

**Reckitt Benckiser Healthcare  
International Limited**

Report and Financial Statements

Year ended

31 December 2017

Company Number 2741587

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

<b>Directors</b>	James Tilley John Dixon
<b>Company Secretary</b>	Christine Anne-Marie Logan
<b>Registered Number</b>	2741587
<b>Registered Office</b>	103-105 Bath Road Slough Berkshire SL1 3UH England
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

# **Reckitt Benckiser Healthcare International Limited**

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# **Reckitt Benckiser Healthcare International Limited**

## **Strategic Report**

**For the year ended 31 December 2017**

The Directors of Reckitt Benckiser Healthcare International Limited (the "Company") present their Strategic Report for the year ended 31 December 2017.

### **Principal activities**

Reckitt Benckiser Healthcare International Limited is engaged in the development and manufacture of consumer healthcare products, concentrating on three categories: analgesics, cough and cold, and skincare in the UK.

### **Review of business**

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

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.

During the year the UK manufacturing business overcame external factors, an unforeseen cyber-attack. Despite this revenue growth was strong year on year, but operating profit remained flat.

### **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 2017

## Credit risk

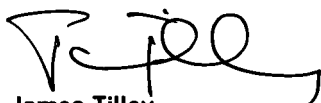
The Company has no significant concentrations of credit risk. Financial Institution counterparties are subject to approval under the Reckitt Benckiser Group of companies' counterparty risk policy and such approval is limited to financial institutions with a BBB rating or above. The amount of exposure 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 2017 show a profit for the financial year of £4,322,000 (2016 - £4,708,000) which has been added to reserves. The Directors do not recommend payment of a dividend (2016 - £nil). The company has net assets of £249,376,000 (2016: £246,272,000).

This report was approved by the board and signed on its behalf

28/09/2018



James Tilley  
Director

# **Reckitt Benckiser Healthcare International Limited**

## **Directors' Report For the year ended 31 December 2017**

The Directors present their report and the audited Financial Statements for the year ended 31 December 2017.

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

### **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:

David Norman Walters (resigned 31 December 2017)

James Tilley (appointed 31 December 2017)

Stephen Philip Troote (resigned 29 March 2018)

John Dixon

### **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.

# **Reckitt Benckiser Healthcare International Limited**

## **Directors' Report (continued) For the year ended 31 December 2017**

### **Employee involvement**

During 2017, the Company employed an average of 742 (2016: 684) 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. This was in force during the financial year and at the date of approval of the Financial Statements.

### **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.

### **Charitable and political donations**

No charitable donations in the UK were made (2016: £842). No political donations were made (2016: £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.

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.

### **Financial performance**

Financial performance has been considered within the Strategic report on pages 1-2.

### **Dividends, financial risk management**

Dividends and financial risk management are currently disclosed in the strategic report on pages 1-2.

# **Reckitt Benckiser Healthcare International Limited**

**Directors' Report (continued)**  
**For the year ended 31 December 2017**

## **Independent Auditors**

The Company has adopted Articles which are compliant with provisions of the Companies Act 2006 and is therefore not required to hold annual general meetings to lay Financial Statements before the shareholders and to reappoint the Auditors annually.

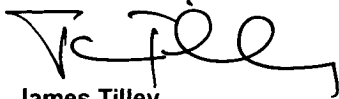
## **Disclosure of information to Auditors**

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 auditors 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 Auditors in connection with preparing their report and to establish that the Company's Auditors are aware of that information.

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

*28/09/2018*



**James Tilley**  
Director



**Reckitt Benckiser Healthcare International Limited**  
**Independent Auditors' report to the members of Reckitt Benckiser Healthcare International Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion, Reckitt Benckiser Healthcare International Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

**Reckitt Benckiser Healthcare International Limited**  
**Independent Auditors' report to the members of Reckitt Benckiser Healthcare International Limited**

**Reporting on other information (continued)**

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

*Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Reckitt Benckiser Healthcare International Limited**  
**Independent Auditors' report to the members of Reckitt Benckiser Healthcare International Limited**

**Other required reporting**

**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Christopher Richmond (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

28 September 2018

# Reckitt Benckiser Healthcare International Limited

## Statement of Comprehensive Income For the year ended 31 December 2017

	note	2017 £000	2016 £000
<b>Turnover</b>	3	<b>140,935</b>	<b>125,214</b>
Cost of sales		(135,605)	(118,980)
<b>Gross profit</b>		<b>5,330</b>	<b>6,234</b>
Distribution expenses		(1,030)	(790)
Administrative income/ (expenses)		394	(782)
<b>Operating profit</b>	4	<b>4,694</b>	<b>4,662</b>
Interest receivable and similar income	7	497	1,063
Interest payable and similar expenses	8	(7)	(7)
Other finance expense	8	-	(9)
<b>Profit before taxation</b>		<b>5,184</b>	<b>5,709</b>
Tax on profit	9	(862)	(1,001)
<b>Profit for the financial year</b>		<b>4,322</b>	<b>4,708</b>
<b>Other comprehensive income</b>		<b>41</b>	<b>583</b>
<b>Total comprehensive income</b>		<b>4,363</b>	<b>5,291</b>

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

# Reckitt Benckiser Healthcare International Limited

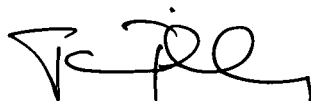
**Balance Sheet**  
**As at 31 December 2017**  
 Company Number 2741587

	note	2017 £000	2016 £000
<b>Non-current assets</b>			
Intangible assets	10	1,818	-
Tangible assets	11	40,387	35,984
Debtors: amounts falling due within more than one year		1,577	-
		<u>43,782</u>	<u>35,984</u>
<b>Current Assets</b>			
Stocks	12	21,619	15,701
Debtors	13	235,749	261,410
Cash and cash equivalents		133	57
		<u>257,501</u>	<u>277,168</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(51,907)	(66,880)
<b>Net current assets</b>		<u>205,596</u>	<u>210,288</u>
<b>Total assets less current liabilities</b>		<u>249,376</u>	<u>246,272</u>
<b>Net Assets</b>		<u>249,376</u>	<u>246,272</u>
<b>Equity</b>			
Called up share capital	18	70,000	70,000
Share premium account		18,556	18,556
Other reserves		(199)	1,019
Retained earnings		161,019	156,697
<b>Total Equity</b>		<u>249,376</u>	<u>246,272</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.

*28/09/2018*



**James Tilley**  
 Director

# Reckitt Benckiser Healthcare International Limited

## Statement of Changes in Equity For the year ended 31 December 2017

	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>	<b>70,000</b>	<b>18,556</b>	<b>156,697</b>	<b>1,019</b>	<b>246,272</b>
Profit for the financial year	-	-	4,322	-	4,322
Other comprehensive income	-	-	-	41	41
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>4,322</b>	<b>41</b>	<b>4,363</b>
Movement in other reserves	-	-	-	(1,259)	(1,259)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,259)</b>	<b>(1,259)</b>
<b>At 31 December 2017</b>	<b>70,000</b>	<b>18,556</b>	<b>161,019</b>	<b>(199)</b>	<b>249,376</b>

	Called up share capital £000	Share premium account £000	Retained earnings £000	Other reserves £000	Total equity £000
<b>Balance as at 1 January 2016</b>	<b>70,000</b>	<b>18,556</b>	<b>151,989</b>	<b>436</b>	<b>240,981</b>
Profit for the financial year	-	-	4,708	-	4,708
Other comprehensive income	-	-	-	583	583
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>4,708</b>	<b>583</b>	<b>5,291</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2016</b>	<b>70,000</b>	<b>18,556</b>	<b>156,697</b>	<b>1,019</b>	<b>246,272</b>

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 2017

### 1. Accounting Policies

#### General Information

Reckitt Benckiser Healthcare International Limited is a private company limited by shares incorporated in the United Kingdom and registered in England under the Companies Act 2006. The address of the registered office is given on 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 2017

## 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 2017

### 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 2017

## 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:

	2017 £000	2016 £000
United Kingdom	672	13,098
Rest of Europe	123,571	96,887
Rest of World	16,692	15,229
	<b>140,935</b>	<b>125,214</b>

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

## 4. Operating profit

The operating profit is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	7,849	9,579
Amortisation of intangible fixed assets	218	-
Royalties payable	1,013	776
Fees payable to the company's auditor for the audit of the company	46	44
Stock expensed through income statement	77,851	63,138

Auditors' remuneration of £45,000 (2016: £44,000) 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 2017

## 5. Staff costs

	2017 £000	2016 £000
<b>The staff costs were as follows:</b>		
Wages and salaries	24,983	23,232
Social security costs	2,947	2,367
Other pension costs	2,870	2,484
	<u>30,800</u>	<u>28,083</u>

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

	2017 number	2016 number
Production	742	684

## 6. Directors' remuneration

No director received, or waived any remuneration for their services as director to the Company (2016: £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

	2017 £000	2016 £000
Interest receivable from Group undertakings	497	1,063
	<u>497</u>	<u>1,063</u>

## 8. Interest payable and other similar expenses

	2017 £000	2016 £000
Other finance expenses	-	9
Other interest payable	7	7
	<u>7</u>	<u>16</u>

# Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements  
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## 9. Tax on profit

	2017 £000	2016 £000
<b>Corporation tax</b>		
UK corporation tax charge on profit for the year	587	1,048
Adjustments in respect of prior periods	-	(68)
<b>Total current tax</b>	<b>587</b>	<b>980</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	311	(116)
Adjustments in respect of prior periods	-	63
Effect of change in tax rate	(36)	74
<b>Total deferred tax</b>	<b>275</b>	<b>21</b>
<b>Taxation on profit</b>	<b>862</b>	<b>1,001</b>

### Reconciliation of tax charge

The tax assessed for the year is lower than (2016 – lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

Profit on ordinary activities before tax	5,184	5,709
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	998	1,142
<b>Effects of:</b>		
Tax rate changes	(34)	74
Expenses not deductible for tax purposes	63	171
Adjustments in respect of prior periods	-	(5)
Share options	(137)	(164)
Non-taxable worldwide debt cap income	(28)	(217)
<b>Total tax charge for the year</b>	<b>(862)</b>	<b>(1,001)</b>

### Factors that may affect future tax charges

The standard rate of Corporation tax in the UK is 19.25%.

Reductions to the tax rate, reducing it to 19% from 1 April 2017 and 17% from 1 April 2020 have been enacted. Future profits will be taxed at the appropriate rate.

# Reckitt Benckiser Healthcare International Limited

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## 10. Intangible assets

	Product rights £000	Software £000	Total £000
<b>Cost</b>			
At 1 January 2017	6,293	-	6,293
Additions	-	2,036	2,036
At 31 December 2017	<u>6,293</u>	<u>2,036</u>	<u>8,329</u>
<b>Accumulated amortisation</b>			
At 1 January 2017	6,293	-	6,293
Charge for the year	-	218	218
At 31 December 2017	<u>6,293</u>	<u>218</u>	<u>6,511</u>
<b>Net book value</b>			
At 31 December 2017	<u>-</u>	<u>1,818</u>	<u>1,818</u>
At 31 December 2016	<u>-</u>	<u>-</u>	<u>-</u>

# Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements  
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## 11. Tangible assets

	Leasehold land and buildings £000	Plant and Equipment £000	Assets under construction £000	Total £000
<b>Cost</b>				
At 1 January 2017	19,405	111,009	4,010	134,424
Transfers	1,865	(1,865)	-	-
Additions	1,076	6,290	5,030	12,396
Disposals	-	(4,620)	-	(4,620)
At 31 December 2017	<b>22,346</b>	<b>110,814</b>	<b>9,040</b>	<b>142,200</b>
<b>Amortisation</b>				
At 1 January 2017	12,001	86,439	-	98,440
Transfers	598	(454)	-	144
Charge for the year	833	7,016	-	7,849
On disposals	-	(4,620)	-	(4,620)
At 31 December 2017	<b>13,432</b>	<b>88,381</b>	<b>-</b>	<b>101,813</b>
<b>Net book value</b>				
At 31 December 2017	<b>8,914</b>	<b>22,433</b>	<b>9,040</b>	<b>40,387</b>
At 31 December 2016	<b>7,404</b>	<b>24,570</b>	<b>4,010</b>	<b>35,984</b>

## 12. Stocks

	2017 £000	2016 £000
Finished goods and goods for resale	6,079	3,276
Raw materials and consumables	9,654	9,658
Work in progress	5,886	2,767
	<b>21,619</b>	<b>15,701</b>

Inventories are stated after provisions for impairment of £293,000 (2016: £206,000).

# Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements  
For the year ended 31 December 2017

## 13. Debtors

	2017 £000	2016 £000
<b>Due within one year</b>		
Trade debtors	-	1,477
Amounts owed by Group undertakings	233,483	257,895
Deferred tax asset	826	1,060
Other debtors	1,291	808
Prepayments and accrued income	149	170
	<b>235,749</b>	<b>261,410</b>

Included in the amounts owed by Group undertakings is an amount of £179,785,000 (2016: £200,648,325) which is interest bearing at LIBOR minus 0.125% and is repayable on demand (2016 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 (2016 – unsecured, non-interest bearing, repayable on demand).

Trade debtors are stated after provisions for impairment of £nil (2016: £nil).

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

	2017 £000	2016 £000
<b>Creditors within one year</b>		
Trade creditors	29,867	23,149
Amounts owed to Group undertakings	3,990	30,564
Accruals and deferred income	18,050	13,167
	<b>51,907</b>	<b>66,880</b>

The amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand (2016: unsecured, non-interest bearing and repayable on demand).

## 15. Deferred taxation

	2017 £000	2016 £000
At 1 January	1,060	1,081
(Charged)/ credited to profit and loss account	(275)	42
Adjustments in respect of prior periods through OCI	(173)	(63)
Deferred tax charge in OCI for the period	214	-
At 31 December	<b>826</b>	<b>1,060</b>
 The provision for deferred taxation is made up as follows:		
Accelerated capital allowances	785	1,032
Other timing differences	41	28
	<b>826</b>	<b>1,060</b>

# Reckitt Benckiser Healthcare International Limited

Notes to the Financial Statements  
For the year ended 31 December 2017

## 16. Capital and other commitments

	2017 £000	2016 £000
Future capital expenditure contracted for, but not provided, in the financial statements is	9,535	5,628

The Company had no future minimum lease payments under non-cancellable operating leases in 2017 (2016: nil).

## 17. Financial Instruments

	2017 £000	2016 £000
<b>Financial Assets</b>		
Cash and cash equivalents	133	57
Financial assets measured at amortised cost	<u>234,775</u>	<u>260,180</u>
	<b><u>234,908</u></b>	<b><u>260,237</u></b>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<u>51,907</u>	<u>66,880</u>
	<b><u>51,907</u></b>	<b><u>66,880</u></b>

## 18. Called up share capital

	2017 £000	2016 £000
<b>Issued and fully paid</b>		
70,000,002 – (2016: 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 2017**

### **19. Pension scheme**

Pension costs for the year of £2,833,000 (2016: £2,466,000) represent contributions to the defined contribution scheme. There were no contributions (2016: £nil) payable to the fund at the year-end included within creditors due within one year.

Pension costs for the year of £37,000 (2016: £18,000) represent contributions in respect of the defined benefit scheme. There were no outstanding contributions (2016: £nil) at the year-end. Of this £nil (2016: £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.

The last actuarial valuation of the Reckitt Benckiser UK Pension Fund has been updated to 31 December 2017 by a qualified independent actuary and a surplus of £66.5 million (2016: deficit of £20.6 million) was identified. The main assumptions used were that salaries will increase by 5.4% per annum (2016: 5.6%), a general inflation rate of 3.4% will apply per annum (2016: 3.6%) and that the discount rate is 2.4% (2016: 2.6%). A suitable funding plan has been prepared by the scheme actuaries and agreed by the trustees and the Group.

### **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.

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>.