

Reckitt Benckiser Corporate Services Limited

Company registration number 4027682

Report and Financial Statements
for the year ended 31 December 2009

FRIDAY



AB0NCL5A

A43

25/06/2010

30

COMPANIES HOUSE

Reckitt Benckiser Corporate Services Limited

Report of the directors for the year ended 31 December 2009

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2009

Directors

The directors of the Company who held office during the year and up to the date of this report (except as noted) 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 and a resolution concerning their re-appointment will be proposed at the AGM

Statement of directors' responsibilities

The directors are responsible for preparing 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 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). 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 accounting 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,
- 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 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 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 2009 show a profit of £14,403,000 (2008 – profit £47,661,000), which has been added to reserves (2008 – added to reserves). The directors do not recommend the payment of a dividend (2008 – nil). The Company carries out the strategy intended by the directors.

Reckitt Benckiser Corporate Services Limited

Report of the directors for the year ended 31 December 2009 (continued)

Principal activities and business review

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

Future development

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

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 page 6 of the Reckitt Benckiser Group plc annual report which does not form part of this report

Financial risk management

The Company is a subsidiary undertaking within the Reckitt Benckiser group of companies. 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 companies.

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 floating rates of interest. The Reckitt Benckiser group of companies' liquidity requirements and interest rate risks are managed at a group level.

Currency risk

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

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.

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 2009 (continued)

Employees

During 2009, the Company employed an average of 383 (2008 - 379) 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.

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.

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 its 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.

Charitable and political donations

Charitable donations in the UK amounted to £539,000 (2008 – £668,000), the majority of which was donated to Save the Children. No political donations were made (2008 – £nil).

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 2009 trade creditors represented 34 days of equivalent annual purchases (2008 – 32 days).

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 Reckitt Benckiser group of companies in respect of costs of defending claims against them and third party liabilities.

Reckitt Benckiser Corporate Services Limited

Report of the directors for the year ended 31 December 2009 (continued)

Going concern

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The Company participates in the group's centralised treasury arrangements and so shares the banking arrangements with its parent and fellow subsidiaries.

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

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

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) he 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.

By order of the board



E Richardson
Company Secretary
17 June 2010

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 2009 which comprise the Profit and loss account, the Balance sheet, the Reconciliation of movements in shareholders' funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the statement of the directors' responsibilities set out in the Report of the directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Reckitt Benckiser Corporate Services Limited
Independent auditors' report to the members of
Reckitt Benckiser Corporate Services Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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



Graham Parsons (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2010

Reckitt Benckiser Corporate Services Limited

**Profit and loss account
for the year ended 31 December 2009**

	Notes	2009 £000	2008 £000
Turnover		158,297	155,557
Gross profit		158,297	155,557
Administrative expenses		(168,748)	(174,141)
Operating loss	2	(10,451)	(18,584)
Interest receivable and similar income	3	27,422	83,267
Interest payable and similar charges	4	(34)	(41)
Profit on ordinary activities before taxation		16,937	64,642
Tax charge on profit on ordinary activities	5	(2,534)	(16,981)
Profit for the financial year		14,403	47,661

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 2009**

	Notes	2009 £000	2008 £000
Fixed assets			
Investments	7	120,752	120,806
Tangible assets	8	6,914	2,961
		<u>127,666</u>	<u>123,767</u>
Current assets			
Debtors amounts falling due within one year	9	120,136	305,755
Debtors amounts falling due after more than one year	10	1,498,019	1,253,977
Cash at bank and in hand		767	217
		<u>1,618,922</u>	<u>1,559,949</u>
Current liabilities			
Creditors amounts falling due within one year	11	(143,662)	(111,565)
		<u>1,475,260</u>	<u>1,448,384</u>
Net current assets			
		<u>1,602,926</u>	<u>1,572,151</u>
Total assets less current liabilities			
Creditors amounts falling due after more than one year	12	(7,693)	(8,563)
Provisions for liabilities and charges	13	(4,428)	(4,112)
		<u>1,590,805</u>	<u>1,559,476</u>
Net assets			
Capital and reserves			
Called up share capital	15	-	-
Share premium account		1,486,826	1,486,826
Profit and loss reserve		103,979	72,650
		<u>1,590,805</u>	<u>1,559,476</u>
Total shareholders' funds			

The financial statements and related notes on pages 7 to 23 were approved by the board of directors on 17 June 2010 and were signed on its behalf by



S J Edwards
Director

Reckitt Benckiser Corporate Services Limited

Registered number 4027682

Reckitt Benckiser Corporate Services Limited
Reconciliation of movements in shareholders' funds
for the year ended 31 December 2009

	Called up share capital	Share premium account £000	Profit and loss reserve £000	Total £000
At 1 January 2008	-	1,303,146	5,233	1,308,379
Shares issued	-	183,680	-	183,680
Profit for the financial year	-	-	47,661	47,661
Share based payments	-	-	19,756	19,756
At 31 December 2008	-	1,486,826	72,650	1,559,476
Profit for the financial year	-	-	14,403	14,403
Share based payments	-	-	16,926	16,926
At 31 December 2009	-	1,486,826	103,979	1,590,805

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements for the year ended 31 December 2009

1 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 2006 and applicable United Kingdom accounting standards, 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.

Fixed assets investments

Fixed assets 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 office and computer equipment	Between three and ten years

Debtors

Debtors are initially recorded at cost. If there is objective evidence that the Company will not be able to collect the full amount of the debtor, an impairment is recognised through the profit and loss account.

Creditors

Creditors are recognised at cost.

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.

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

1 Accounting policies (continued)

Pension commitments

The Company is a participating employer of the Reckitt Benckiser Pension Fund. This Scheme has both 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 section 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 section 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.

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.

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.

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

1 Accounting policies (continued)

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.

	2009 £000	2008 £000
2 <u>Operating loss is stated after charging/(crediting) the following:</u>		
Staff costs		
Wages and salaries	67,978	68,290
Social security costs	4,043	3,416
Other pension costs (note 18)	4,710	4,724
Share based payments (note 6)	16,926	19,756
Total staff costs	93,657	96,186
Depreciation		
On depreciable properties	978	1,231
On plant and machinery	338	426
Operating lease rentals		
Plant and machinery	56	78
Other assets	5,950	5,909
Exchange losses/(gains)	1,711	(3,002)
Impairment of investment	54	4,932
Auditors' remuneration for audit work		
Fees payable for audit of Company	25	26
3 <u>Interest receivable and similar income</u>		
Bank interest receivable	18	80
Interest receivable from group undertakings	27,404	83,187
	27,422	83,267

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

	2009	2008
	£000	£000
4 <u>Interest payable and similar charges</u>		
Bank interest payable	4	11
Interest payable to group undertakings	30	30
	<u>34</u>	<u>41</u>

5 Tax charge on profit on ordinary activities

Current tax		
UK corporation tax at 28.0 % (2008 - 28.5%)	(5,434)	(14,397)
Foreign Tax	(30)	(85)
Total current tax	<u>(5,464)</u>	<u>(14,482)</u>
Deferred tax		
Origination and reversal of timing differences - UK	2,930	(2,499)
Total deferred tax	<u>2,930</u>	<u>(2,499)</u>
Tax charge on profit on ordinary activities	<u>(2,534)</u>	<u>(16,981)</u>

The current tax charge for the year is higher than (2008 - lower) the standard rate of corporation tax in the UK of 28.0 % (2008 – 28.5%) The differences are explained below

Profit on ordinary activities before tax	<u>16,937</u>	<u>64,642</u>
Tax at standard rate of corporation tax of 28.0 % (2008 - 28.5%)	(4,742)	(18,423)
Effects of		
Other timing differences	6,444	10,686
Adjustment for management services recharge	(6,884)	(5,373)
Foreign Tax	(30)	(85)
Prior year adjustment	-	612
Investment impairment	(15)	(1,406)
Other	(237)	(493)
Total current tax (as above)	<u>(5,464)</u>	<u>(14,482)</u>

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

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Share based payments

Details of the share awards relating to employees of the Company which were not fully vested as at 31 December 2009 and 31 December 2008 are included in the tables below. 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.

Table 1 Fair Value

Table 1 Fair Value				Black-Scholes model assumptions					Fair value of one award £
Award	Grant Date	Exercise Price £	Perform- ance period	Share price on grant date £	Volatility %	Dividend yield %	Life yrs	Risk free interest rate %	
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	05 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
2010	07 Dec 09	31.65	2010-12	31.80	26%	3.5%	4	1.69%	4.70
Restricted Shares									
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
2010	07 Dec 09	-	2010-12	31.80	26%	3.5%	4	1.69%	27.23

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Share based payments (continued)

Table 2 Expense 2009

			Movement in number of options					Total fair value of grant as at 31 December 2009	IFRS charge for 2009
Award	Grant Date	Fair value of one award £	Options outstanding at 1 January 2009 Number	Granted / Adjustments Number	Lapsed Number	Exercised Number	Options outstanding at 31 December 2009 Number	£000	£000
Share Options									
2002	17 Dec 01	1 95	45,447	-	-	(25,752)	19,695	38	-
2003	22 Nov 02	2 05	220,238	-	-	(83,693)	136,545	280	-
2004	08 Dec 03	2 46	456,681	-	-	(205,610)	251,071	618	-
2005	06 Dec 04	2 99	736,447	-	-	(387,847)	348,600	1,042	-
2006	05 Dec 05	3 33	1,343,313	861	-	(742,894)	601,280	2,002	-
2007	08 Dec 06	4 23	1,328,468	-	(109,457)	(84,443)	1,134,568	4,799	1,166
2008	11 Dec 07	5 99	1,420,406	-	(217,358)	(1,314)	1,201,733	7,198	1,970
2009	08 Dec 08	4 69	1,487,950	-	(366,369)	-	1,121,581	5,260	1,754
2010	07 Dec 09	4 70	-	1,421,041	-	-	1,421,041	6,679	-
Restricted Shares									
2006	05 Dec 05	16 38	575,553	280	(883)	(574,950)	-	-	-
2007	08 Dec 06	21 02	615,845	-	(54,252)	(46,015)	515,578	10,837	2,614
2008	11 Dec 07	27 56	643,938	-	(77,113)	(30,327)	536,498	14,786	4,009
2009	08 Dec 08	24 31	732,724	-	(230,459)	-	502,265	12,210	4,070
2010	07 Dec 09	27 23	-	702,986	-	-	702,986	19,142	-
Other Share Awards									
UK SAYE	Various	Various	625,199	122,668	(35,848)	(116,201)	595,818	n/a	974
SOPP	Various	Various	49,502	30,498	-	(10,000)	70,000	n/a	369
Total									<u>16,926</u>

The weighted average remaining contractual life of options outstanding at 31 December 2009 was 6.3 years (2008 – 6.3 years). Options outstanding at 31 December 2009 that could have been exercised at that date were 1,357,192 (2008 – 1,458,813).

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

6 Share based payments (continued)

Table 3 Expense 2008

			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 Number	Granted / Adjustments Number	Lapsed Number	Exercised Number	Options outstanding at 31 December 2008 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

Notes

Scope Executive Share Awards (share options and restricted shares) are awarded to the Group's Top 400 Management Group Other Share Awards represent SAYE schemes (offered to all UK 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 for the year ended 31 December 2009 (continued)

6 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 2008 or 2009 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 reserve charge The profit and loss reserve 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 2009, the carrying value of National Insurance contributions payable was £10,353k (2008 - £8,025k), of which £3,844k (2008 - £2,700K) was in respect of vested grants.

The weighted average share price of Reckitt Benckiser Group plc for the year was £28.37 (2008 - £27.15).

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

7 Investments	2009	2008
	£000	£000
Cost		
At the beginning of the year	125,738	125,738
At the end of the year	125,738	125,738
Impairment in value		
At the beginning of the year	4,932	-
Written off during the year	54	4,932
At the end of the year	4,986	4,932
Net book value		
At 1 January	120,806	125,738
At 31 December	120,752	120,806

At 31 December 2009 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 for the year ended 31 December 2009 (continued)

8 Tangible assets

	Leasehold property £000	Plant and machinery £000	Assets under Construction £000	Total £000
Cost				
At 1 January 2009	8,561	9,600	-	18,161
Additions during the year	2,026	419	-	2,445
Disposals	-	(1)	-	(1)
Assets under construction	-	-	2,824	2,824
At 31 December 2009	10,587	10,018	2,824	23,429
Accumulated depreciation				
At 1 January 2009	(6,245)	(8,955)	-	(15,200)
Provided during the year	(978)	(338)	-	(1,316)
Disposals	-	1	-	1
At 31 December 2009	(7,223)	(9,292)	-	(16,515)
Net book value				
At 31 December 2008	2,316	645	-	2,961
At 31 December 2009	3,364	726	2,824	6,914

Annual commitments under non-cancellable operating leases at 31 December 2009 were £6,473k (2008 - £5,986k) in total analysed as follows £56k (2008 - £79k) expiring within one year, £1,472k (2008 - £963k) expiring between 1 and 5 years, £4,945k (2008 - £4,945k) expiring after 5 years

9 Debtors: amounts falling due within one year

	2009 £000	2008 £000
Amounts owed by group undertakings		
Fellow subsidiary undertakings	85,371	284,253
Ultimate parent undertaking	11,750	-
Deferred tax (see note 14)	18,166	15,236
Other debtors	1,494	4,728
Prepayments and accrued income	3,355	1,538
	120,136	305,755

In 2008, included in the amounts owed by the fellow subsidiary undertakings was an amount of £183,802k which was unsecured, carried interest at LIBOR less a margin of 0.125% and was repayable on demand
All amounts owed by group undertakings are unsecured, interest free and are repayable on demand (2008 – interest free)

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

10	<u>Debtors: amounts falling due after more than one year</u>	2009	2008
		£000	£000

Amounts owed by group undertakings	1,498,019	1,253,977
------------------------------------	-----------	-----------

Included in the amounts owed by the group undertakings is an amount of £248,656k (2008 - £nil) which is unsecured, carries interest at LIBOR less a margin of 0.125% (2008 - nil) and is repayable on 3 December 2014 and an amount of £1,249,363k (2008 - £1,253,977k) which is unsecured, carries interest at LIBOR plus a margin of 0.40% (2008 - LIBOR plus 0.40%) and is repayable on 17 July 2011

11 Creditors: amounts falling due within one year

Bank loan and overdrafts	49	190
Trade creditors	12,564	3,434
Amounts owed to group undertakings	13,035	36,556
Other creditors	50,163	24,615
Accruals and deferred income	67,851	46,770
	143,662	111,565

Included in amounts owed to group undertakings is an amount of £703k (2008 - £672k) which is unsecured and carries interest at LIBOR plus a margin of 0.75% and is repayable on demand (2008 - LIBOR plus 0.75%)

12 Creditors: amounts falling due after more than one year

Accruals and deferred income	7,693	8,563
------------------------------	-------	-------

13 Provisions for liabilities and charges

Post Retirement benefits

At 1 January	4,112	4,331
Charged/(credited) to profit and loss account	658	(219)
Utilised	(342)	-
At 31 December	4,428	4,112

The provisions for liabilities are expected to be utilised in more than five years (see Note 19)

Reckitt Benckiser Corporate Services Limited

Notes to the financial statements for the year ended 31 December 2009 (continued)

14	<u>Deferred tax asset</u>	2009	2008
		£000	£000
	At 1 January	15,236	17,735
	Credited/(charged) to profit and loss account	2,930	(2,499)
	At 31 December	<u>18,166</u>	<u>15,236</u>
	The asset comprises		
	Accelerated capital allowances	(19)	71
	Short term timing differences	<u>18,185</u>	<u>15,165</u>
		<u>18,166</u>	<u>15,236</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	<u>Called up share capital</u>	2009	2008	2009	2008
		Number	Number	£	£
		of	of		
		shares	shares		
	Authorised share capital				
	Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
	Allotted and fully paid				
	Ordinary shares of £1 each	<u>64</u>	<u>64</u>	<u>64</u>	<u>64</u>

16 **Emoluments of directors**

During the year the Company had 6 directors (2008 - 4 directors) resident in the UK
Emoluments in respect of services to the Company are shown below

	2009	2008
	£000	£000
Aggregate emoluments	<u>1,356</u>	<u>690</u>
Highest paid director	<u>468</u>	<u>413</u>

The number of directors for whom contributions were made to defined contribution pension schemes was 4 (2008 - 4) Pension contributions made by the Company on behalf of the directors were £76,097 (2008 - £42,798)

The number of directors who exercised share options, including the highest paid director, was 3 (2008 - 4) The aggregate gains on exercise of share options made by the directors during the year was £3,570,746 (2008 - £4,081,895)

Notes to the financial statements for the year ended 31 December 2009 (continued)

17 Number of staff

The average number of persons (including directors) employed by the Company during the year was 383 (2008 - 379). 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 2009 by a qualified independent actuary and a deficit of £136.2 million (2008 - deficit of £19.6 million) was identified. The main assumptions used were that salaries will increase by 4.6% per annum (2008 - 3.6%), a general inflation rate of 3.6% per annum (2008 - 2.6%) and that the rate of return on investments will be 4.1% to 8.1% per annum (2008 - 4.7% to 7.7%). 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 £4,710k (2008 - £4,724k).

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 (2008 - 1). There are 79 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 £4,428k at 31 December 2009 (2008 - £4,112k) and the amount charged to the profit and loss account for the period was £658k (2008 - credit of £219k). The main assumptions used in determining the figures are a liability discount rate of 5.7% p.a. (2008 - 6.5% p.a.) and medical inflation of 7.6% (2008 - 2.6%).

20 Cash flow statement

Reckitt Benckiser Group plc has presented a Group cash flow statement in its 2009 group financial statements. Therefore, as permitted by Financial Reporting Standard No 1 (revised 1996) 'Cash Flow Statements', the Directors have not prepared a cash flow statement for the company.

Notes to the financial statements for the year ended 31 December 2009 (continued)

21 Ultimate parent company and controlling party

The immediate parent company is Maddison Square Holding BV, incorporated in the Netherlands

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

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 wholly owned subsidiaries of the Reckitt Benckiser group of companies. There were no other related party transactions (2008: none)

23 Auditors' remuneration

The auditors' remuneration is met by the ultimate parent company