

Reckitt Benckiser Corporate Services Limited

Company registration number: 4027682

Report and Financial Statements
for the year ended 31 December 2008

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Reckitt Benckiser Corporate Services Limited

Report of the directors for the year ended 31 December 2008

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2008.

Directors

The directors of the Company who held office during the year and up to the date of signing the financial statements were:

C.R. Day
F.A. Ruether (resigned 30 June 2009)
S.J. Edwards
M.R. Wilson (resigned 30 January 2009)
M.S. Keeley (appointed 30 January 2009)
S.A. Nash (appointed 1 July 2009)

Independent auditors

The auditors PricewaterhouseCoopers LLP have expressed their willingness to continue in office.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. They 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.

Results and dividends

The financial statements for the year ended 31 December 2008 show a profit of £47,661,000 (2007 – loss £4,953,000), which has been added to reserves (2007 – deducted to reserves). The directors do not recommend the payment of a dividend (2007 – nil).

Reckitt Benckiser Corporate Services Limited

Report of the directors for the year ended 31 December 2008 (continued)

Principal activities and review of the year

The principal activity of the Company, which is a member of the Reckitt Benckiser group of companies, is the provision of management services to group companies. The directors do not foresee any change in this activity during 2009.

Future development

In the view of the directors, the Company will continue to provide management services to fellow group companies.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Reckitt Benckiser Group plc, which include those of the Company, are discussed on pages 18 and 19 of the group's annual report which does not form part of this report.

Financial risk management

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

Liquidity and interest rate risk

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

Currency risk

The Company's functional currency is Sterling and it also presents its financial statements in Sterling. Some transactions undertaken by the Company are denominated in currencies other than Sterling. The Company's policy is to actively manage its exposure to currency risk and to minimise this risk. The Company's exposure to this risk is managed in conjunction with the Reckitt Benckiser group treasury function.

Credit risk

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

Key performance indicators (KPIs)

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

Reckitt Benckiser Corporate Services Limited

Report of the directors for the year ended 31 December 2008 (continued)

Employees

It is the Company's aim to ensure that successful candidates for appointment and promotion are selected solely on individual ability without regard to differences in nationality, age, gender, religion or disability. The Company endeavours to assist people with disabilities to make their full contribution at work and, where employees become disabled, every practical effort is made to allow them to continue in their jobs or to provide retraining in suitable alternative work.

The Company remains committed to the development of outstanding people through empowerment, teamwork, training and competitive reward systems within an environment, which is committed to excellence and extraordinary success in the marketplace. Improving communication with employees and their representatives is an essential part of this process.

Charitable and political donations

Charitable donations in the UK amounted to £668,000 (2007 – £500,000), the majority of which was donated to Save the Children. No political donations were made.

Policy on payment of creditors

It is the Company's policy to follow the CBI Prompt Payers' Code. This policy requires the Company to agree the terms of payment with its suppliers, to ensure that those suppliers are aware of those terms and to abide by those terms. Copies of the code are available from CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU. As at 31 December 2008 trade creditors represented 32 days of equivalent annual purchases (2007 – 32 days).

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234A of the Companies Act 1985.

By order of the board



E. Richardson
Company Secretary

30/9/2009

Reckitt Benckiser Corporate Services Limited

**Independent auditors' report to the members of
Reckitt Benckiser Corporate Services Limited**

We have audited the financial statements of Reckitt Benckiser Corporate Services Limited for the year ended 31 December 2008 which comprise the Profit and loss account, the Balance sheet, the Reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of directors' is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the Report of directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of directors' is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

1 October 2009

Reckitt Benckiser Corporate Services Limited

**Profit and loss account
for the year ended 31 December 2008**

	Notes	2008 £000	2007 £000
Turnover		155,557	143,350
Gross profit		155,557	143,350
Administrative expenses		(174,141)	(159,647)
Operating loss	1	(18,584)	(16,297)
Interest receivable and similar income	2	83,267	7,761
Interest payable and similar charges	3	(41)	(44)
Profit/(loss) on ordinary activities before taxation		64,642	(8,580)
Tax (charge)/credit on profit/(loss) on ordinary activities	4	(16,981)	3,627
Profit/(loss) for the financial year	6	47,661	(4,953)

Notes:

- 1) The Company had no recognised gains or losses other than the profit for the year and therefore a statement of total recognised gains and losses has not been prepared.
- 2) The results for the year derive entirely from continuing operations.
- 3) There is no material difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

Reckitt Benckiser Corporate Services Limited

**Balance sheet
as at 31 December 2008**

	Notes	2008 £000	2007 £000
Fixed assets			
Investments	7	120,806	125,738
Tangible assets	8	2,961	4,519
		<u>123,767</u>	<u>130,257</u>
Current assets			
Debtors: amounts falling due within one year	9	305,755	1,023,680
Debtors: amounts due after more than one year	10	1,253,977	246,400
Cash at bank and in hand		217	918
		<u>1,559,949</u>	<u>1,270,998</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(111,565)	(79,587)
Net current assets		<u>1,448,384</u>	<u>1,191,411</u>
Total assets less current liabilities		<u>1,572,151</u>	<u>1,321,668</u>
Creditors amounts falling due after more than one year	12	(8,563)	(8,958)
Provisions for liabilities and charges	13	(4,112)	(4,331)
Net assets		<u>1,559,476</u>	<u>1,308,379</u>
Capital and reserves			
Called up share capital	15	0	0
Share premium account		1,486,826	1,303,146
Profit and loss account		72,650	5,233
Total equity/shareholders' funds		<u>1,559,476</u>	<u>1,308,379</u>

The financial statements and related notes on pages 6 to 21 were approved by the board of directors on 30 September 2009 and were signed on its behalf by:



S.J. Edwards
Director

Reckitt Benckiser Corporate Services Limited
Reconciliation of movements in shareholders' funds
as at 31 December 2008

	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2007	273,246	(9,364)	263,882
Shares issued	1,029,900		1,029,900
Loss for the financial year ended 31 December 2007		(4,953)	(4,953)
Share based payments		19,550	19,550
At 31 December 2007	1,303,146	5,233	1,308,379
Shares issued	183,680		183,680
Profit for the financial year ended 31 December 2008		47,661	47,661
Share based payments		19,756	19,756
At 31 December 2008	1,486,826	72,650	1,559,476

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Accounting policies

Accounting convention:

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom, with the exception of share based payments which are measured on a fair value basis. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Investments

Investments are stated at the lower of cost and their recoverable amount, which is determined as the higher of net realisable value and value in use. A review for the potential impairment of an investment is carried out by the directors if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. Such impairment reviews are performed in accordance with FRS 11.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation, where 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 economic life of the asset. For this purpose, expected lives are determined within the following limits:

Leasehold property	The lesser of fifty years or the life of the lease.
Plant and machinery	Plant and equipment, office and computer equipment, are written off over three to ten years.

Foreign currency balances:

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate ruling on the balance sheet date or, if appropriate, at a forward contract rate. All differences on exchange are taken to the profit and loss account

Pension commitments:

The Company is a member of the Reckitt Benckiser Pension Fund. This Scheme has a defined benefit and a defined contribution section providing benefits to certain employees within Reckitt Benckiser group of Companies. In respect of the defined benefit pension scheme it is not possible to identify this 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.

Post-retirement benefits other than pensions:

The cost of providing post-retirement benefits is determined on an actuarial basis and charged to the profit and loss account over the expected service lives of the relevant employees. To the extent that such costs do not equate to the cash contribution, a provision or prepayment is included in the balance sheet.

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Accounting policies (continued)

Taxation:

The tax charge is based on the profit for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax liabilities are provided for in full and deferred tax assets are recognised to the extent that they are considered recoverable. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Operating leases:

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

Turnover

Turnover represents management service fees charged which are based on actual management costs incurred plus a mark up. Management service fees are invoiced quarterly in arrears.

Interest:

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

Consolidation:

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 (CA06 Sec 400) of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the fully consolidated financial statements of its ultimate parent Reckitt Benckiser Group plc, a company registered in England and Wales.

Provisions

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

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 income statement over the period to which the performance criteria relate, with the credit taken directly to the retained earnings reserve. Where the awards are contingent upon performance conditions an assessment of the likelihood of these conditions being achieved is made at the end of each reporting period and reflected in the accounting entries made.

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Notes	2008	2007
	£000	£000

1. Operating loss is stated after charging/(crediting) the following:

Staff costs		
Wages and salaries	68,290	58,415
Social security costs	3,416	6,653
Other pension costs (note 18)	4,724	4,138
Share based payments	19,756	19,550
Total staff costs	<u>96,186</u>	<u>88,756</u>
 Depreciation		
On depreciable properties	1,231	1,261
On plant and machinery	426	432
Operating lease rentals		
Plant and machinery	78	64
Other assets	5,909	5,133
Exchange gains	(3,002)	(427)
Impairment of investment	4,932	0
 Auditors' remuneration for audit work		
Fees payable for audit of Company	26	25

2. Interest receivable and similar income

Bank interest receivable	80	57
Interest receivable from group undertakings	<u>83,187</u>	<u>7,704</u>
	<u>83,267</u>	<u>7,761</u>

3. Interest payable and similar charges

Bank interest payable	11	3
Interest payable to group undertakings	<u>30</u>	<u>41</u>
	<u>41</u>	<u>44</u>

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Notes (continued)

4. <u>Tax (charge)/credit on profit/(loss) on ordinary activities</u>	2008 £000	2007 £000
Current tax		
UK corporation tax at 28.5% (2007 - 30%)	(14,397)	14,663
Foreign Tax	(85)	(70)
Total current tax	<u>(14,482)</u>	<u>14,593</u>
Deferred tax		
Origination and reversal of timing differences - UK	(2,499)	3,209
Deferred tax - prior year	0	(12,908)
Deferred tax - revaluation	0	(1,267)
Total deferred tax	<u>(2,499)</u>	<u>(10,966)</u>
Tax (charge)/credit on profit/(loss) on ordinary activities	<u>(16,981)</u>	<u>3,627</u>

The current tax charge for the year is lower (2007 - higher) than the standard rate of corporation tax in the UK (28.5%). The differences are explained below:

Profit/(loss) on ordinary activities before tax	64,642	(8,580)
Tax at standard rate of corporation tax of 28.5% (2007 - 30%)	(18,423)	2,574
Effects of		
Other timing differences	10,686	8,837
Adjustment for management services recharge	(5,373)	(5,781)
Foreign Tax	(85)	(70)
Prior year adjustment	612	9,385
Investment impairment	(1,406)	0
Other	(493)	(352)
Total current tax (as above)	<u>(14,482)</u>	<u>14,593</u>

The current tax charge is expected to be impacted by items in the nature of those listed above for the foreseeable future.

5. Share based payments

Details of the share awards relating to employees of the Company which were not fully vested as at 31 December 2008 and 31 December 2007 are included in the tables below which analyse the charge for the year ended 31 December 2008. The Company has used the Black-Scholes pricing model to calculate the fair value of one award on the date of grant of the award.

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Notes (continued)

5. Share based payments (continued)

Table 1: Fair Value

Table 1: Fair Value				Black-Scholes model assumptions					
Award	Grant Date	Exercise Price £	Performance period	Share price on grant date £	Volatility %	Dividend yield %	Life yrs	Risk free interest rate %	Fair value of one award £
Share Options									
2002	17 Dec 01	9.50	2002-04	9.70	25%	2.7%	4	4.50%	1.95
2003	22 Nov 02	11.19	2003-05	10.96	25%	2.7%	4	4.50%	2.05
2004	08 Dec 03	12.76	2004-06	12.80	24%	2.6%	4	4.50%	2.46
2005	06 Dec 04	15.47	2005-07	15.44	23%	2.3%	4	4.88%	2.99
2006	06 Dec 05	18.10	2006-08	18.16	22%	2.4%	4	4.69%	3.33
2007	08 Dec 06	22.57	2007-09	23.00	20%	2.2%	4	4.65%	4.23
2008	11 Dec 07	29.44	2008-10	29.72	20%	1.8%	4	5.53%	5.99
2009	08 Dec 08	27.29	2009-11	27.80	25%	3.1%	4	2.78%	4.69
Restricted Shares									
2005	06 Dec 04	-	2005-07	15.44	23%	2.3%	4	4.88%	13.92
2006	05 Dec 05	-	2006-08	18.16	22%	2.4%	4	4.69%	16.38
2007	08 Dec 06	-	2007-09	23.00	20%	2.2%	4	4.65%	21.01
2008	11 Dec 07	-	2008-10	29.72	20%	1.8%	4	5.53%	27.55
2009	08 Dec 08	-	2009-11	27.80	25%	3.1%	4	2.78%	24.31

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Notes (continued)

5. Share based payments (continued)

Table 2: Expense			Movement in number of options					Total fair value of grant as at 31 December 2008	Profit and loss charge for 2008
Award	Grant Date	Fair value of one award £	Options outstanding at 1 January 2008	Granted / Adjustments	Lapsed	Exercised	Options outstanding at 31 December 2008		
			Number	Number	Number	Number	Number	£000	£000
Share Options									
2002	17 Dec 01	1.95	210,030	6,750	(7,875)	(163,458)	45,447	89	13
2003	22 Nov 02	2.05	476,921	10,801	(10,801)	(256,683)	220,238	452	22
2004	08 Dec 03	2.46	789,247	7,200	(7,200)	(332,566)	456,681	1,125	18
2005	06 Dec 04	2.99	1,532,772	3,600	(7,200)	(792,725)	736,447	2,203	11
2006	06 Dec 05	3.33	1,388,315	3,600	(48,602)	-	1,343,313	4,479	1,393
2007	08 Dec 06	4.23	1,504,109	2,403	(178,044)	-	1,328,468	5,616	1,624
2008	11 Dec 07	5.99	1,549,648	-	(129,242)	-	1,420,406	8,507	2,836
2009	08 Dec 08	4.70	-	1,487,950	-	-	1,487,950	6,981	-
Restricted Shares									
2005	06 Dec 04	13.92	647,741	-	-	(647,741)	-	-	-
2006	05 Dec 05	16.38	594,431	831	(19,709)	-	575,553	9,425	2,936
2007	08 Dec 06	21.02	703,227	900	(87,275)	(1,007)	615,845	12,942	3,723
2008	11 Dec 07	27.56	694,158	-	(50,220)	-	643,938	17,743	5,918
2009	08 Dec 08	24.31	-	732,724	-	-	732,724	17,814	-
Other Share Awards									
UK SAYE	Various		529,266	153,219	(50,702)	(6,584)	625,199	n/a	1,056
SOPP	Various		45,002	4,500	-	-	49,502	n/a	206
Total								19,756	

For the year ended 31 December 2007 the share award expense was £ 19,550,000.

Notes

Scope: Executive Share Awards are awarded to the Group's Top 400 Management Group. Other Share Awards represent SAYE schemes (offered to all staff) and a number of Senior Executive Share Ownership Policy Plan (SOPP) awards. Individual tranches of these awards are not material for detailed disclosure and therefore have been aggregated in the table above.

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

Notes to the financial statements

Notes (continued)

5. Share based payments (continued)

Performance criteria: Executive Share Awards are subject to performance criteria based on compound average annual growth (CAAG) rates in earnings per share over the performance period. Other Share Awards are generally not subject to any criteria other than the employee's continued employment. Executive Share Awards included in the above table vest as follows: CAAG of 6% - 40% of awards vest; 7% CAAG - 60%; 8% CAAG - 80%; 9% CAAG - 100%.

The assumptions made within the valuation calculation with respect to the achievement of performance criteria are based on the Directors' expectations in light of the Group's business models and relevant published targets.

Under the terms of the Plans, early exercise is not permitted and therefore the effect of early exercise is not incorporated into the calculation. The calculation also assumes that there will be no leavers in the following year. No material modifications have been made to the Plans in 2007 or 2008 for the purpose of the valuation.

Volatility: An estimate of future volatility is made with reference to historical volatility over a similar time period to the performance period or the contractual life as appropriate.

Profit and loss account charge: The profit and loss account charge may not exactly equal one third of the total fair value included in the table above due to adjustments for in-year lapses or award revisions.

National insurance contributions are payable in respect of certain share based payments transactions and are treated as cash-settled transactions. At 31 December 2008, the carrying value of National Insurance contributions payable was £8,025,000 (2007 - £12,217,000).

The weighted average share price of Reckitt Benckiser Group plc for the year was £27.15 (2007 - £27.06).

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Notes (continued)

6. Profit and loss account	2008	2007
	£000	£000
At beginning of year	5,233	(9,364)
Profit/(loss) for the financial year	47,661	(4,953)
Share based payments	19,756	19,550
At balance sheet date	<u>72,650</u>	<u>5,233</u>

7. Investments

Cost:

At 1 January 2008	<u>125,738</u>
At 31 December 2008	<u>125,738</u>

Impairment in value:

At 1 January 2008	0
Written off during the year	<u>4,932</u>
At 31 December 2008	<u>4,932</u>

Net book amounts:

At 1 January 2008	<u>125,738</u>
At 31 December 2008	<u>120,806</u>

At 31 December 2008 the Company held shares in fellow subsidiary companies of the Reckitt Benckiser group. These shareholdings were:

Subsidiary	Country of incorporation	Class of Share	Percentage held
Reckitt Benckiser Expatriate Services Limited	UK	Ordinary	100%
Dorincourt Holdings (Ireland) Limited	Ireland	Ordinary	100%
R&C Nominees Limited	UK	Ordinary	100%
Reckitt & Colman Pension Trustee Limited	UK	Ordinary	100%

The principal activity of Reckitt Benckiser Expatriate Services Limited is the secondment of employees to companies within the Reckitt Benckiser group.

The principal activity of Dorincourt Holdings (Ireland) Limited is the holding of interests in other group companies.

The principal activity of R & C Nominees Limited is acting as a nominee shareholder for shares in Reckitt Benckiser group companies.

The principal activity of Reckitt & Colman Pension Trustee Limited is acting as the trustee of the group's unapproved pension schemes.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Notes (continued)

8. Tangible assets

	Leasehold property £000	Plant and machinery £000	Total £000
Cost:			
At 1 January 2008	8,560	9,557	18,117
Additions during the year	1	128	129
Disposals	0	(85)	(85)
At 31 December 2008	<u>8,561</u>	<u>9,600</u>	<u>18,161</u>
Accumulated depreciation:			
At 1 January 2008	(5,014)	(8,584)	(13,598)
Provided during the year	(1,231)	(426)	(1,657)
Disposals	0	55	55
At 31 December 2008	<u>(6,245)</u>	<u>(8,955)</u>	<u>(15,200)</u>
Net book amounts:			
At 31 December 2007	<u>3,546</u>	<u>973</u>	<u>4,519</u>
At 31 December 2008	<u>2,316</u>	<u>645</u>	<u>2,961</u>

Annual commitments under non-cancellable operating leases at 31 December 2008 were £5,986,000 (2007 - £5,552,000) in total analysed as follows: £79,000 (2007 - £132,000) expiring within one year, £963,000 (2007 - £803,000) expiring between 1 and 5 years, £4,945,000 (2007 - £4,617,000) expiring after 5 years.

9. Debtors: amounts falling due within one year

	2008 £000	2007 £000
Amounts owed by group undertakings:		
Fellow subsidiary undertakings	284,253	991,445
Ultimate parent undertaking	0	6,391
Deferred tax (see note 14)	15,236	17,735
Other debtors	4,728	5,307
Prepayments and accrued income	1,538	2,802
	<u>305,755</u>	<u>1,023,680</u>

Included in the amounts owed by the fellow subsidiary undertakings is an amount of £183,802,000 (2007 - £885,086,000) which is unsecured, carries interest at LIBOR less a margin of 0.125% (2007 - LIBOR less a margin of 0.125%) and is repayable on demand. All other amounts owed by group undertakings are unsecured, interest free and are repayable on demand (2007 - interest free).

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Notes (continued)

10. Debtors: amounts falling due after more than one year

	2008 £000	2007 £000
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Amounts owed by group undertakings	1,253,977	246,400
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The amounts owed by group undertakings are unsecured, carry interest at LIBOR plus a margin of 0.4% and are repayable on 17 July 2011.

11. Creditors: amounts falling due within one year

Bank loan and overdrafts	190	237
Trade creditors	3,434	4,310
Amounts owed to group undertakings:	36,556	8,849
Other creditors	24,615	27,322
Accruals and deferred income	46,770	38,869
	111,565	79,587

The amounts owed to group undertakings are unsecured, non-interest bearing and repayable on demand.

12. Creditors: amounts falling due after more than one year

Accruals and deferred income	8,563	8,958
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13. Provisions for liabilities

	Post Retirement £000
At 1 January 2008	4,331
Credit to profit and loss account	(219)
At 31 December 2008	4,112

The provisions for liabilities are expected to be utilised in more than five years.

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Notes (continued)

14. Deferred tax asset

	Deferred tax asset £000
At 1 January 2008	(17,735)
Charged to profit and loss account	2,499
At 31 December 2008	<u>(15,236)</u>

	2008 £000	2007 £000
Deferred tax		

The asset comprises:

Accelerated capital allowances	(71)	(304)
Short term timing differences	(15,165)	(17,431)
	<u>(15,236)</u>	<u>(17,735)</u>

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws substantially enacted at the balance sheet date.

15. Called up share capital

	2008 Number of shares	2007 Number of shares	2008 £	2007 £
Authorised share capital				
Ordinary shares of £1 each	100	100	100	100
Allotted and fully paid:				
Equity capital				
Ordinary shares of £1 each	64	62	64	62

On 10 April 2008, the Company issued 1 ordinary share of £1 to its immediate parent Company for a consideration of £142,180,000. The share premium arising on this transaction was £143,179,999. On 23 September 2008, the Company issued 1 ordinary share of £1 for a consideration of £40,500,000. The share premium arising on this transaction was £40,499,999.

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements

Notes (continued)

16. Emoluments of directors

During the year the Company had 4 directors (2007 - 4 directors) resident in the UK. Emoluments in respect of services to the Company are shown below:

	2008 £000	2007 £000
Aggregate emoluments	690	618
Highest paid director		
Aggregate emoluments	413	369

The number of directors for whom contributions were made to defined contribution pension schemes was 4 (2007 - 4). Pension contributions made by the Company on behalf of the directors were £42,798 (2007 - £40,863).

The aggregate gains on exercise of share options made by the directors during the year was £4,081,895 (2007 - £4,178,538).

17. Number of staff

The average number of persons (including directors) employed by the Company during the year was 379 (2007 - 365). All staff are employed in the UK, and provide management services to the Reckitt Benckiser Group.

18. Pension scheme

During the year, the Company participated in the Reckitt Benckiser UK Pension Fund a Reckitt Benckiser group funded defined benefit scheme for UK employees. Under FRS17, 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 FRS17 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 2008 by a qualified independent actuary and a deficit of £19.6 million (2007 - surplus of £18.2 million) was identified. The main assumptions used were that salaries will increase by 3.6% per annum (2007 - 5.3%), a general inflation rate of 2.6% per annum (2007 - 3.3%) and that the rate of return on investments will be 4.7% to 7.7% per annum (2007 - 5.1% to 7.9%). A suitable funding plan has been prepared by the scheme actuaries and agreed by the trustees and the employer.

Charges in respect of pensions were £4,724,000 (2007 - £4,138,000).

Notes to the financial statements

Notes (continued)

19. Post-retirement benefits other than pensions

Certain retired employees and dependants are eligible to receive medical and prescription benefits paid for by the Company and provision for this is included in provisions for liabilities.

The Company pays the annual subscription to a private health plan for senior personnel and their dependants after retirement. At the year end, the number of employees eligible to receive health care benefits on retirement is 1 (2007-3). There are 92 retirees, inclusive of their dependants, eligible to receive these benefits at the year end. There will be no further additions to the number of current employees eligible for post retirement benefits.

There is an accumulated post-retirement benefit obligation of £4,112,000 at 31 December 2008 (2007-£4,331,000) and the amount credited to the profit for the period was £219,000 (2007- charge of £301,000). The main assumptions used in determining the figures are a liability discount rate of 6.5% p.a. and medical inflation of 2.6% (2007-7.3%).

20. Cash flow statement

Reckitt Benckiser Group plc has included a cash flow statement in its 2008 group financial statements. Therefore, as permitted by Financial Reporting Standard No.1 (revised 1996) 'Cash Flow Statements', the Directors have not produced a cash flow statement.

21. Ultimate parent company and controlling party

The ultimate parent Company is Reckitt Benckiser Group plc, a Company registered in England and Wales into whose group financial statements the Company's financial statements have been consolidated. Copies of the group financial statements of Reckitt Benckiser Group plc can be obtained from 103-105 Bath Road, Slough, Berkshire, SL1 3UH.

The immediate parent of the Company is Maddison Square Holding BV, incorporated in the Netherlands.

22. Related party transactions

The Company is a wholly owned subsidiary of the Reckitt Benckiser Group. The Company has taken advantage of the exemption within Financial Reporting Standard No.8 not to disclose related party transactions with other members of the Reckitt Benckiser Group.