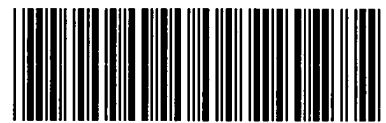


RB UK Commercial Limited

Report and financial statements for the year ended
31 December 2019

Company Number 08784077

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COMPANIES HOUSE

RB UK Commercial Limited
Company Information

Directors

Ariadna Granena Aracil
John Dixon
Harminder Singh Viridi
Susan Egstrand

Company Secretary

Christine Anne-Marie Logan

Registered Number

08784077

Registered Office

103-105 Bath Road
Slough
Berkshire
SL1 3UH

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

RB UK Commercial Limited

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RB UK Commercial Limited

Strategic Report

For the year ended 31 December 2019

The Directors of RB UK Commercial 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 marketing and sale of branded consumer health products.

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

In the view of the Directors, the Company's future development will continue to centre on the marketing and sale of consumer health products. The Company's KPI is considered to be turnover.

The total turnover for the health business increased by 3% due to a focused strategy on the health business following the sale of the trade and assets of the Hygiene portfolio in 2018. The Financial Statements for the year ended 31 December 2019 show a loss for the financial year of £38,427k (2018: Profit £170,593k). Profit in the prior year was due to a gain of £194,530k for the sale of the Hygiene business. The Directors recommend the payment of a dividend of £nil (2018 - £nil). The net assets at year-end are £182k (2018: Net Assets £40,181k).

Principle Risks

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 in the Group's financial statements which do not form part of this report.

Statement under section 172 of the Companies Act 2006

This statement, which forms part of the Strategic Report, is intended to show how the Directors have approached and met their responsibilities under section 172 of the Companies Act 2006 during 2019. The statement has been prepared in response to the obligations as set out in the Companies (Miscellaneous Reporting) Regulations 2018.

As required by section 172 of the Companies Act 2006, a Director of a Company must act in a way s/he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

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

In discharging our section 172 duties we have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. As a Board our aim is always to uphold the highest standards of governance and conduct, taking decisions in the interests of the long-term sustainable success of the Company, generating value for our shareholders and contributing to wider society.

Understanding our stakeholders is key to ensuring the Board can have informed discussions and factor stakeholder interests into decision-making. Those factors, for example, include the interests and views of the Company's workforce, customers, consumers, suppliers, regulators, other members of our Group and the local communities in which the Company operates. By considering the Company's purpose and values, together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances. In particular:

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

RB UK Commercial Limited
Strategic Report (Continued)
For the year ended 31 December 2019

- We understand the importance of engaging with, and understanding the perspectives of, our workforce. We also recognise the benefits of personal interaction and informal discussions in learning more about the day-to-day operations; the development and execution of strategy and gathering direct insight into our culture and workforce engagement. For further details on how the Company has engaged with employees, please see page 3-5 of the Directors' Report.
- The Company is committed to responsible and ethical corporate behaviour. This includes high standards of business conduct in our relationships. The Company operates under documented policies approved by the Group, including the Group's Code of Business Conduct, Global Anti-Bribery Policy, Data Privacy Policies and Global Anti-Money Laundering Policy and processes are in place to ensure compliance therewith.

As is normal for large companies, we delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. We, in conjunction with our executive management team, regularly review quality including health and safety matters, financial and operational performance and legal and regulatory compliance. We also review other areas over the course of the financial year including the Company's business strategy, key risks, stakeholder-related matters, diversity and inclusivity, corporate responsibility and governance, compliance and legal matters. Board meetings are held periodically where the Directors consider the Company's activities and make decisions. As a part of those meetings the Directors receive information on section 172 matters when making relevant decisions. The directors then consider a range of factors. These include the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in our business and the expectations of the Group.

Financial risk management

The Reckitt Benckiser Group of companies' 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 of companies, as described above, ensure it can access the funds needed to meet its liquidity requirements as cash can be obtained through Group funding. Interest receivable/payable on loans with other Group companies is calculated at non-interest bearing and floating rates of interest. The Company's liquidity requirements and interest rate risks are managed at a Group level.

Currency risk

The Company's functional currency is Sterling and its Financial Statements are also presented in Sterling. Some transactions undertaken by the Company are denominated in currencies other than Sterling. In general, the Company does not purchase derivatives to manage its exposure to currency risk on such transactions. Instead, the Reckitt Benckiser Group of companies' currency risks are managed at Group level.

This report was approved by the board and signed on its behalf on 30 April 2020.



Harminder Viridi
Director

RB UK Commercial 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:

Ariadna Granena Aracil
Bart Meermans (Resigned on 02 March 2020)
Harjinder Singh Viridi (Appointed on 01 January 2019)
John Dixon
Sue Egstrand (Appointed on 30 September 2019)

Directors' indemnity

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

Employment of disabled persons

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

Employee involvement

During 2019, the Company employed an average of 334 (2018: 413) people. The Company is committed to the principle of equal opportunity in employment; no applicant or employee receives less favourable treatment on the grounds of nationality, age, gender, religion or disability.

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

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

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

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

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

RB UK Commercial Limited
Directors' Report (continued)
For the year ended 31 December 2019

Financial performance and S.172

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

Future developments

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

COVID-19

The spread of Coronavirus disease 2019 (COVID-19) represents one of the most serious global health emergencies in the last 100 years. As a leader in both hygiene and health, the Group is uniquely positioned to provide tangible assistance to consumers, governments and healthcare authorities. Demand for certain Group products has increased substantially in Q1 2020, and the Group is currently working to increase the level of available supply. At present, the Group's supply chains and distribution channels are proving both resilient and flexible, though there has been some unavoidable disruption in some parts of the world. At the same time, as the situation develops, it is likely that the Group will experience increased levels of disruption, particularly in those countries and regions that are hardest hit. Longer term, the economic consequences associated with COVID-19 are difficult to predict, however they may lead to weakened demand for some RB products.

As set out on page 77 of its 2019 Annual Report and Financial Statements, the Group assessed the impact of COVID-19 on its going concern and viability statement. This assessment concluded that, even with COVID-19 and the occurrence of other unexpected scenarios, the Group would still have sufficient funds to trade, settle its liabilities as they fall due and remain compliant with financial covenants.

Based on this assessment updated to the date of signing these financial statements, and given the nature of the Company's operations, the Directors remain satisfied that the Company can continue its business as usual.

Financial risk management

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

Charitable and political donations

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

Going concern

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

The Directors have received assurance from Reckitt Benckiser Group plc that it will ensure that the Company has sufficient funds to enable it to continue as a going concern without significant curtailment of its operations for the foreseeable future and at least the next 12 months from the date of this report.

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

On the basis of their assessment of the Company's financial position and 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.

RB UK Commercial Limited
Directors' Report (continued)
For the year ended 31 December 2019

Independent Auditor

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

Disclosure of information to Auditor's

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 are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's Auditor's 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 and signed on its behalf on 30 April 2020.

A handwritten signature in black ink, appearing to read 'Harminder Virdi', written over a dotted horizontal line.

Harminder Virdi
Director

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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

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.

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- 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS (Continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Independent Auditor's report to the members of RB UK Commercial Limited

Opinion

We have audited the financial statements of RB UK Commercial 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 loss 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 RB UK Commercial Limited (Continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 3-5 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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



Jeremy Williams (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

30 April 2020

RB UK Commercial Limited

Statement of Comprehensive Income

For the year ended 31 December 2019

	Note	2019	2018		Total
		Total	Continuing	Dis-continued	
		£000	£000	£000	£000
Turnover	3	487,962	472,721	220,693	693,414
Cost of sales		(354,332)	(306,191)	(195,233)	(501,424)
Gross profit		133,630	166,530	25,460	191,990
Distribution costs		(56,353)	(56,445)	(18,953)	(75,398)
Administrative expenses		(105,745)	(94,158)	(31,617)	(125,775)
Operating loss	4	(28,468)	-	-	(9,183)
Profit on sale of discontinued operations		-	-	-	194,530
Interest payable and similar expenses	7	(2,898)	-	-	(5,832)
(Loss) / Profit before taxation		(31,366)	-	-	179,515
Tax on (loss) / Profit	8	(7,061)	-	-	(8,922)
(Loss) / Profit for the financial year		(38,427)	-	-	170,593

The notes on pages 13 to 23 form part of these Financial Statements.



Harminder Virdi
Director

RB UK Commercial Limited

Balance Sheet

As at 31 December 2019

Company Number 08784077

	Note	2019 £000	2018 £000
Fixed Assets			
Intangible assets	9	224,312	288,246
Tangible fixed assets	10	<u>1,933</u>	<u>2,527</u>
		226,245	290,773
Current Assets			
Stocks	11	55,329	56,257
Debtors: amounts falling due within one year	12	418,443	424,450
Cash and cash equivalents		4,038	3,797
		<u>477,810</u>	<u>484,504</u>
Current Liabilities			
Creditors: amounts falling due within one year	13	(703,873)	(736,696)
		<u>(226,063)</u>	<u>(252,192)</u>
Net Current Liabilities			
		<u>182</u>	<u>38,581</u>
Total Assets less Current Liabilities			
		<u>182</u>	<u>38,581</u>
Net Assets			
		<u>182</u>	<u>38,581</u>
Capital and Reserves			
Called up share capital	16	-	-
Share based payment reserve		6,009	5,981
Profit and loss account		(5,827)	32,600
		<u>182</u>	<u>38,581</u>
Total Equity			
		<u>182</u>	<u>38,581</u>

The notes on pages 13 to 23 form part of these Financial Statements.

The Financial Statements on pages 10 to 23 were approved and authorised for issue by the board and were signed on its behalf on 30 April 2020.



Harminder Virdi
Director

RB UK Commercial Limited
Statement of Changes in Equity
For the year ended 31 December 2019

	Called up share capital £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
Balance as at 1 January 2019	-	5,981	32,600	38,581
Loss for the financial year	-	-	(38,427)	(38,427)
Total comprehensive expense	-	-	(38,427)	(38,427)
Share based payments	-	28	-	28
Total transactions with owners	-	28	-	28
At 31 December 2019	-	6,009	(5,827)	182

	Called up share capital £000	Share based payment reserve £000	Profit and loss account £000	Total equity £000
Balance as at 1 January 2018	-	5,595	(140,241)	(134,646)
Profit for the financial year	-	-	170,593	170,593
Total comprehensive Income	-	-	170,593	170,593
Share based payments	-	2,634	-	2,634
Share options exercised	-	(2,248)	2,248	-
Total transactions with owners	-	386	2,248	2,634
At 31 December 2018	-	5,981	32,600	38,581

The notes on pages 13 to 23 form part of these Financial Statements.

RB UK Commercial Limited
Notes to the Financial Statements
For the year ended 31 December 2019

1. Accounting Policies

General Information

RB UK Commercial Limited is a private company limited by shares and is 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. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

Statement of Compliance

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

Going concern

Notwithstanding net current liabilities of £226,063k as at 31 December 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate company, Reckitt Benckiser Group plc and its subsidiaries not seeking repayment of the amounts currently due to the group, which at 31 December 2019 amounted to £581,297k. Reckitt Benckiser Group plc has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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).

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

1. Accounting Policies (continued)

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 3UK or at www.rb.com. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

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

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

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

Foreign Currency Balances

The company's functional and presentation 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.

Revenue recognition

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

Sale of goods

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

Operating leases

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

Interest

Interest payable is charged to the profit and loss account as incurred and interest receivable is credited as it falls due.

Taxation

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

Dividends

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

Intangible assets

Goodwill arising on acquisition of a business is recorded at the excess of purchase consideration over the fair value of assets and liabilities acquired.

Goodwill is amortised over a period of 10 years. The Directors, to determine whether there should be a reduction to reflect any impairment, review their carrying value annually.

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

1. Accounting Policies (continued)

Tangible fixed 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:

Leasehold Improvements	not more than twenty years
Plant and equipment	not more than fifteen years

Depreciable properties include leasehold land, leasehold or building improvements (improvements to the fabric of the property such as internal walls, carpets etc.), heating, ventilation, air-con systems, and lifts.

Where a leased property has an option or break clause the capitalised amounts (including any associated leasehold improvements) should be depreciated over the period to the first option or break clause.

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.

Cash and cash equivalents

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

Short-term debtors and creditors

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

Stock

Stock is valued at the lower of cost and net realisable value. Cost comprises of cost of purchase of goods, materials and labour for any embellishment carried out subsequent to the purchase. 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 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.

RB UK Commercial Limited

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

1. Accounting Policies (continued)

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 Reckitt Benckiser group of companies. 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.

Share based payments

Incentives in the form of shares in the ultimate parent company, Reckitt Benckiser Group plc, are provided to employees under the share option and restricted share schemes. Any shortfall between the cost to the employee and the fair market value of the awards at the date of grant is charged to the profit and loss account over the period to which the performance criteria relate, with the credit taken directly to the share based payment reserve.

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 estimates:

- The company has in place some complex customer discount agreements for which requires an element of management estimation as there is often uncertainty as to the volume of future sales and level of rebates to be accrued. The Company provides for amounts payable to our trade customers for promotional activity arrangements. Where an activity spans across the year end, an accrual is reflected in the Financial Statements based on our estimation of customer and consumer uptake during the relevant period and the extent to which temporary funded activity has occurred. There is a timing difference between that initial estimation and final settlement of trade spend with our customers – the result of which could lead to variations between the two.
- The company considers whether goodwill is impaired. This requires estimation of the future cash flows from the cash generating units and also selection of appropriate discount rates in order to calculate the net present value of these cash flows

The Company's Directors are of the opinion that there are no key judgements and no additional 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	487,907	662,889
Rest of Europe	55	30,525
	<u>487,962</u>	<u>693,414</u>

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

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

4. Operating loss

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

	2019	2018
	£000	£000
Amortisation of intangible fixed assets	64,330	61,467
Depreciation of tangible fixed assets:	1,103	1,094
Operating lease charges - Plant and machinery	600	832
Foreign exchange (gains)/ losses	(43)	19

Auditor's' remuneration of £94,000 (2018: £94,000) for the audit of the Company for the year ended 31 December 2019 (2018: same).

5. Staff costs

	2019	2018
	£000	£000
The staff costs were as follows:		
Wages and salaries	17,783	25,086
Social security costs	2,821	4,172
Other pension costs	1,840	2,222
	22,444	31,481

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

	2019	2018
	No	No
Administration	167	230
Sales and distribution	167	183
	334	413

6. Directors' remuneration

During the year the Company had 5 directors (2018: 7 Directors), three of whom were resident in the UK, one in UAE and one in Spain.

The Directors received emoluments of £1,247k (2018: £760k) during the year in respect of services to the Company.

The highest paid Director received emoluments of £789k (2018: £307k) during the year in respect of services to the Company, and pension contributions of £35k were made (2018: £26k). 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 shares under a long-term incentive scheme (2018: 0).

One of the Directors of the Company is employed by Lancaster Square Holdings SL, the other director is an employee of another group company, Reckitt Benckiser Corporate Services Limited. Their emoluments are dealt with in the financial statements of these companies. These Directors consider that the element of their remuneration which could be deemed to relate to their role as Directors of the Company is £nil (2018: £nil).

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

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

7. Interest payable and similar expenses

	2019	2018
	£000	£000
Interest payable to Group undertakings	2,848	5,792
Other interest payable	50	40
	<u>2,898</u>	<u>5,832</u>

8. Tax on profit/loss

	2019	2018
	£000	£000
Corporation tax		
Current tax on profit/losses for the financial year	6,825	8,685
Adjustments in respect of previous periods	52	314
Total current tax	<u>6,877</u>	<u>8,999</u>
Deferred tax		
Origination and reversal of timing differences	206	(10)
Adjustment in respect of previous periods	-	(68)
-Change in tax rates	(22)	1
Total deferred tax	<u>184</u>	<u>(77)</u>
Taxation on loss	<u>7,061</u>	<u>8,922</u>

Reconciliation of tax charge

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19.00% (2018 – 19%). The differences are explained below:

	2019	2018
	£000	£000
Profit/(loss) before tax	(31,366)	179,515
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2018 – 19%)	(5,959)	34,108
Effects of:		
Expenses not deductible for tax purposes	13,363	40,156
Income not taxable	(494)	(65,419)
Transfer pricing adjustments	(30)	(1)
Adjustments in respect of previous periods	52	246
Tax rate changes	(22)	1
Share options	150	(169)
Rounding	1	-
Total tax charge for the year	<u>7,061</u>	<u>8,922</u>

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. 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. Future profits will be taxed at the appropriate rate.

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

9. Intangible assets

	Goodwill £000	Software £000	Total £000
Cost			
At 1 January 2019	526,861	-	526,861
Additions	-	396	396
At 31 December 2019	526,861	396	527,257
Accumulated amortisation			
At 1 January 2019	238,615	-	238,615
Charge for the year	64,330	-	64,330
At 31 December 2019	302,945	-	302,945
Net book value			
At 31 December 2019	223,916	396	224,312
At 31 December 2018	288,246	-	288,246

	Goodwill £000	Total £000
Cost		
At 1 January 2018	799,196	799,196
Disposals	(272,335)	(272,335)
At 31 December 2018	526,861	526,861
Accumulated amortisation		
At 1 January 2018	299,699	299,699
Disposal	(122,551)	(122,551)
Charge for the year	61,467	61,467
At 31 December 2018	238,615	238,615
Net book value		
At 31 December 2018	288,246	288,246
At 31 December 2017	499,497	499,497

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

10. Tangible Fixed assets

	Leasehold Improvements £000	Plant and equipment £000	Total £000
Cost			
At 1 January 2019	1,959	2,247	4,206
Additions	-	509	509
At 31 December 2019	1,959	2,756	4,714
Accumulated depreciation			
At 1 January 2019	588	1,091	1,679
Charge for the year	531	572	1,103
At 31 December 2019	1,119	1,663	2,782
Net book value			
At 31 December 2019	840	1,093	1,933
At 31 December 2018	1,371	1,156	2,527

	Leasehold Improvements £000	Plant and equipment £000	Assets under construction £000	Total £000
Cost				
At 1 January 2018	1,171	1,970	788	3,929
Additions	-	760		760
Disposals		(483)		(483)
Transfers	788		(788)	
At 31 December 2018	1,959	2,247	-	4,206
Accumulated depreciation				
At 1 January 2018	56	923	-	979
Charge for the year	532	562	-	1,094
Disposals		(394)		(394)
At 31 December 2018	588	1,091	-	1,679
Net book value				
At 31 December 2018	1,371	1,156	-	2,527
At 31 December 2017	1,115	1,047	788	2,950

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

11. Stocks

	2019	2018
	£000	£000
Finished goods and goods for resale	55,329	56,257
	55,329	56,257

Inventories are stated after provisions for impairment of £3,704k (2018: £3,352k).

12. Debtors: amounts falling due within one year

	2019	2018
	£000	£000
Trade debtors	45,432	48,484
Amounts owed by Group undertakings	371,264	374,427
Other debtors	918	533
Deferred tax	548	732
Prepayments and accrued income	281	274
	418,443	424,450

Trade debtors are stated after provisions for impairment of £694k (2018: £1,265k).

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

13. Creditors: amounts falling due within one year

	2019	2018
	£000	£000
Trade creditors	29,339	34,256
Amounts owed to Group undertakings	581,297	594,951
Other taxation and social security	28,495	22,325
Accruals and deferred income	34,894	49,669
Trade Spend Accruals	29,848	35,495
	703,873	736,696

Included in amounts owed to group undertakings is £540,857k (2018: £585,740k) which is interest bearing at LIBOR plus 0.50% (2018: interest bearing at LIBOR plus 0.50%), all of which are unsecured and repayable on demand.

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

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

14. Deferred taxation

	2019	2018
	£000	£000
At 1 January	732	654
Deferred tax charge to income statement for the period	(184)	9
Adjustments in respect of prior periods	-	68
Deferred tax asset at 31 December	548	731
The provision for deferred taxation is made up as follows:		
Fixed asset timing differences	211	130
Other timing differences	337	601
	548	731

15. Financial Instruments

	2019	2018
	£000	£000
Financial Assets		
Cash and cash equivalents	4,038	3,797
Amounts owed by Group undertakings	371,264	374,427
Financial assets measured at amortised cost	46,350	49,018
	421,652	427,242
Financial Liabilities		
Amounts owed to Group undertakings	581,297	594,951
Financial liabilities measured at amortised cost	94,081	119,420
	675,378	714,371

The company has a loan of £540,857k (2018: £585,740k) as at 31 December 2019 from another Group undertaking which is interest bearing at LIBOR plus 0.50% and is repayable on demand. The balance.

RB UK Commercial Limited

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

16. Called up share capital

	2019 £	2018 £
Issued and fully paid		
1 (2018: 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

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

17. Pension scheme

Pension costs for the year of £1,840,000 (2018: £2,221,000) 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 benefit for the year of £nil (2018: cost of £1,000) represent contributions in respect of the defined benefit scheme. There were no outstanding contributions (2018: £nil) at the year-end. Of this £nil (2018: £1,000) represents a receivable from the group scheme for the pension surplus.

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.

18. 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.

19. Ultimate Parent Undertaking and Controlling Party

The immediate parent company is Lancaster Square Holdings SL, a company incorporated in Spain.

The ultimate parent company and controlling party is Reckitt Benckiser Group plc a company incorporated in the 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 www.rb.com.