

# Reckitt Benckiser Healthcare International Limited

Report and Financial Statements

Year ended

31 December 2018

Company Number 02741587



**Reckitt Benckiser Healthcare International Limited**  
**Company Information**

<b>Directors</b>	James Tilley (Appointed 01/01/2018 and resigned 01/01/2019) John Dixon Harinder Singh Virdi (Appointed on 01/01/2019) Stephen Philip Troote (resigned 29/03/18)
<b>Company Secretary</b>	Christine Anne-Marie Logan
<b>Registered Number</b>	02741587
<b>Registered Office</b>	103-105 Bath Road Slough Berkshire SL1 3UH England
<b>Independent Auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

# **Reckitt Benckiser Healthcare International Limited**

## **Contents**

	<b>Pages</b>
<b>Strategic Report</b>	<b>1 - 2</b>
<b>Directors' Report</b>	<b>3 - 4</b>
<b>Statement of directors' responsibilities in respect of the Strategic, Directors' Report and the Financial Statements</b>	<b>5</b>
<b>Independent Auditors' Report to the Member of Reckitt Benckiser Healthcare International Limited</b>	<b>6 - 8</b>
<b>Statement of Comprehensive Income</b>	<b>9</b>
<b>Balance Sheet</b>	<b>10</b>
<b>Statement of Changes in Equity</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12 - 22</b>

# **Reckitt Benckiser Healthcare International Limited**

## **Strategic Report**

**For the year ended 31 December 2018**

The Directors of Reckitt Benckiser Healthcare International Limited (the "Company") present their Strategic Report for the year ended 31 December 2018.

### **Principal activities**

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

### **Review of business**

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.

### **Key performance indicators ("KPIs")**

The Directors of Reckitt Benckiser Group plc manage the Group's operations on a geographical and category basis. For this reason, the Directors believe analysis using key performance indicators for the Company is not necessary, or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the Health and Personal Care category of Reckitt Benckiser Group plc, that includes the Company, is discussed in the Group's Financial Statements which does not form part of this report.

### **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 purchases derivatives to manage its exposure to currency risk on such transactions. Reckitt Benckiser Group of companies' currency risks are managed at Group level.

# Reckitt Benckiser Healthcare International Limited

Strategic report (continued)  
For the year ended 31 December 2018

## Credit risk

The Company primarily has transactions with intercompany entities as part of the buy and sell model that it operates under. Financial Institution counterparties are subject to approval under the Reckitt Benckiser Group of companies' counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. The amount of exposure to any individual counterparty is subject to a limit defined within the counterparty risk policy, which is reassessed annually by the Board of Reckitt Benckiser Group plc. Amounts owing from companies in the Reckitt Benckiser Group of companies are usually remitted within the Company's standard credit terms. The credit history of counterparties and trade debtors is also monitored regularly.

## Results for the year and movement on reserves

The Financial Statements for the year ended 31 December 2018 show a profit for the financial year of £5,154,000 (2017 - £4,322,000) which has been added to reserves. The Directors do not recommend payment of a dividend (2017 - £nil). The company has net assets of £255,274,000 (2017: £249,376,000).

This report was approved by the Board on September 30, 2019 and signed on its behalf.



**Harminder Singh Virdi**

Director  
103 105 Bath Road  
Slough  
Berkshire  
SL1 3UH  
England

**Reckitt Benckiser Healthcare International Limited**  
**Directors' Report**  
**For the year ended 31 December 2018**

The Directors present their report and the audited Financial Statements for the year ended 31 December 2018.

**Directors**

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

James Tilley (Appointed 01/01/2018 and resigned 01/01/2019)  
John Dixon  
Harinder Singh Viridi (Appointed on 01/01/2019)  
Stephen Philip Troote (resigned 29/03/18)

**Employment of disabled persons**

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

**Employee involvement**

During 2018, the Company employed an average of 810 (2017: 742) 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.

**Directors' indemnity**

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

**Financial performance and dividends**

Details of financial performance and dividends are included in the Strategic report on pages 1-2.

**Future developments**

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

# Reckitt Benckiser Healthcare International Limited

## Directors' Report (Continued) For the year ended 31 December 2018

### Charitable and political donations

Charitable donations in the UK amounted to £nil. No political donations were made.

### Going concern

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

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

The external auditor of the Company for the prior financial year was PWC. The Company's ultimate parent company, Reckitt Benckiser Group PLC ("The Group"), undertook an audit tender in 2017 and appointed KPMG LLP as external auditor for the Group for the financial year ended 31 December 2018. Accordingly, KPMG LLP was appointed by the Company to replace PWC as auditor for the year ended 31 December 2018.

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

### Disclosure of information to Auditor

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

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

This report was approved by the board and signed on its behalf on *30 September* 2019.



**Harinder Singh Virdi**  
Director  
103 105 Bath Road  
Slough  
Berkshire  
SL1 3UH  
England

**Reckitt Benckiser Healthcare International Limited**  
**Statement of directors' responsibilities in respect of the Strategic, Directors' Report and the Financial Statements**  
**For the year ended 31 December 2018**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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



# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RECKITT BENCKISER HEALTHCARE INTERNATIONAL LIMITED**

## **Opinion**

We have audited the financial statements of Reckitt Benckiser Healthcare International Limited ("the Company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

## **Other matter**

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and appropriateness of the going concern basis of preparation of the financial statements. These depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

## **Going concern**

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

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

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

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RECKITT BENCKISER HEALTHCARE INTERNATIONAL LIMITED (continued)**

## **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.

## **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

## **Directors' responsibilities**

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

## **Auditor's responsibilities**

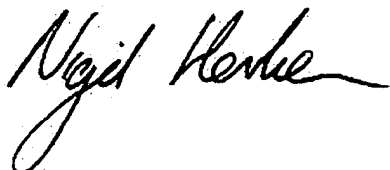
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RECKITT BENCKISER HEALTHCARE INTERNATIONAL 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.



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

30 September 2019

# Reckitt Benckiser Healthcare International Limited

## Statement of Comprehensive Income For the year ended 31 December 2018

	note	2018 £000	2017 £000
<b>Turnover</b>	3	<b>155,326</b>	<b>140,935</b>
Cost of sales		(148,434)	(135,605)
<b>Gross profit</b>		<b>6,892</b>	<b>5,330</b>
Distribution expenses		(1,208)	(1,030)
Administrative income/ (expenses)		(332)	394
<b>Operating profit</b>	4	<b>5,352</b>	<b>4,694</b>
Interest receivable and similar income	7	1,077	497
Interest payable and similar expenses	8	(1)	(7)
<b>Profit before taxation</b>		<b>6,428</b>	<b>5,184</b>
Tax on profit	9	(1,274)	(862)
<b>Profit for the financial year</b>		<b>5,154</b>	<b>4,322</b>
<b>Other comprehensive income/(expense)</b>		<b>743</b>	<b>41</b>
<b>Total comprehensive income</b>		<b>5,897</b>	<b>4,363</b>

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

# Reckitt Benckiser Healthcare International Limited

Balance Sheet  
As at 31 December 2018  
Company Number 2741587

	note	2018 £000	2017 £000
<b>Non-current assets</b>			
Intangible assets	10	1,667	1,818
Tangible assets	11	47,094	40,387
Debtors: amounts falling due after more than one year		1,042	1,577
		<u>49,803</u>	<u>43,782</u>
<b>Current Assets</b>			
Stocks	12	27,957	21,619
Debtors	13	223,885	235,749
Cash and cash equivalents		61	133
		<u>251,903</u>	<u>257,501</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(46,432)	(51,907)
<b>Net current assets</b>		<u>205,471</u>	<u>205,596</u>
<b>Total assets less current liabilities</b>		<u>255,274</u>	<u>249,376</u>
<b>Net Assets</b>		<u>255,274</u>	<u>249,376</u>
<b>Equity</b>			
Called up share capital	18	70,000	70,000
Share premium account		18,556	18,556
Other reserves		544	(199)
Retained earnings		166,174	161,019
<b>Total Equity</b>		<u>255,274</u>	<u>249,376</u>

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

The Financial Statements on pages 9 to 22 were approved and authorised for issue by the board and were signed on its behalf. *on September 30, 2019*



**Harminder Singh Viridi**  
Director

# Reckitt Benckiser Healthcare International Limited

## Statement of Changes in Equity For the year ended 31 December 2018

	Called up share capital £000	Share premium account £000	Retained earnings £000	Other reserves £000	Total equity £000
<b>Balance as at 1 January 2018</b>	70,000	18,556	161,019	(199)	249,376
Profit for the financial year	-	-	5,154	-	5,154
Other comprehensive income	-	-	-	743	743
<b>Total comprehensive income</b>	-	-	5,154	743	5,897
<b>Total transactions with owners</b>	-	-	-	-	-
<b>At 31 December 2018</b>	70,000	18,556	166,173	544	255,274

	Called up share capital £000	Share premium account £000	Retained earnings £000	Other reserves £000	Total equity £000
<b>Balance as at 1 January 2017</b>	70,000	18,556	156,697	1,019	246,272
Profit for the financial year	-	-	4,322	-	4,322
Other comprehensive income	-	-	-	41	41
<b>Total comprehensive income</b>	-	-	4,322	41	4,363
<b>Total transactions with owners</b>	-	-	-	(1,259)	(1,259)
<b>At 31 December 2017</b>	70,000	18,556	161,019	(199)	249,376

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

# Reckitt Benckiser Healthcare International Limited

## Notes to the Financial Statements For the year ended 31 December 2018

### 1. Accounting Policies

#### General Information

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

#### Statement of Compliance

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

#### Basis of Preparation

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

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

#### Financial Reporting Standard 102 – Reduced Disclosure Exemptions

The Company 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 4 Statement of Financial Position paragraph 4.12(a)(iv) not to prepare a reconciliation of the numbers of shares outstanding at the beginning and end of the year;
- the requirements of section 33 Related Party Disclosures paragraph 33.7 not to disclose key management personnel compensation in total.

#### Foreign Currency Balances

The Company's functional and presentational currency is Sterling.

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

#### Turnover

Turnover is defined as the amount invoiced to customers during the year. Turnover is recognised at the point at which the risks and rewards of the goods have passed to the customer.

# Reckitt Benckiser Healthcare International Limited

## Notes to the Financial Statements For the year ended 31 December 2018

### 1. Accounting Policies (continued)

#### Operating leases

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

#### Research and development

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

#### Interest

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

#### Royalties

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

#### Taxation

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

#### Intangible assets

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

Product rights are amortised over periods not exceeding 10 years in line with the Directors' view of their useful economic lives. The Directors, to determine whether there should be a reduction to reflect any impairment, review their carrying value annually.

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

#### Tangible assets

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

Freehold buildings	not more than fifty years
Plant and equipment	not more than fifteen years

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

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

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



# Reckitt Benckiser Healthcare International Limited

## Notes to the Financial Statements For the year ended 31 December 2018

### 1. Accounting Policies (continued)

#### Stocks

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

#### Financial Instruments

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

##### Financial Assets

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

Financial assets are derecognised when

- a) The contractual rights to the cash flows from the asset expire or are settled, or
- b) Substantially all the risks and rewards of the ownership of the asset are transferred to another party or
- c) Control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions

##### Financial Liabilities

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

#### Derivatives

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

#### Pension commitments

The Company is a member of the Reckitt Benckiser UK Pension Fund. This scheme has a defined benefit and a defined contribution section providing benefits to certain employees within the 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.

# Reckitt Benckiser Healthcare International Limited

## Notes to the Financial Statements For the year ended 31 December 2018

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

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

### 3. Turnover

An analysis of turnover by geographical location is as follows:

	2018 £000	2017 £000
United Kingdom	98	672
Rest of Europe	137,422	123,571
Rest of World	17,806	16,692
	<b>155,326</b>	<b>140,935</b>

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

### 4. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	7,771	7,849
Amortisation of intangible fixed assets	313	218
Royalties payable	824	1,013
Fees payable to the company's auditor for the audit of the company	46	46

Auditor remuneration of £46,000 (2017: £46,000) for the audit of the Company was borne by another group company.

# Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements  
For the year ended 31 December 2018

## 5. Staff costs

	2018 £000	2017 £000
<b>The staff costs were as follows:</b>		
Wages and salaries	24,167	24,983
Social security costs	3,022	2,947
Other pension costs	2,986	2,870
	<u>30,175</u>	<u>30,800</u>

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

	2018 number	2017 number
Production	810	742

## 6. Directors' remuneration

No director received, or waived any remuneration for their services as director to the Company (2017: £nil).

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

## 7. Interest receivable and similar income

	2018 £000	2017 £000
Interest receivable from Group undertakings	1,077	497
	<u>1,077</u>	<u>497</u>

## 8. Interest payable and other similar expenses

	2018 £000	2017 £000
Other interest payable	1	7
	<u>1</u>	<u>7</u>

# Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements  
For the year ended 31 December 2018

## 9. Tax on profit

	2018 £000	2017 £000
<b>Corporation tax</b>		
UK corporation tax charge on profit for the year	397	587
Adjustments in respect of prior periods	1,748	-
<b>Total current tax</b>	<b>2,145</b>	<b>587</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	759	311
Adjustments in respect of prior periods	(1,550)	-
Effect of change in tax rate	(80)	(36)
<b>Total deferred tax</b>	<b>(871)</b>	<b>275</b>
<b>Taxation on profit</b>	<b>1,274</b>	<b>862</b>
<b>Reconciliation of tax charge</b>		
The tax assessed for the year is lower than (2017 – lower than) the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:		
Profit on ordinary activities before tax	6,428	5,184
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	1,221	998
<b>Effects of:</b>		
Tax rate changes	(80)	(34)
Expenses not deductible for tax purposes	109	63
Adjustments in respect of prior periods	198	-
Share options	(174)	(137)
Non-taxable worldwide debt cap income	-	(28)
<b>Total tax charge for the year</b>	<b>1,274</b>	<b>(862)</b>

### Factors that may affect future tax charges

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

Reductions to the tax rate, reducing it to 17% from 1 April 2020 have been enacted. Future profits will be taxed at the appropriate rate.

# Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements  
For the year ended 31 December 2018

## 10. Intangible assets

	Software £000	Total £000
<b>Cost</b>		
At 1 January 2018	2,036	2,036
Additions	162	162
At 31 December 2018	<u>2,198</u>	<u>2,198</u>
<b>Accumulated amortisation</b>		
At 1 January 2018	218	218
Charge for the year	313	313
At 31 December 2018	<u>531</u>	<u>531</u>
<b>Net book value</b>		
At 31 December 2018	<u>1,667</u>	<u>1,667</u>
At 31 December 2017	<u>1,818</u>	<u>1,818</u>

# Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements  
For the year ended 31 December 2018

## 11. Tangible assets

	Leasehold land and buildings £000	Plant and Equipment £000	Assets under construction £000	Total £000
<b>Cost</b>				
At 1 January 2018	22,346	110,814	9,040	142,200
Additions	2,812	11,497	170	14,479
At 31 December 2018	<b>25,158</b>	<b>122,311</b>	<b>9,210</b>	<b>156,679</b>
<b>Amortisation</b>				
At 1 January 2018	13,432	88,381	-	101,813
Charge for the year	995	6,777	-	7,772
At 31 December 2018	<b>14,427</b>	<b>95,158</b>	<b>-</b>	<b>109,585</b>
<b>Net book value</b>				
At 31 December 2018	<b>10,731</b>	<b>27,153</b>	<b>9,210</b>	<b>47,094</b>
At 31 December 2017	<b>8,914</b>	<b>22,433</b>	<b>9,040</b>	<b>40,387</b>

## 12. Stocks

	2018 £000	2017 £000
Finished goods and goods for resale	14,964	6,079
Raw materials and consumables	4,666	9,654
Work in progress	8,327	5,886
	<b>27,957</b>	<b>21,619</b>

Inventories are stated after provisions for impairment of £537,000 (2017: £293,000).

# Reckitt Benckiser Healthcare International Limited

## Notes to the Financial Statements For the year ended 31 December 2018

### 13. Debtors

	2018 £000	2017 £000
<b>Due within one year</b>		
Amounts owed by Group undertakings	220,383	233,483
Deferred tax asset	1,554	826
Other debtors	770	1,291
Prepayments and accrued income	1,178	149
	<b>223,885</b>	<b>235,749</b>

Included in the amounts owed by Group undertakings is an amount of £170,098,000 (2017: £179,785,000) which is interest bearing at LIBOR minus 0.125% and is repayable on demand (2017 interest bearing at LIBOR minus 0.125%, repayable on demand).

The remaining amounts owed by Group undertakings are unsecured, non-interest bearing and repayable on demand (2017 – unsecured, non-interest bearing, repayable on demand).

Trade debtors are stated after provisions for impairment of £nil (2017: £nil).

### 14. Creditors: amounts falling due within one year

	2018 £000	2017 £000
<b>Creditors within one year</b>		
Trade creditors	27,349	29,867
Amounts owed to Group undertakings	6,811	3,990
Accruals and deferred income	12,272	18,050
	<b>46,432</b>	<b>51,907</b>

The amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand (2017: unsecured, non-interest bearing and repayable on demand).

### 15. Deferred taxation

	2018 £000	2017 £000
At 1 January	826	1,060
(Charged)/ credited to profit and loss account	1,550	(275)
Adjustments in respect of prior periods through OCI	(678)	(173)
Deferred tax charge in OCI for the period	(143)	214
At 31 December	<b>1,555</b>	<b>826</b>

The provision for deferred taxation is made up as follows:

Accelerated capital allowances	1,657	785
Other timing differences	(102)	41
	<b>1,555</b>	<b>826</b>

# Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements  
For the year ended 31 December 2018

## 16. Financial Instruments

	2018 £000	2017 £000
<b>Financial Assets</b>		
Cash and cash equivalents	61	133
Financial assets measured at amortised cost	221,153	234,775
	<u>221,214</u>	<u>234,908</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	46,432	51,907
	<u>46,432</u>	<u>51,907</u>

## 17. Called up share capital

	2018 £000	2017 £000
<b>Issued and fully paid</b>		
70,000,002 – (2017: 70,000,002) ordinary shares of £1 each	<u>70,000</u>	<u>70,000</u>

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



# Reckitt Benckiser Healthcare International Limited

## Notes to the Financial Statements For the year ended 31 December 2018

### 18. Pension scheme

Pension costs for the year of £2,982,546 (2017: £2,833,000) represent contributions to the defined contribution scheme. There were no contributions (2017: £nil) payable to the fund at the year-end included within creditors due within one year.

Pension costs for the year of £3,516 (2017: £37,000) represent contributions in respect of the defined benefit scheme. There were no outstanding contributions (2017: £nil) at the year-end. Of this £nil (2017: £nil) represents a payment to the group scheme for the pension deficit.

The Company participated in the Reckitt Benckiser UK Pension Fund, a Reckitt Benckiser Group 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.

### 19. Capital Commitment

	2018 £000	2017 £000
Future capital expenditure contracted for, but not provided, in the financial statements is	5,793	9,535

The Company had no future minimum lease payments under non-cancellable operating leases in 2018 (2017: nil)

### 20. Related party transactions

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

### 21. Ultimate Parent Undertaking and Controlling Party

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

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