increased substantially in 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 many 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.

Based on this assessment updated to 19 May 2020, and given the nature of the Company's operations, the Directors remain satisfied that both the Company's investments (refer Note 12), amounts owed by Group undertakings (refer Note 13), net pension scheme assets (refer Note 21) and intangible assets (refer Note 10) are unlikely to be materially impacted by COVID-19, and that the Company will not need to take responsive steps to continue functioning as a going concern.

Reckitt Benckiser Corporate Services Limited

Statement under section 172 of the Companies Act 2006

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

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

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

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

- The strategy of the Group applies to the Company, as a member of the Group, and shapes the Company's business operations and activities. Details of the Group's long-term strategy can be found on pages 6 to 15 of the Group 2019 Annual Report, which is available at www.rb.com.

- 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 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.

We delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the directors consider the Company's activities and make decisions. As a part of those meetings the directors receive information on section 172 matters when making relevant decisions. We, in conjunction with our executive management team, regularly review financial and operational performance and legal and regulatory compliance. In making our decisions we considered a range of factors. These included 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. As the principal activity of the Company is to provide management services to the Group companies, the breadth of stakeholder and other considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the directors.

Results for the year and movement on reserves

The Financial Statements for the year ended 31 December 2019 show a profit of £227,172,000 (2018 - loss of £95,110,000) which has been added to reserves (2018 - deducted from reserves). As at 31 December 2019 the Company has net assets of £2,607,177,000 (2018: £2,314,289,000)

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

On 5 March 2019, the Company reduced its share premium account by £1,547,796,347 to £Nil with £1,547,796,347 being credited to retained earnings.

This transaction was done to ensure there are sufficient distributable reserves for future distributions, and was undertaken in accordance with Part 17, Chapter 10 of the Companies Act 2006.

Future developments

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

This report was approved by the Board on 19 May 2020 and signed on its behalf.

DocuSigned by:
John Dixon
A83C408A62AA423...
John Dixon
Director

Reckitt Benckiser Corporate Services Limited

Directors' Report to the members of Reckitt Benckiser Corporate Services Limited For the Year Ended 31 December 2019

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

Principal activities

The principal activity of the Company is the provision of management services to the Reckitt Benckiser group of companies (the "Group"). The Company, which is a member of the Group, carries out the strategy intended by the Company Directors.

Directors

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

John Dixon
Gurveen Singh (resigned 16 April 2020)
Alasdair James Peach (appointed 16 April 2020)
Jonathan Timmis

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.

Employment of disabled persons

The Company recognises its responsibilities to disabled persons and endeavours to assist them to make their 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.

The same opportunities are available to disabled employees for training, career development and promotion.

Employee involvement

During the financial year, the Company employed an average of 703 (2018 - 670) 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.

The Group 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 its role in the overall performance of the Group.

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

Business relationships

In discharging our section 172 duties we have regard to the need to foster the Company's business relationships with suppliers.

The Company is committed to responsible and ethical corporate behaviour. This includes high standards of business conduct in our relationships with suppliers. 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.

Additionally, in 2019 the Company also developed RB's Third-Party Code of Conduct which serves as an independent guide and standard of the Company's expectations that the suppliers and vendors must meet to work with RB, aiming to build trusted business relationships in accordance to the Company's values, policies, procedures and applicable laws.

The Company's strategies, initiatives and targets are informed by the feedback received from the groups relevant to the business operations including suppliers.

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

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

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

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

Results for the year and movement on reserves

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

Reckitt Benckiser Corporate Services Limited

Directors' Report to the members of Reckitt Benckiser Corporate Services Limited (continued)
For the Year Ended 31 December 2019

Financial risk management

The Company's approach to managing financial risk is included in the Strategic Report on page 1.

Future developments

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

Going concern

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

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

Independent auditor

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

Political contributions

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

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report to the members of Reckitt Benckiser Corporate Services Limited is approved has confirmed that:

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

This report was approved by the Board on 19 May 2020 and signed on its behalf.

DocuSigned by:
John Dixon
A83C408A62AA423...
John Dixon
Director

Independent Auditor's Report to the Members of Reckitt Benckiser Corporate Services Limited

Opinion

We have audited the Financial Statements of Reckitt Benckiser Corporate Services Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

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

Basis for opinion

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

Going concern

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

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

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

Strategic Report and Directors' Report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the Financial Statements does not cover those reports and accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion 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.

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.

Independent Auditor's Report to the Members of Reckitt Benckiser Corporate Services Limited (continued)

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.

R. Broadbelt

Richard Broadbelt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 19 May 2020

Reckitt Benckiser Corporate Services Limited

Statement of Comprehensive Income
For the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
Turnover	3	**197,110**	138,184
Administrative expenses		**(205,619)**	(249,177)
Operating loss	4	**(8,509)**	(110,993)
Income from other fixed assets investments	6	**218,306**	-
Interest receivable and similar income	7	**21,374**	18,328
Interest payable and similar charges	8	**(18)**	(17)
Profit/(loss) before tax	4-8	**231,153**	(92,682)
Tax on profit/(loss)	9	**(3,981)**	(2,428)
Profit/(loss) for the financial year		**227,172**	(95,110)
Other comprehensive income for the year			
Hedge reserve		**(1,082)**	(1,594)
Remeasurement of defined benefit pension plan		**60,500**	39,600
Pension contributions from other members		**19,333**	23,299
Deferred tax on defined benefit pension plan		**(13,572)**	(10,692)
Deferred tax on cash flow hedges		**311**	143
Other comprehensive income net of tax		**65,490**	50,756
Total comprehensive income/(expenses) for the year		**292,662**	(44,354)

The notes on pages 15 to 39 form part of these Financial Statements.

Reckitt Benckiser Corporate Services Limited
Registered number: 04027682

Balance Sheet
As at 31 December 2019

	Note		2019 £000		2018 £000
Fixed Assets					
Intangible assets	10		**139,722**		116,452
Tangible fixed assets	11		**9,475**		11,000
Investments	12		**99,322**		99,292
Net pension scheme asset	21		**154,600**		67,900
			403,119		294,644
Current Assets					
Debtors due within one year	13	**2,374,888**		2,282,739	
Cash and cash equivalents		**481**		241	
		2,375,369		2,282,980	
Current Liabilities					
Creditors due within one year	14	**(151,163)**		(257,545)	
Net Current Assets			**2,224,206**		2,025,435
Total Assets less Current Liabilities			**2,627,325**		2,320,079
Creditors due after more than one year	15		**(15,975)**		(1,391)
Provision for Liabilities	17	**(4,173)**		(4,399)	
			(4,173)		(4,399)
Net Assets			**2,607,177**		2,314,289
Equity					
Share capital	18		**-**		-
Share premium account	18		**-**		1,547,796
Hedge reserve			**517**		1,599
Retained earnings			**2,606,660**		764,894
Total Equity			**2,607,177**		2,314,289

The notes on pages 15 to 39 form part of these Financial Statements.

The Financial Statements on pages 11 to 39 were approved and authorised for issue by the Board and were signed on its behalf on 19 May 2020.

DocuSigned by:
John Dixon
A83C408A62AA423...

John Dixon
Director

Reckitt Benckiser Corporate Services Limited

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

	Share capital £000	Share premium account £000	Hedge reserve £000	Retained earnings £000	Total equity £000
At 1 January 2019	-	1,547,796	1,599	764,894	2,314,289
Comprehensive income/(expense)					
Profit for the financial year	-	-	-	227,172	227,172
Remeasurement of defined benefit pension plan	-	-	-	60,500	60,500
Pension contributions from other members	-	-	-	19,333	19,333
Deferred Tax on defined benefit pension plan	-	-	-	(13,572)	(13,572)
Deferred Tax on cash flow hedges	-	-	-	311	311
Hedge reserve movement	-	-	(1,082)	-	(1,082)
Other comprehensive (expense)/income	-	-	(1,082)	66,572	65,490
Total comprehensive (expense)/income	-	-	(1,082)	293,744	292,662
Transfer to retained earnings	-	(1,547,796)	-	-	(1,547,796)
Transfer from share premium account	-	-	-	1,547,796	1,547,796
Share Based Payment	-	-	-	226	226
At 31 December 2019	-	-	517	2,606,660	2,607,177

Reckitt Benckiser Corporate Services Limited

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

	Share capital	Share premium account	Hedge reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	-	1,547,796	3,193	794,641	2,345,630
Comprehensive income/(expense)					
Loss for the financial year	-	-	-	(95,110)	(95,110)
Remeasurement of defined benefit pension plan	-	-	-	39,600	39,600
Pension contributions from other members	-	-	-	23,299	23,299
Deferred Tax on defined benefit pension plan	-	-	-	(10,692)	(10,692)
Deferred Tax on cash flow hedges	-	-	-	143	143
Hedge reserve movement	-	-	(1,594)	-	(1,594)
Other comprehensive (expense)/income	-	-	(1,594)	52,350	50,756
Total comprehensive expense	-	-	(1,594)	(42,760)	(44,354)
Share Based Payment	-	-	-	13,013	13,013
At 31 December 2018	-	1,547,796	1,599	764,894	2,314,289

The notes on pages 15 to 39 form part of these Financial Statements.

Reckitt Benckiser Corporate Services Limited

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

1. Accounting Policies

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

1.1 General Information

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

1.2 Statement of Compliance

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

1.3 Basis of Preparation

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

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

1.4 Financial Reporting Standard 102 – Reduced Disclosure Exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these Financial Statements, as permitted by FRS 102 for qualifying entities:

- the requirements of section 3 Financial Statement Presentation paragraph 3.17(d) and section 7 Statement of Cash Flows not to prepare a Statement of Cash Flows;
- the requirements of section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation in total; and
- the requirements of section 26 Share-based Payments paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

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

1. Accounting Policies (continued)

1.5 Going Concern

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

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

1.6 Consolidation

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

1.7 Foreign Currency Balances

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

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange on the day the transaction occurs. Monetary assets and liabilities denominated in a foreign currency are translated into Sterling at the exchange rate ruling on the Balance Sheet date. Resultant foreign exchange gains and losses are recorded in the Statement of Comprehensive Income for the financial year.

1.8 Turnover

Turnover represents management service fees charged which are based on actual management costs incurred plus a mark up. Management service fees are invoiced quarterly in arrears. Revenue is recognised in the period service is provided.

1.9 Dividend income

Dividend income is recognised when the shareholder's rights to receive payment have been established.

1.10 Interest

Interest payable is charged to comprehensive income or expense as incurred and interest receivable is credited as it falls due.

1.11 Taxation

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

1. Accounting Policies (continued)

1.12 Intangible assets

Intangible assets are initially recognised at transaction cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life.

The estimated useful lives range as follows:

Software - between five and seven years

Intangible assets that are still in the development phase are not amortised. Amortisation will be charged to the Statement of Comprehensive Income starting from the month in which the asset is available for use.

1.13 Tangible fixed assets

Tangible fixed 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. The cost of tangible fixed assets 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:

The estimated useful lives range as follows:

Short leasehold land and buildings	- Lower of fifty years or the life of the lease
Plant and machinery	- Between three and ten years

1.14 Operating leases: Lessee

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

1.15 Investments

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

1. Accounting Policies (continued)

1.16 Impairment of tangible fixed assets and software

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

1.17 Retirement benefit other than pensions

The Company provides post-retirement medical care to some of its retirees. The cost of providing these benefits is accrued over the period of the employment and the liability recognised in the Balance Sheet is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related asset is deducted.

1.18 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance Sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting market conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase or decrease in the fair value of the options, measured immediately before and after the modification, is also charged to the Statement of Comprehensive Income over the remaining vesting period.

1. Accounting Policies (continued)

1.19 Pensions

The Company operates defined contribution and defined benefit pension schemes.

The cost of providing pensions to employees who are members of defined contribution schemes are charged to the Statement of Comprehensive Income as contributions are made. The Company has no further payment obligations once the contributions have been paid.

The asset recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows by the yield on high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have a maturity approximating to the terms of the pension obligations. The costs of providing these defined benefit schemes are accrued over the period of employment. Actuarial gains and losses are recognised immediately in other' comprehensive income.

Reckitt Benckiser Corporate Services Limited is one of the financial sponsors of Reckitt Benckiser Pension Fund. The net defined benefit cost of the defined benefit plan are recognised in Reckitt Benckiser Corporate Services Limited. Contributions from other member entities are recognised directly in retained earnings.

1.20 Provisions for liabilities

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

1.21 *Derivative Financial Instruments and Hedging Activity*

The Company may use derivatives to manage its exposures to fluctuating interest and foreign exchange rates. These instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and if so, the nature of the item being hedged. Derivatives that qualify for hedge accounting are treated as a hedge of a highly probable forecast transaction (cash flow hedge).

At inception the relationship between the hedging instrument and the hedged item is documented, as is an assessment of the effectiveness of the derivative instrument used in the hedging transaction in offsetting changes in the cash flow of the hedged item. This effectiveness assessment is repeated on an ongoing basis during the life of the hedging instrument to ensure that the instrument remains an effective hedge of the transaction.

The Company designates certain derivative financial instruments as cash flow hedges. The effective portion of changes in the fair value is initially recorded in OCI. Amounts recorded in other comprehensive income are recycled to profit or loss in the period in which the hedged item will affect profit or loss. Any gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

1. Accounting Policies (continued)

1.22 Financial Instruments

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

(a) Financial Assets
At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in comprehensive income or expense.

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

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

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

(c) Derivative Financial Instruments
Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in interest receivable and deferred income or interest payable and deferred expense as appropriate, unless they are included in a hedging arrangement.

(d) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and deposits.

2. Accounting Estimates and Judgements

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

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

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

- Determine whether there are indicators of impairment of the Company's investments. Factors taken into account are net assets for holding companies and enterprise value for trading companies.
- The value of the Company's defined benefit pension plan obligations are dependent on a number of key assumptions. These include assumptions over the rate of increase in pensionable salaries, the discount rate to be applied, the level of inflation and the life expectancy of the schemes members. Detail of the key assumptions and the sensitivity of the principle schemes carrying value to changes in the assumptions are set out in Note 21.

The Company's Directors are of the opinion that there are no estimates and no further judgements 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

Turnover relates to management services provided to Group companies. Health and group revenue is generated in UK, Hygiene Home revenue is generated in Netherlands. The analysis of the Company's revenue for the year is as follows:

	2019	2018 (*)
	£000	£000
Health	**84,475**	76,413
Hygiene Home	**52,640**	31,344
Group	**59,995**	30,427
	197,110	138,184

(*) restated to reflect new operating segments.

Reckitt Benckiser Corporate Services Limited

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

4. Operating loss

The operating loss is stated after charging:

	2019 £000	2018 £000
Integration and restructuring costs	**49,415**	73,618
Staff costs	**86,512**	81,934
Depreciation of owned tangible fixed assets	**3,045**	2,069
Amortisation of intangible assets	**24,037**	25,904
Impairment of intangible assets	**6,252**	-
Operating leases - other assets	**4,030**	3,874
Commercial costs	**32,328**	61,778
	205,619	249,177

5. Employees

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	**71,831**	59,078
Social security costs	**9,044**	7,217
Defined contribution pension costs	**5,411**	2,626
Share based payment charges	**226**	13,013
	86,512	81,934

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

	2019 No.	2018 No.
Administration and support	**703**	670

Reckitt Benckiser Corporate Services Limited

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

6. Income from other fixed assets investments

	2019 £000	2018 £000
Dividend from shares in Group undertakings	**(218,306)**	-

In 2019 Reckitt Benckiser Austria GmbH distributed a dividend of £218,306,155 (2018 - £Nil).

7. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from Group undertakings	**21,374**	18,328

8. Interest payable and similar charges

	2019 £000	2018 £000
Interest on loans from Group undertakings	**18**	17

9. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax on profit/(loss) for the year	**718**	(9,920)
Adjustments in respect of previous years	**2,159**	18,822
Foreign tax suffered	**(58)**	-
Total current tax	**2,819**	8,902
Deferred tax		
Origination and reversal of timing differences	**1,936**	814
Effect of changes in tax rates	**(204)**	(86)
Adjustments in respect of previous years	**(570)**	(7,202)
Total deferred tax	**1,162**	(6,474)
Tax charge on profit/(loss)	**3,981**	2,428

Reckitt Benckiser Corporate Services Limited

9. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 £000	2018 £000
Profit/(loss) before tax	**231,153**	(92,682)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**43,919**	(17,609)
Effects of:		
Adjustments in respect of previous years	**1,589**	11,620
Expenses not deductible for tax purposes	**389**	12,818
Rate changes	**(204)**	(86)
Income not taxable	**(41,478)**	-
Deferred tax not recognised	**(427)**	(49)
Share options	**91**	(4,634)
Depreciation on ineligible assets	**160**	368
Effects of overseas tax rates	**(58)**	-
Total tax charge for the year	**3,981**	2,428

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax 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 Budget announcement has now been enacted in the Finance Act 2020. The effect of this change on the company's deferred tax balance is not material.

Reckitt Benckiser Corporate Services Limited

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

10. Intangible assets

	Software £000	Assets under construction £000	Total £000
Cost			
At 1 January 2019	**154,722**	**28,618**	**183,340**
Additions	**-**	**53,559**	**53,559**
Disposals	**(2,727)**	**-**	**(2,727)**
Transfers	**41,777**	**(41,777)**	**-**
At 31 December 2019	**193,772**	**40,400**	**234,172**
Accumulated amortisation and impairment			
At 1 January 2019	**66,888**	**-**	**66,888**
Charge for the year	**24,037**	**-**	**24,037**
Impairment	**6,252**	**-**	**6,252**
Disposals	**(2,727)**	**-**	**(2,727)**
At 31 December 2019	**94,450**	**-**	**94,450**
Net book value			
At 31 December 2019	**99,322**	**40,400**	**139,722**
At 31 December 2018	87,834	28,618	116,452

Reckitt Benckiser Corporate Services Limited

11. *Tangible fixed assets*

	Short leasehold land and buildings £000	Assets under construction £000	Plant and machinery £000	Total £000
Cost				
At 1 January 2019	9,170	7,365	15,879	32,414
Additions	-	1,143	446	1,589
Disposals	-	(69)	-	(69)
Transfers	1,011	(8,299)	7,288	-
At 31 December 2019	10,181	140	23,613	33,934
Depreciation				
At 1 January 2019	8,190	-	13,224	21,414
Charge for the year	412	-	2,633	3,045
At 31 December 2019	8,602	-	15,857	24,459
Net book value				
At 31 December 2019	1,579	140	7,756	9,475
At 31 December 2018	980	7,365	2,655	11,000

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £000	2018 £000
Plant and machinery	540	328

Assets under construction represents assets purchased but not ready to use as awaiting installation and commissioning.

Reckitt Benckiser Corporate Services Limited

12. Investments

	Investments in subsidiary undertakings and other participating interests £000
Cost	
At 1 January 2019 (*)	**104,278**
Additions	**30**
At 31 December 2019	**104,308**
Impairment	
At 1 January 2019 (*)	**4,986**
At 31 December 2019	**4,986**
Net book value	
At 31 December 2019	**99,322**
At 31 December 2018	99,292

(*) Restated to reflect the impairment booked in prior years but not reflected in 2018 Financial Statements. No impact to the 2018 net book value.

Reckitt Benckiser Corporate Services Limited

12. Investments (continued)

Direct Subsidiary Undertakings

The following were direct subsidiary undertakings of the Company:

Name	Class of shares	Holding	Registered office
Dorincourt Holdings (Ireland) Limited	Ordinary	100 %	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
R & C Nominees Limited	Ordinary	100 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Reckitt & Colman Pension Trustee Limited	Ordinary	100 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
Reckitt Benckiser Austria GmbH	Ordinary	100 %	Guglgasse 15, A-1110 Wien (Vienna), Austria
Reckitt Benckiser Expatriate Services Limited	Ordinary	100 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom
RB Hygiene Home Austria GmbH	Ordinary	100 %	Guglgasse 15, A-1110 Wien (Vienna), Austria

The Directors believe that the carrying value of the investment is supported by the net assets of the holding companies and enterprise value of the trading companies.

Indirect Subsidiary and Other Participating Interests Undertakings

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

Name	Class of shares	Holding	Registered office
Reckitt Benckiser Arabia FZE	Ordinary	100 %	Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344 Dubai, UAE
Reckitt Benckiser Management Services	Ordinary	100 %	3rd Floor Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
Reckitt Benckiser (Pars) PJSC	Ordinary	89.8 %	No 67, West Taban Avenue, Africa Boulevard, Tehran, Iran
Reckitt Benckiser Services (Kenya) Ltd	Ordinary	0.01 %	Plot Lr No 1870/I/569, 2nd Floor Apollo Centre, Ring Road Parklands, Westlands, Pobox 764, 00606 Nairobi, Kenya, Africa
Reckitt Benckiser Temizlik Malzemesi San.ve Tic.A.S.	Ordinary	0.01 %	Hakki Yeten Cad. Selenium Plaza K:7-8-9, Fulya, Besiktas, Istanbul, Turkey
Reckitt & Colman Trustee Services Limited	Ordinary	0.01 %	103-105 Bath Road, Slough, SL1 3UH, United Kingdom

Reckitt Benckiser Corporate Services Limited

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

13. Debtors due within one year

	2019 **£000**	2018 £000
Trade debtors	-	3,821
Amounts owed by Group undertakings	**2,357,867**	2,263,058
Other debtors	**7,956**	9,061
Derivative assets	**1,263**	2,345
Prepayments and accrued income	**7,802**	4,454
	2,374,888	2,282,739

Included in amounts owed by Group undertakings is an amount of £1,351,069,000 (2018 - £1,334,720,000) which is unsecured, interest bearing at 3M LIBOR plus a margin of 0.40% (2018 - same) and repayable on demand, and an amount of £897,816,000 (2018 - £495,437,000) which is unsecured, interest bearing at 3M LIBOR minus a margin of 0.125% (2018 - same) and repayable on demand.

An amount of £108,980,941 (2018 - £143,906,000) relates to regular intercompany transactions which are paid based on intercompany policy.

14. Creditors due within one year

	2019 **£000**	2018 £000
Bank overdrafts	**317**	322
Trade creditors	**100,683**	129,582
Amounts owed to Group undertakings	**7,292**	71,533
Other creditors	**9,181**	9,160
Accruals and deferred income	**33,690**	46,948
	151,163	257,545

The amounts owed to Group undertakings are unsecured, interest free and repayable on demand (2018 - same).

All other creditors are unsecured, interest free and repayable on demand (2018- same).

Reckitt Benckiser Corporate Services Limited

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

15. Creditors due after more than one year

	2019 £000	2018 £000
Accruals and deferred income	**346**	185
Deferred tax	**15,629**	1,206
	15,975	1,391

16. Deferred tax

	2019 £000	2018 £000
At 1 January 2019	**(1,206)**	2,869
Charged to other comprehensive income	**(13,261)**	(10,549)
(Charged)/credited to the profit and loss	**(1,162)**	6,474
At 31 December 2019	**(15,629)**	(1,206)

The deferred tax assets/(liabilities) are made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	**(976)**	1,169
Other timing differences	**11,629**	9,168
Defined benefit pension scheme	**(26,282)**	(11,543)
	(15,629)	(1,206)

17. Provision for Liabilities

The Company provides post-retirement medical benefits to retired employees.

	2019 £000
At 1 January 2019	**4,399**
Credited to profit and loss	**(226)**
At 31 December 2019	**4,173**

Reckitt Benckiser Corporate Services Limited

18. Share capital

	2019 £	2018 £
Issued, called up and fully paid		
75 (2018 - 75) Ordinary shares of £1 each	**75**	75

On 5 March 2019, the Company reduced its share premium account by £1,547,796,347 to £Nil with £1,547,796,347 being credited to retained earnings.

This transaction was done to ensure there are sufficient distributable reserves for future distributions, and was undertaken in accordance with Part 17, Chapter 10 of the Companies Act 2006.

19. Directors and Employees

During the year the Company had 3 Directors resident in the UK (2018 – 3 Directors). The Directors are also Directors of a number of fellow subsidiaries, and it is not practical to make an accurate apportionment of their remuneration in respect of each of the subsidiaries. Accordingly, the above details include no remuneration in respect of the Directors. The Directors have no material interest in any contract of significance to the Company's business.

For employees refer to note 5.

20. Share based payments

Executive Share Awards are awarded to the Group's senior employees. Other Share Awards represent SAYE schemes (offered to all UK eligible staff) and a number of Senior Executive Share Ownership Policy Plan (SOPP) awards.

Executive Share Awards have a contractual life of ten years but vest according to EPS growth criteria over a three year period. Accordingly, the cost is spread over the three years of the performance period. Other share awards have contractual lives of either three, five or seven years.

21. Pension commitments

The Company operates a Defined Benefit Pension Scheme. The plan was closed to new entrants in 2005 and following consultation was closed to further accrual from 31 December 2017.

Trustees of the plan are appointed by the Company, active members and pensioner membership, and are responsible for the governance of the plan, including paying all administrative costs and compliance with regulations. The plan is funded by the payment of contributions to the plan's Trust, which is a separate entity from the rest of the Group.

The following table provides details of membership:

Plan details at last valuation date	
Participants with deferred benefits:	
Number of members	1,723
Total deferred pensions (at date of leaving plan)	£12.7m
Participants receiving benefits:	
Number of members	3,929
Total pensions in payment	£37.0m

A full independent actuarial valuation is carried out on a triennial basis. The most recent valuation was carried out at 5 April 2019 and as a result of this the Company has agreed that it would aim to eliminate the pension plan Technical Provisions deficit in the UK by the end of 2020. The funding levels are monitored on an annual basis, the Company made a deficit contribution of £25m. It is expected that contributions in 2020 will be £6m to the UK defined benefit plan.

For the purpose of FRS102 the projected unit valuation method was used for the UK plan, rolling forward the UK plan valuation results (at 5 April 2019) to 31 December 2019. The UK plan has a weighted average duration of the deferred benefit obligation of 18.0 years (2018 - 17.6 years).

Assumptions regarding future mortality experience are set in accordance with published statistics. The expected lifetime of a participant aged 60 and the expected lifetime of a participant who will be age 60 in 15 years are detailed below:

Number of years a current pensioner is expected to live beyond 60:
Male – 27.4
Female – 28.6

Number of years a future pensioner is expected to live beyond 60:
Male – 28.7
Female – 30.0

The mortality assumptions were based on the standard SAPS mortality table 3NMA for males (scaled by 98%) and table 3NFA for females (scaled by 117%). Allowance for future changes is made by adopting the 2018 edition of the CMI series with a long-term improvement trend of 1.5% per annum from 2013 onwards.

Fair value of plan assets for the year ended 31 December 2019 of £154,600,000.

Reckitt Benckiser Corporate Services Limited

21. Pension commitments (continued)

	2019 £000	2018 £000
Reconciliation of present value of plan liabilities		
At 1 January	**1,176,200**	1,274,400
Interest expense	**30,800**	30,500
Loss/(gain) from changes in financial assumptions	**53,000**	(77,200)
Plan introductions, changes, curtailments and settlements	**-**	1,200
Benefit payments	**(67,500)**	(52,700)
At the end of the year	**1,192,500**	1,176,200

Reconciliation of fair value of plan assets:

	2019 £000	2018 £000
At 1 January	**1,244,100**	1,274,400
Interest income	**33,000**	31,600
Return on plan assets, excluding amounts included in interest income	**113,500**	(61,000)
Administration cost	**(1,000)**	(800)
Contributions - employers	**25,000**	30,100
Benefit payments	**(67,500)**	(52,700)
Irrecoverable surplus (effect of asset ceiling)	**-**	22,500
At the end of the year	**1,347,100**	1,244,100

21. Pension commitments (continued)

Composition of plan assets:

	2019 £000	2018 £000
Equities - quoted	**205,800**	205,152
Bonds	**1,009,200**	899,111
Real Estate/property - unquoted	**127,200**	135,109
Other assets - unquoted	**4,900**	4,728
Total plan assets	**1,347,100**	1,244,100

The funded amounts recognised in the Balance Sheet are determined as follows:

	2019 £000	2018 £000
Fair value of plan assets (as adjusted to asset ceiling)	**1,347,100**	1,244,100
Present value of funded obligations	**(1,192,500)**	(1,176,200)
Net pension scheme asset	**154,600**	67,900

The charge for the year ended 31 December is shown below:

Statement of Comprehensive Income charge included in operating loss for:

	2019 £000	2018 £000
Defined contribution plans	**5,411**	2,626
Income on plan assets	**(2,200)**	(200)
Expense loss	**-**	1,200
Total	**3,211**	3,626
Remeasurement gain:	**60,500**	39,600

The Statement of Comprehensive Income charge included within operating loss includes past service costs.

21. Pension commitments (continued)

The significant actuarial assumptions used in determining the Company's net liability for the plan as at 31 December were:

	2019	2018
	%	%
Rate of increase in pensionable salaries	**5.2**	5.4
Rate of increase in deferred pensions during deferment	**3.1**	3.4
Rate of increase in pension payments	**3.0**	3.1
Discount rate	**1.9**	2.7
Inflation assumption - RPI	**3.2**	3.4

Impact of Medical Cost Trend Rates

A one percentage point change in assumed healthcare cost trend rates have an immaterial impact on the service costs, interest and post-retirement benefit obligation.

21. Pension commitments (continued)

Risk and Risk Management

Through its defined benefit pension plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset Volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. The UK plan holds equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term. As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities. All participating entities in the UK plan have agreed with the Company a plan to de risk the investment strategy of the plans at a pace that is commensurate with a planned return to full funding over a reasonable time scale. The de risking plan provides for a proportion of the investment portfolio to move from equity holdings to government and corporate bonds over time. The corporate bonds are global securities with an emphasis on the UK. However, the Company believes that due to the long term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Companies long term strategy to manage the plans efficiently.

Changes in Bond Yield: A decrease in government and corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation Risk: Some of the Company's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life Expectancy: The majority of the plans' obligations are to provide benefits for the life of the members. Whilst the plan allow for an increase in life expectancy, increases above this assumption will result in an increase in the plans' liabilities.

Change in Regulations: The Company is aware that future changes to the regulatory framework may impact the funding basis of the various plans in the future. The Company's pensions department monitors the changes in legislation and analyses the risks as and when they occur.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets consists of quoted equities and quoted bonds. The Company believes that quoted equities offer the best returns over the long term with an acceptable level of risk. The Trustees of the UK plan have moved the overwhelming majority of their assets to low cost investment funds in consultation with the Company whilst maintaining a prudent diversification.

Reckitt Benckiser Corporate Services Limited

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

22. Commitments under operating leases

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£000	£000
Within one year	**4,649**	1,115
Within two and five years	**3,192**	1,093
	7,841	2,208

23. Ultimate Parent Undertaking and Controlling Party

The immediate parent company is Maddison Square Holding BV, a company which is registered in the Netherlands.

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

24. Auditor's Remuneration

The auditor's remuneration is met by the ultimate parent company, Reckitt Benckiser Group plc and is disclosed in total in the Group Financial Statements. Amounts receivable by the Company's auditor in respect of the audit of these Financial Statements is £125,000. It was not practical to make an allocation of the audit fee to the Company in 2018.

25. Post Balance Sheet Events

The following events are considered to represent non-adjusting post balance sheet events as at 31 December 2019:

In March 2020 the Trustees of Reckitt Benckiser Pension Fund made a decision to move £416.3m of their investment in Gilts to an insurance contract which reduces risk to the Fund from variability in interest, inflation and mortality for a closed group of pensioners and dependents.

The Directors' have made enquiries to understand the impact of market volatility due to COVID-19 on the defined benefit obligation and the valuation of scheme assets.

An increase in corporate bond yields would impact the assumed discount rates and a fall in gilt-implied inflation which would impact RPI assumption the net of which would impact the net reported net pension asset/liability.

Market volatility continues to impact the pension asset valuations, however to a lower extent than the reduction in the defined benefit obligation referred to above.

These impacts have not been reflected in the Net Pension Scheme Asset disclosed in the Financial Statements.

Other than the impact in pension asset, the Company has not seen any other impact due to COVID-19.

The Company is due to receive a dividend of €635,000,000 on 19th May 2020 from Reckitt Benckiser Austria GmbH. The distribution of the dividend has been approved by the board of directors of Reckitt Benckiser Austria GmbH.