

## Reckitt Benckiser Health Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number 11069293



## Reckitt Benckiser Health Limited

### Company Information

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<b>Directors</b>	John Dixon Jeffrey Carr Timothy John Martel Alasdair James Peach
<b>Company Secretary</b>	James Edward Hodges
<b>Registered Number</b>	11069293
<b>Registered Office</b>	103-105 Bath Road Slough Berkshire SL1 3UH
<b>Independent Auditor</b>	KPMG LLP 15 Canada Square London E14 5GL

## **Reckitt Benckiser Health Limited**

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## **Reckitt Benckiser Health Limited**

### **Strategic Report For the Year Ended 31 December 2019**

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The Directors of Reckitt Benckiser Health Limited (the "Company") present their Strategic Report for the year ended 31 December 2019.

#### **Principal activities**

The principal activities of the Company included undertaking the sale of healthcare products, category development, research and development ("R&D") and management activities for the Health Business Unit of Reckitt Benckiser Group plc (hereafter the "Group" or "Reckitt Benckiser Group").

#### **Business review**

During the year, the Company assumed full operational control of the Health Business Unit and Product Portfolio. It focused on undertaking the category development (including research and development and innovation) and management activities in relation to the Group's Health product portfolio. During the year, the Company commenced the sale of healthcare products to Reckitt Benckiser Group companies in Europe, North America, Australia, New Zealand, Russia and Ukraine.

The Group has split the business into 3 global business units, Health, Hygiene and Nutrition from July 2020. Each global business unit is fully end-to-end accountable from innovation, through brand development, supply and profit and loss. This will result in faster decision making; speed to market; focussed innovations and opportunities and our teams to learn and leverage their expertise.

On 25 February 2019, the Company issued 1 Ordinary Share for a value of £375,730,827.36 including a Share Premium of £375,730,826.36.

The Group has throughout 2020 established a new organisational structure, moving to three category-focussed business unit of Hygiene, Health and Nutrition, with our China and e-commerce teams integrated with each of these business units.

Throughout 2020 the Group has invested to create four centres of excellence, central functions whose role is to support the GBUs in specific areas of speciality, sharing best practice and community dedicated resource:

- 1) Marketing excellence
- 2) Sales outperformance
- 3) eRB
- 4) Medical sales.

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

The Directors of the Reckitt Benckiser Group plc manage the Group's operations on a business unit and category basis. For this reason, the Directors of the Company believe analysis using KPIs 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 category of the Reckitt Benckiser Group plc, that includes the Company, is discussed in the Group's Financial Statements which does not form part of this report.

#### **Principal risks and uncertainties**

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 on pages 80 - 92 of the Reckitt Benckiser Group plc 2020 Annual Report which does not form part of this report.

#### *Financial risk management*

The Company is a subsidiary undertaking within the Group. Cash funds of the Company are managed at Group level.

## Reckitt Benckiser Health Limited

### Strategic Report (continued) For the Year Ended 31 December 2019

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#### Principal risks and uncertainties (continued)

##### *Liquidity and interest rate risk*

The Company's arrangements with the Group, as described above, ensure it can access the funds needed to meet its liquidity requirements as cash can be obtained through Group funding. The Company's liquidity requirements and interest rate risks are managed at 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. The Company's currency risks are managed by the Company as per Group policy.

##### *Credit risk*

The Company has no significant concentrations of credit risk. Financial Institution counterparties are subject to approval under the 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 Group are usually remitted within the Company's standard credit terms.

##### *COVID-19*

The spread of Coronavirus disease 2019 (COVID-19) represents one of the most serious global health emergencies in the last 100 years, with the pandemic having now reached over 120 countries.

As a leader in both hygiene and health, the Group is uniquely positioned to provide tangible assistance to consumers, governments and healthcare authorities. Demand for certain Group products has increased substantially in 2020, and the Group is currently working to increase the level of available supply. At present, the Group's supply chains and distribution channels are proving both resilient and flexible, though there has been some unavoidable disruption in many parts of the world. At the same time, as the situation develops, it is possible that the Group will experience increased levels of disruption, particularly in those countries and regions that are hardest hit. Longer term, the economic consequences associated with COVID-19 are difficult to predict, however they may lead to weakened demand for some Reckitt Benckiser products.

As set out in the basis of preparation in its 2020 consolidated Financial Statements for the year ended 31 December 2020, the Group assessed the impact of COVID-19 on its going concern and viability statement. This assessment concluded that, even with COVID-19 and the occurrence of other unexpected scenarios, the Group would still have sufficient funds to trade, settle its liabilities as they fall due, and remain compliant with financial covenants.

Based on this assessment updated on 19 April 2021, and given the nature of the Company's operations, the Directors remain satisfied that amounts owed by Group undertakings (refer Note 13) are unlikely to be materially impacted by COVID-19, and that the Company will not need to take responsive steps to continue functioning as a going concern.

## Reckitt Benckiser Health Limited

### Strategic Report (continued) For the Year Ended 31 December 2019

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#### Statement under section 172 of the Companies Act 2006

This statement, which forms part of the Strategic Report, is intended to show how the Directors have approached and met their responsibilities under s172 Companies Act 2006 during 2019. The statement has been prepared in response to the obligations as set out in the Companies (Miscellaneous Reporting) Regulations 2018.

As required by s172 of the UK Companies Act 2006, a Director of a Company must act in a way s/he considers, in good faith, would most likely promote the success of the Company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

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

In discharging our section 172 duties we have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. As a Board our aim is always to uphold the highest standards of governance and conduct, taking decisions in the interests of the long-term sustainable success of the Company, generating value for our shareholders and contributing to wider society. Understanding our stakeholders is key to ensuring the Board can have informed discussions and factor stakeholder interests into decision-making. Those factors, for example, include the interests and views of our employees, suppliers and other members of our Group. By considering the Company's purpose and values, together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances. In particular:

- The strategy of the Group applies to the Company, as a member of the Group, and shapes the Company's business operations and activities. Details of the Group's long-term strategy can be found on pages 6 - 23 of the Group 2020 Annual Report, which is available at [www.rb.com](http://www.rb.com).
- We understand the importance of engaging with, and understanding the perspectives of, our workforce. We also recognise the benefits of personal interaction and informal discussions in learning more about the day to-day operations; the development and execution of strategy and gathering direct insight into our culture and workforce engagement. For further details on how the Company has engaged with employees, please see pages 5 - 7 of the Directors' Report.
- The Company is committed to responsible and ethical corporate behaviour. This includes high standards of business conduct in our relationships. The Company operates under documented policies approved by the Group, including the Group's Code of Business Conduct, Global Anti-Bribery Policy, Data Privacy Policies and Global Anti-Money Laundering Policy and processes are in place to ensure compliance therewith.

## Reckitt Benckiser Health Limited

### Strategic Report (continued) For the Year Ended 31 December 2019

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#### Statement under section 172 of the Companies Act 2006 (continued)

We delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. Board meetings are held periodically where the Directors consider the Company's activities and make decisions. As a part of those meetings the Directors receive information on section 172 matters when making relevant decisions. We, in conjunction with our executive management team, regularly review financial and operational performance and legal and regulatory compliance. During the year the decisions taken by the Company included the approval of the audited Financial Statements for the year ended 31 December 2018, subscription agreement with Reckitt Benckiser (Health) Holdings Limited and East Gadget Hub reorganisation. In making our decisions we considered a range of factors. These included the long-term viability of the Company; its expected cash flow and financing requirements; the ongoing need for strategic investment in our business and the expectations of the Group. As the principal activity of the Company included the sale of healthcare products, category development, research & development and management activities of the Health Business unit, the breadth of stakeholder and other considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the Directors.

#### Results for the year and movement on reserves

The Financial Statements for the year ended 31 December 2019 show a profit after tax of £325,803,000 (2018 - loss after tax of £206,238,000) which has been added to reserves (2018 - deducted from reserves).

On 25 February 2019, the Company issued 1 share for a value of £375,730,827 which was used to settle the loan note of £374,923,608 and accumulated interest.

#### Future developments

The Group has split the business into 3 global business units, Health, Hygiene and Nutrition from July 2020. Each global business unit is fully end-to-end accountable from innovation, through brand development, supply and profit and loss. This will result in faster decision making; speed to market; focussed innovations and opportunities and our teams to learn and leverage their expertise.

This report was approved by order of the Board on 19 April 2021 and signed on its behalf by.

DocuSigned by:  
James Edward Hodges  
James Edward Hodges  
Company Secretary: I approve this document  
Signing Time: 19-Apr-2021 | 18:05 BST  
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## **Reckitt Benckiser Health Limited**

### **Directors' Report to the members of Reckitt Benckiser Health Limited For the Year Ended 31 December 2019**

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The Directors present their report and the audited Financial Statements for the year ended 31 December 2019.

#### **Directors**

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

Parag Agarwal (resigned 8 June 2020)  
Rupert Mark Boden Bondy (resigned 9 April 2020)  
John Dixon  
Adrian Nevill Hennah (resigned 9 April 2020)  
Jeffrey Carr (appointed 8 June 2020)  
Timothy John Martel (appointed 8 June 2020)  
Jonathan Timmis (appointed 8 June 2020, resigned 3 March 2021)  
Alasdair James Peach (appointed 3 March 2021)

#### **Directors' indemnity**

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

#### **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.

The same opportunities are available to disabled employees for training, career development and promotion.

#### **Employee involvement**

During the financial year, the Company employed an average of 865 (2018 - 714) 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 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.

The Group 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 Group.

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



## Reckitt Benckiser Health Limited

### Directors' Report to the members of Reckitt Benckiser Health Limited (continued) For the Year Ended 31 December 2019

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#### Business relationships

In discharging our section 172 duties we have regard for the need to foster the Company's business relationships with suppliers.

The Company is committed to responsible and ethical corporate behaviour. This includes high standards of business conduct in our relationships with suppliers. The Company operates under documented policies approved by the Group, including the Group's Code of Business Conduct, Global Anti-Bribery Policy, Data Privacy Policies and Global Anti-Money Laundering Policy and processes are in place to ensure compliance herewith.

Additionally, in 2019 the Group also developed RB's Third-Party Code of Conduct which serves as an independent guide and standard of the Company's expectations that the suppliers and vendors must meet to work with RB, aiming to build trusted business relationships in accordance to the Company's values, policies, procedures and applicable laws.

The Company's strategies, initiatives and targets are informed by the feedback received from the groups relevant to the business operations including suppliers.

#### Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations

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

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these Financial Statements, the Directors are required to:

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

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

#### Results for the year and movement on reserves

The Company's results for the year and movements on reserves are included in the Strategic Report on page 4.

## Reckitt Benckiser Health Limited

### Directors' Report to the members of Reckitt Benckiser Health Limited (continued) For the Year Ended 31 December 2019

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#### Financial risk management

The Company's approach to financial risk is included in the Strategic Report on pages 1 and 2.

#### 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.

As set out on page 179 in the basis of preparation of its 2020 consolidated Financial Statements for the year ended 31 December 2020, the Group assessed the impact of COVID 19 on its going concern and viability statement. This assessment concluded that, even with COVID 19 and the occurrence of other unexpected scenarios, the Group would still have sufficient funds to trade, settle its liabilities as they fall due, and remain compliant with financial covenants.

Based on this assessment updated to 19 April 2021, and given the nature of the Company's operations, the Directors remain satisfied that the amounts owed by Group undertakings (refer Note 13) are unlikely to be materially impacted by COVID 19, and that the Company will not need to take responsive steps to continue functioning as a going concern.

#### Independent auditor

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

#### Political contributions


The Company made no political donations or incurred any political expenditure during the year (2018 - £Nil).

#### Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report to the members of Reckitt Benckiser Health Limited is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by order of the Board on 19 April 2021 and signed on its behalf by.

DocuSigned by:  
James Edward Hodges  
 Signer Name: James Edward Hodges  
James Edward Hodges signed this document  
on 19 April 2021 | 18:06 BST  
Company Secretary  
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## Reckitt Benckiser Health Limited

### Independent Auditor's Report to the Members of Reckitt Benckiser Health Limited

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#### Opinion

We have audited the Financial Statements of Reckitt Benckiser Health Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

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

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

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

## **Reckitt Benckiser Health Limited**

### **Independent Auditor's Report to the Members of Reckitt Benckiser Health Limited (continued)**

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#### **Strategic Report and Directors' Report**

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the Financial Statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and Directors' Report and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

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

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

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

## Reckitt Benckiser Health Limited

### Independent Auditor's Report to the Members of Reckitt Benckiser Health Limited (continued)

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

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



**RICHARD BROADBELT (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL

Date: 20 April 2021

## Reckitt Benckiser Health Limited

### Profit and Loss Account and Other Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £000	2018 £000
<b>Turnover</b>	3	1,618,661	42,012
Cost of sales		(887,647)	(29,651)
<b>Gross profit</b>		<u>731,014</u>	<u>12,361</u>
Other operating income	4	212,100	86,093
Administrative expenses		(555,524)	(335,948)
<b>Operating profit/(loss)</b>	5	<u>387,590</u>	<u>(237,494)</u>
Interest receivable and similar income	7	23	-
Interest payable and similar charges	8	(2,575)	(655)
<b>Profit/(loss) before tax</b>		<u>385,038</u>	<u>(238,149)</u>
Tax on profit/(loss)		(59,235)	31,911
<b>Profit/(loss) for the financial year</b>		<u><u>325,803</u></u>	<u><u>(206,238)</u></u>
<b>Other comprehensive income, net of tax</b>			
Movement in Hedging Reserve net of tax		2,964	(439)
Movement in Share based payment reserve		3,511	14,764
<b>Other comprehensive income for the year</b>		<u>6,475</u>	<u>14,325</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><u>332,278</u></u>	<u><u>(191,913)</u></u>

The notes on pages 15 to 32 form part of these Financial Statements.

**Reckitt Benckiser Health Limited**

Registered number:11069293

**Balance Sheet**  
**As at 31 December 2019**

	Note	2019 £000	2018 £000
<b>Fixed Assets</b>			
Intangible assets	10	306,877	335,799
Tangible assets	11	125,791	110,803
		<b>432,668</b>	<b>446,602</b>
<b>Current Assets</b>			
Stocks	12	36,133	-
Debtors due within one year	16,13	561,865	63,313
Cash at bank and in hand	16	10,231	1
		<b>608,229</b>	<b>63,314</b>
Creditors due within one year	16,14	(469,641)	(648,629)
<b>Net Current Assets/(Liabilities)</b>		<b>138,588</b>	<b>(585,315)</b>
<b>Total Assets less Current Liabilities</b>		<b>571,256</b>	<b>(138,713)</b>
Creditors: amounts falling due after more than one year	15	(4,400)	-
Deferred tax liability	17	(7,528)	(9,968)
<b>Net Assets/(Liabilities)</b>		<b>559,328</b>	<b>(148,681)</b>
<b>Equity</b>			
Share capital	18	2	2
Share premium account		431,386	55,655
Hedging reserve		2,525	(439)
Share based payment reserve	20	18,275	14,764
Other reserves	23	(12,425)	(12,425)
Retained earnings/(deficit)		119,565	(206,238)
<b>Shareholders' funds/(deficit)</b>		<b>559,328</b>	<b>(148,681)</b>

The notes on pages 15 to 32 form part of these Financial Statements.

The Financial Statements on pages 11 to 32 were approved and authorised for issue by the Board and were signed on its behalf on 19 April 2021, by

DocuSigned by:  
 Alasdair James Peach  
 Alasdair James Peach  
 Signing Reason: I approve this document  
 Signing Time: 19-Apr-2021 | 17:36 BST  
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## Reckitt Benckiser Health Limited

### Statement of Changes in Equity For the Year Ended 31 December 2019

	Share capital	Share premium account	Hedging reserve	Share based payment reserve	Other reserves	Retained (deficit)/ earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 January 2019	2	55,655	(439)	14,764	(12,425)	(206,238)	(148,681)
<b>Comprehensive income</b>							
Profit for the financial year	-	-	-	-	-	325,803	325,803
Movement in Hedging Reserve (net of tax)	-	-	2,964	-	-	-	2,964
Movement on Share based payment reserve	-	-	-	3,511	-	-	3,511
Other comprehensive income	-	-	2,964	3,511	-	-	6,475
<b>Total comprehensive income</b>	-	-	2,964	3,511	-	325,803	332,278
<b>Total contributions by and distributions to owners</b>							
Shares issued during the year (refer Note 18)	-	375,731	-	-	-	-	375,731
<b>Total contributions by and distributions to owners</b>	-	375,731	-	-	-	-	375,731
<b>Balance at 31 December 2019</b>	<b>2</b>	<b>431,386</b>	<b>2,525</b>	<b>18,275</b>	<b>(12,425)</b>	<b>119,565</b>	<b>559,328</b>



## Reckitt Benckiser Health Limited

### Statement of Changes in Equity For the Year Ended 31 December 2018

	Share capital £000	Share premium account £000	Hedging reserve £000	Share based payment reserve £000	Other reserves £000	Retained deficit £000	Total equity £000
At 1 January 2018	1	-	-	-	-	-	1
<b>Comprehensive income</b>							
Loss for the financial year	-	-	-	-	-	(206,238)	(206,238)
Movement in Hedging Reserve (net of tax)	-	-	(439)	-	-	-	(439)
Movement on Share based payment reserve	-	-	-	14,764	-	-	14,764
Other comprehensive income	-	-	(439)	14,764	-	-	14,325
<b>Total comprehensive income</b>	-	-	(439)	14,764	-	(206,238)	(191,913)
<b>Total contributions by and distributions to owners</b>							
Shares issued during the year	1	55,655	-	-	-	-	55,656
Movement on other reserves	-	-	-	-	(12,425)	-	(12,425)
<b>Total contributions by and distributions to owners</b>	1	55,655	-	-	(12,425)	-	43,231
<b>Balance at 31 December 2018</b>	<b>2</b>	<b>55,655</b>	<b>(439)</b>	<b>14,764</b>	<b>(12,425)</b>	<b>(206,238)</b>	<b>(148,681)</b>

The notes on pages 15 to 32 form part of these Financial Statements.

# Reckitt Benckiser Health Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 1. Accounting Policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

#### 1.1 General Information

Reckitt Benckiser Health Limited is a private company limited by shares and is incorporated in England and Wales. The address of the registered office is given on the Company Information page at the beginning of these Financial Statements.

#### 1.2 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. The Company's transactional and reporting currency are in Sterling.

#### 1.3 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).

#### 1.4 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 reconciliation of the number 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; and
- the requirements of section 26 Share-based Payments paragraph 26.18(b), 26.19 to 26.21 and 26.23.

The Company's results are included in the publicly available consolidated Financial Statements of Reckitt Benckiser Group plc and these Financial Statements may be obtained from 103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom, or at <https://www.reckitt.com>.

## **Reckitt Benckiser Health Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

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#### **1. Accounting Policies (continued)**

##### **1.5 Going concern**

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

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

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

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

##### **1.6 Turnover**

Turnover is defined as the amount invoiced to customers during the year and the distribution fee received from other Group companies. That is gross sales exclusive of Value Added Tax and other sales-related taxes. Turnover is recognised at the point at which the risks and rewards of the goods have passed to the customer.

Distribution fee from other group companies is also recognised in turnover on an accrual basis.

##### **1.7 Foreign Currency**

The Company's functional and presentational currency is Sterling, therefore foreign currency is determined to be any currency other than Sterling.

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange on the day the transaction occurs. Monetary assets and liabilities denominated in a foreign currency at the Balance Sheet date are translated into Sterling at the exchange rate ruling at that date.

##### **1.8 Research and development**

Development expenditure incurred on an individual project is capitalised and amortised over the useful life when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

##### **1.9 Interest**

Interest payable is charged to the Profit and Loss Account and Other Comprehensive Income as incurred and interest receivable is credited as it falls due.

## Reckitt Benckiser Health Limited

### Notes to the Financial Statements For the Year Ended 31 December 2019

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#### 1. Accounting Policies (continued)

##### 1.10 Taxation

Tax is based on the result 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.

##### 1.11 Intangible assets

Intangible assets are initially recognised at transaction cost. After recognition, under the cost model intangible assets are measured at cost less any accumulated amortisation.

Intangibles including trademarks and intellectual property rights are amortised over their useful economic life not exceeding 50 years on a straight line method, 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.

The estimated useful lives range as follows:

Trademarks - ten years

Intellectual Property Rights - seven years

Software - between five and seven years

Intangible assets that are still in the development phase are not amortised. Amortisation will be charged to the Profit and Loss Account and Other Comprehensive Income starting from the month in which the asset is available for use.

##### 1.12 Pension Commitments

The Company operates defined contribution and defined benefit pension schemes. The defined benefit pension scheme was closed to new entrants in 2005 and following consultation was closed to further accrual from 31 December 2017. The cost of providing pensions to employees who are members of defined contribution scheme are charged to the Profit and Loss Account and Other Comprehensive Income as contributions are made. The Company has no further payment obligations once the contributions have been paid. The liability for the defined benefit contribution scheme is held on the Balance Sheet of Reckitt Benckiser Corporate Services Limited.

##### 1.13 Share Based Payments

Incentives in the form of shares in the ultimate parent company, Reckitt Benckiser Group plc, are provided to employees under the share option and restricted share schemes. Any shortfall between the cost to the employee and the fair market value of the awards at the date of grant is charged to the Profit and Loss Account and Other Comprehensive Income 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 Health Limited

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 1. Accounting Policies (continued)

##### 1.14 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Except for freehold land, the cost of properties, plant & machinery 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 machinery	Between three and ten 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.

Assets residual values and useful lives are reviewed and adjusted if necessary, at each Balance Sheet date.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the asset's carrying value with any sale proceeds, and are included in the Profit and Loss Account and Other Comprehensive Income.

##### 1.15 Financial Instruments

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

###### (a) 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 the Profit and Loss Account and Other Comprehensive Income.

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.

## Reckitt Benckiser Health Limited

### Notes to the Financial Statements For the Year Ended 31 December 2019

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#### 1. Accounting Policies (continued)

##### 1.15 Financial Instruments (continued)

###### (b) Financial Liabilities

Basic financial liabilities, including loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

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

###### (c) Hedging arrangements

The Company does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

The Company applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

###### (d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits.

##### 1.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

# Reckitt Benckiser Health Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 2. Accounting Estimates and Judgements

In the application of the Company's accounting policies the Directors are required to make a number of estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these Financial Statements, the Directors have had to make the following judgements:

- Intangibles including trademarks and intellectual property rights are amortised over their useful economic life not exceeding 50 years on a straight line method, in line with Directors' view of their useful economic lives.
- Determine whether there are indicators of impairment of the Company's intangible assets. Factors taken into account are useful economic life and future cash flows of the asset. When indicators of impairment are present, management performs a review of the potential impairment of the intangible assets. This review contains estimates and assumptions about the future recoverability of intangible assets, including future cash flow, discount rates and terminal value.

The Company's Directors are of the opinion that there are no estimates or judgements that have a significant risk of causing material adjustment to the carrying value of assets and liabilities for the Company within the next financial year.

### 3. Turnover

An analysis of turnover by geographical location is as follows:

	2019 £000	2018 £000
Asia	70,941	42,012
Europe	957,299	-
Australia & New Zealand	123,503	-
North America	326,567	-
Russia & Ukraine	140,248	-
Others	103	-
	<b>1,618,661</b>	<b>42,012</b>

## Reckitt Benckiser Health Limited

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 4. Other operating income

As part of the wider RB 2.0 re-organisation, the RB Groups operating model was revisited for health brands. IP was transferred to Reckitt Benckiser Health Ltd and for this reason Reckitt Benckiser Health Limited received Royalty Income and for the management of health products received a management fee for managing these products. Reckitt Benckiser Health Limited further received Research and Development fees during this year, from entities within the group.

	2019 £000	2018 £000
Royalty Income	122,559	862
Research & Development Fees and Innovation Fees	10,204	12,476
Management Fees	79,337	72,755
	<u>212,100</u>	<u>86,093</u>

Royalty income received from other group companies is classified as other operating income on an accrual basis in accordance with the substance of the royalty agreements.

#### 5. Operating profit/(loss)

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

	2019 £000	2018 £000
Royalties expense	74,885	4,184
Staff costs (Note 6)	102,865	106,056
Marketing expenditure	61,558	12,852
Research & development expenditure	21,562	20,812
Management fees	84,474	9,978
Amortisation- intangible fixed assets	40,699	-
Depreciation- tangible fixed assets - owned by the Company	<u>2,636</u>	<u>354</u>



## Reckitt Benckiser Health Limited

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 6. Staff costs

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	83,165	77,462
Social security costs	11,016	9,703
Other pension costs	5,173	4,127
Share-based payments (Note 20)	3,511	14,764
	<u>102,865</u>	<u>106,056</u>

The average number of employees during the year was:

	2019 No.	2018 No.
Research & Development and Category Development Organisation	434	369
Administrative services and management	431	345
	<u>865</u>	<u>714</u>

#### 7. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable and similar income	<u>23</u>	<u>-</u>

#### 8. Interest payable and similar expenses

	2019 £000	2018 £000
Interest payable to Group undertakings	<u>2,575</u>	<u>655</u>

## Reckitt Benckiser Health Limited

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 9. Taxation

	2019 £000	2018 £000
<b>Corporation tax</b>		
Current tax on profits for the year	65,799	(29,454)
Adjustments in respect of previous periods	(3,686)	-
Foreign tax relief/other relief	(4,597)	-
	<u>57,516</u>	<u>(29,454)</u>
Foreign tax suffered	4,676	-
<b>Total current tax</b>	<u>62,192</u>	<u>(29,454)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,982)	(2,746)
Adjustments in respect of previous periods	(323)	-
Effects of changes in tax rates	348	289
<b>Total deferred tax</b>	<u>(2,957)</u>	<u>(2,457)</u>
<b>Total tax charge/(credit) per income statement</b>	<u>59,235</u>	<u>(31,911)</u>

# Reckitt Benckiser Health Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 9. Taxation (continued)

#### Factors affecting tax charge/(credit) for the year

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

	2019 £000	2018 £000
Profit/(loss) before tax	385,038	(238,149)
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	73,157	(45,248)
<b>Effects of:</b>		
Expenses not deductible	756	14,327
Transfer pricing adjustments	4,983	-
Effects of overseas tax rates	79	-
Adjustments from previous periods	(4,011)	-
Tax rate changes	348	289
Deduction due to patent box claim	(14,009)	-
Share award relief	(2,068)	(1,279)
<b>Total tax charge/(credit) for the year</b>	<b>59,235</b>	<b>(31,911)</b>
	2019 £000	2018 £000
<b>Other comprehensive income items</b>		
Deferred tax current year charge	592	-
Deferred tax - prior year	(75)	-
	<b>517</b>	<b>-</b>

#### Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget it was announced that the UK tax rate would remain at 19% and not reduce to 17% from 1 April 2020. Additionally in the 3 March 2021 budget it was announced that the UK's main corporation tax rate is to increase to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the Balance Sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. The effect of these changes on the Company's deferred tax balance is not material.

# Reckitt Benckiser Health Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Intangible assets

	Trademarks £000	Intellectual Property £000	Assets under construction £000	Other Intangible Assets £000	Total £000
<b>Cost</b>					
At 1 January 2019	269,786	55,651	10,362	-	335,799
Additions	-	-	11,482	295	11,777
Transfers	-	-	(9,818)	9,818	-
At 31 December 2019	269,786	55,651	12,026	10,113	347,576
<b>Amortisation</b>					
At 1 January 2019	-	-	-	-	-
Charge for the year	29,771	9,431	-	1,497	40,699
At 31 December 2019	29,771	9,431	-	1,497	40,699
<b>Net book value</b>					
At 31 December 2019	240,015	46,220	12,026	8,616	306,877
At 31 December 2018	269,786	55,651	10,362	-	335,799

Other intangible assets comprise capitalised operating model costs and software costs.

# Reckitt Benckiser Health Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 11. Tangible assets

	Assets under construction £000	Land & Buildings £000	Plant and machinery £000	Total £000
<b>Cost</b>				
At 1 January 2019	96,530	10,261	4,366	111,157
Additions	17,919	-	-	17,919
Disposals	(295)	-	-	(295)
Transfers	(45,179)	22,040	23,139	-
At 31 December 2019	68,975	32,301	27,505	128,781
<b>Depreciation</b>				
At 1 January 2019	-	150	204	354
Charge for the year	-	1,089	1,547	2,636
At 31 December 2019	-	1,239	1,751	2,990
<b>Net book value</b>				
At 31 December 2019	68,975	31,062	25,754	125,791
At 31 December 2018	96,530	10,111	4,162	110,803

### 12. Stocks

	2019 £000	2018 £000
Finished goods and goods for resale	36,133	-

# Reckitt Benckiser Health Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 13. Debtors

	2019 £000	2018 £000
Trade debtors	19	10
Amount owed by Group undertakings	537,465	27,183
Group relief debtor	-	29,454
Other debtors	11,798	125
Prepayments and accrued income	3,173	6,541
Derivative asset (note 16)	9,410	-
	<u>561,865</u>	<u>63,313</u>

### 14. Creditors due within one year

	2019 £000	2018 £000
Trade creditors	95,062	1,536
Amounts owed to Group undertakings	297,849	597,147
Corporation tax	17,519	-
Group relief creditor	10,544	-
Other taxation and social security	3,277	3,411
Other creditors	3,225	1,207
Accruals	34,197	38,889
Derivative liabilities (note 16)	6,368	439
Deferred grant income	1,600	6,000
	<u>469,641</u>	<u>648,629</u>

### 15. Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Deferred grant income	<u>4,400</u>	<u>-</u>

# Reckitt Benckiser Health Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 16. Financial instruments

	2019 £000	2018 £000
<b>Financial Assets</b>		
Cash and cash equivalents	10,231	1
Financial assets measured at amortised cost	549,282	56,772
Financial assets measured at fair value through other comprehensive income	9,410	-
	<u>568,923</u>	<u>56,773</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	427,476	603,301
Financial liabilities measured at fair value through other comprehensive income	6,368	439
	<u>433,844</u>	<u>603,740</u>

Included in amounts owed by Group undertakings due within one year is an amount of £185,533k (2018 - £Nil) which is interest bearing at LIBOR plus 0.2%, unsecured and repayable on demand.

The remaining balance is unsecured, interest free and repayable on demand.

Included in amounts owed to Group undertakings due within one year is an amount of £Nil (2018 - £135,942k) which is interest bearing at LIBOR plus 0.2%, unsecured and repayable on demand.

Included in amounts owed to Group undertakings due within one year is a loan note for £Nil (2018 - £374,924k) which is interest bearing at 3M LIBOR plus 0.5%, unsecured and repayable on demand.

The remaining balance is unsecured, interest free and repayable on demand.

# Reckitt Benckiser Health Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 17. Deferred tax

	2019 £000	2018 £000
Provision at start of period	9,968	-
Adjustment in respect of prior years	(323)	-
Adjustment in respect of prior years for OCI	(75)	-
Deferred tax credit to income statement for the year	(2,634)	(2,457)
Deferred tax charge in OCI for the period	592	-
Movement arising from transfer of trade	-	12,425
<b>Provision at the end of period</b>	<b>7,528</b>	<b>9,968</b>

	2019 £000	2018 £000
<b>The deferred tax liability/(asset) is made up as follows:</b>		
Fixed asset timing differences	9,506	12,425
Short term timing differences- trading	(2,495)	(2,457)
Short term timing differences- non trading	517	-
	<b>7,528</b>	<b>9,968</b>

	2019 £000	2018 £000
Deferred tax (assets)	(2,495)	(2,457)
<b>Recoverable within 12 months</b>	<b>(2,495)</b>	<b>(2,457)</b>

	2019 £000	2018 £000
Deferred tax liabilities	10,023	12,425
	<b>10,023</b>	<b>12,425</b>



## Reckitt Benckiser Health Limited

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 18. Share Capital

	2019 £000	2018 £000
<b>Issued and fully paid</b>		
2,001 (2018 - 2,000) Ordinary shares of £1 each	2	2

On 25 February 2019, 1 Ordinary Share of £1 was issued with a Share Premium of £375,730,826.36 (2018 - £55,654,583).

#### 19. Capital Commitments

Future capital expenditure contracted for the completion of the assets under construction, but not provided in the Financial Statements is £1.125m (2018 - £9.2m).

#### 20. Share based payment reserve

Executive Share Awards are awarded to the Group's Senior Leadership Team. Other Share Awards represent SAYE schemes (offered all UK eligible staff) and a number of Senior Executive Ownership Policy Plan (SOPP) awards. Individual tranches of these awards are not material for detailed disclosure and therefore have been aggregated.

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.

Regarding vesting conditions on Executive Share Awards, refer to Reckitt Benckiser Group plc 2019 Annual Report on pages 196-199.

The share based payments charge for the year amounted to £3.5m (2018 - £14.8m) with an associated Employers NI payable of £Nil (2018 - £Nil).

#### 21. Pension Commitments

Pension costs for the year of £5,173k (2018 - £4,127k) represents contributions to the defined contribution scheme.

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 and Other Comprehensive Income in the year they are incurred.

## Reckitt Benckiser Health Limited

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 22. Directors remuneration

During the year the Company had 4 Directors (2018 - 4 Directors), all of whom were residents in the UK.

The Directors received emoluments of £518,206 (2018 - £45,375) during the year in respect of services to the Company. During the year, the pension contributions made were £1,375 (2018 - £1,375).

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

#### 23. Other reserves

Business acquired from entities that are under the common control of the ultimate parent are recognised at the carrying amounts of the assets and liabilities taken over consequent to the acquisition at the time of acquisition. Any excess or deficiency between the purchase consideration paid/payable and the net assets acquired is taken to the shareholders equity as an Other Reserve.

Pursuant to the Asset Transfer Agreement dated 31 December 2018, the Company acquired the Health business from Reckitt Benckiser (Brands) Limited, a related company incorporated in the United Kingdom for a consideration of £374,923,608. As at that date, the net assets of the Company that were transferred amounted to £362,498,608, thereby resulting in an other reserve of £12,425,000.

The following assets and liabilities were transferred pursuant to the aforementioned asset transfer agreement:

	£
Non-current assets:	380,923,608
Receivables (net of impairment):	-
Other liabilities:	6,000,000
Deferred tax liability:	12,425,000
Net assets	<u>362,498,608</u>

To arrive at the distributable reserves at the reporting period, 2018, the Other Reserve is released in accordance with the release of the deferred tax liability.

#### 24. Related Party Transactions

During the year, the Company made Sales for £22,900K (2018 - Nil), purchased £645K (2018 - Nil), received royalties for £25,604K (2018 - £Nil) and Management Fee income for £9,444K (2018 - Nil) from Reckitt Benckiser (China Trading) Limited, another group company. Reckitt Benckiser (China Trading) Limited is 80% owned by the company and 20% by a third-party shareholder.

During the year, the Company received royalties for £1,358K (2018 - £Nil) from Reckitt Benckiser (Bangladesh) Limited, another group company. Reckitt Benckiser (Bangladesh) Limited is 82.9% owned by the company and 17.1% by a third-party shareholder.

During the year, the Company purchases for £440K (2018 - £85K), received royalties for £2,432K (2018 - £Nil) from Reckitt Benckiser Pakistan Limited, another group company. Reckitt Benckiser Pakistan Limited is 98.7% owned by the company and 1.3% by a third-party shareholder.

During the year, the Company received royalties for £1,810K (2018 - £Nil) from Reckitt Benckiser Nigeria Ltd, another group company. Reckitt Benckiser Nigeria Ltd is 99.53% owned by the company and 0.47% by a third-party shareholder.

## **Reckitt Benckiser Health Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

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#### **25. Ultimate Parent Undertaking and Controlling Party**

The immediate parent company is Reckitt Benckiser Health Holdings Limited, a company incorporated in England and Wales.

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

#### **26. Auditor's Remuneration**

The auditor's remuneration is met by the ultimate parent company, Reckitt Benckiser Group plc and is disclosed in total in the Group Financial Statements. Amounts receivable by the Company's auditor in respect of the audit of these Financial Statements is £150k. It was not practical to make an allocation of the audit fee to the Company in 2018.