

Registered Number 3982446

Reckitt Benckiser (UK) Limited
Annual report and financial statements
for the year ended 31 December 2010

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Reckitt Benckiser (UK) Limited

Directors' report for the year ended 31 December 2010

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2010

Principal activities

The principal activities of the Company are the development and manufacture of household cleaning and surface care products

Business review

The results of the Company show a pre tax profit of £886.8m (2009 £62.8m) for the year and turnover of £277.0m (2009 £426.7m). The Company has net assets of £3,285.8m (2009 £2,407.2m)

On 1 July 2010 the Company's commercial trade and assets were sold to another group company, Reckitt Benckiser Healthcare (UK) Limited, for the consideration of £915.3m, generating a profit on sale of £846.7m

Future outlook

The Company will continue to manufacture household cleaning and surface care products to sell to other Reckitt Benckiser group companies for the foreseeable future

Principal risks and uncertainties

The principal risks and uncertainties of the Company are integrated with the principal risks of the Reckitt Benckiser group of companies and are not managed separately. Accordingly, the principal risks and uncertainties of the Reckitt Benckiser Group plc, which include those of the Company, are discussed in the group's annual report which does not form part of this report

Key performance indicators

The directors of the Reckitt Benckiser Group Plc manage the group's operations on a geographical and category basis. For this reason the directors believe analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company. The development, performance and position of the household cleaning and surface care categories of Reckitt Benckiser Group plc, that includes the Company, are discussed in the group of companies' annual report which does not form part of this report

Financial risk management

The Reckitt Benckiser group of companies financing and financial risk management activities are centralised into the Group Treasury Centre. Details of the risk management activities are disclosed in the financial statements of the Reckitt Benckiser Group plc

Results and dividends

The results for the year are shown on the profit and loss account on page 6. No dividends were paid during the previous financial year. The directors do not recommend a further payment (2009 £nil)

Employees

It is the Company's aim to ensure that successful candidates for appointment and promotion are selected solely on individual ability without regard to differences in nationality, age, gender, religion or disability. The Company endeavours to assist people with disabilities to make their full contribution at work and,

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where employees become disabled, every practical effort is made to allow them to continue in their jobs or to provide retraining in suitable alternative work

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

It is the policy of the Board to continue to provide employees with the opportunity to become shareholders, should they so wish. Employees have an annual opportunity to take shares under the Company's Share Participation Scheme. This is a Savings-Related Share Option Scheme through which employees may, by means of regular monthly savings, acquire shares in the parent company.

Charitable and political donations

Charitable donations in the UK amounted to £45,000 (2009: £8,694). No political donations were made (2009: £nil).

Policy and practice 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 creditors, to ensure that those creditors 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 2010 trade creditors represented 51 days (2009: 96 days) of annual purchases.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows,

| | |
|-------------|---|
| C R Day | (Resigned 8 February 2011) |
| B J Collins | |
| S J Edwards | |
| M S Keeley | |
| J H Brennan | (Resigned 13 April 2010) |
| D A Johnson | (Appointed 13 April 2010, Resigned 1 November 2010) |
| D N Walters | (Appointed 1 November 2010) |

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 prepared 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,

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- 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.

In the case of each director in office at the date the directors' report is approved

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

(b) 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.

Auditors

In the absence of any notice proposing to terminate their appointment, PricewaterhouseCoopers LLP will be deemed to be reappointed for the next financial year. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

By order of the board



E A Richardson
Company Secretary

25 September 2011

Reckitt Benckiser (UK) Limited

Independent Auditors' report to the members of Reckitt Benckiser (UK) Limited

We have audited the financial statements of Reckitt Benckiser (UK) Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds, the Accounting Policies 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 Directors' Responsibilities Statement on page 2-3 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 and express an opinion on 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 2010 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 matter prescribed by the Companies Act 2006

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

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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

20 September 2011

Reckitt Benckiser (UK) Limited

Profit and loss account for the year ended 31 December 2010

| | Note | 2010 £'000 | 2009 £'000 |
|--|------|----------------|---------------|
| Turnover | 1 | 276,974 | 426,686 |
| Cost of sales | | (172,196) | (239,881) |
| Gross profit | | 104,778 | 186,805 |
| Selling and marketing costs | | (43,839) | (84,520) |
| Administrative expenses | | (27,944) | (50,799) |
| Operating profit | 2 | 32,995 | 51,486 |
| Profit on sale of trade and assets | 3 | 846,674 | - |
| Interest receivable and similar income | 4 | 7,111 | 11,336 |
| Interest payable and similar charges | 4 | (19) | (58) |
| Profit on ordinary activities before taxation | | 886,761 | 62,764 |
| Tax on profit on ordinary activities | 7 | (9,358) | (19,790) |
| Profit for the financial year | 18 | 877,403 | 42,974 |

All activities relate to continuing operations

There were no recognised gains or losses other than those reported above therefore a separate statement of recognised gains and losses has not been included in these financial statements

There are no material differences 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 (UK) Limited

Balance sheet as at 31 December 2010

| | Note | 2010 £'000 | 2009 £'000 |
|---|-------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 8 | - | 47,762 |
| Tangible assets | 9 | 14,481 | 17,014 |
| Investments | 10 | 1,761,302 | 1,761,302 |
| | | 1,775,783 | 1,826,078 |
| Current assets | | | |
| Stock | 11 | 2,544 | 28,034 |
| Debtors | 12 | 1,589,219 | 728,411 |
| Cash at bank and in hand | | 104 | 2,965 |
| | | 1,591,867 | 759,410 |
| Creditors: Amounts falling due within one year | 13 | (81,634) | (174,936) |
| Net current assets | | 1,510,233 | 584,474 |
| Total assets less current liabilities | | 3,286,016 | 2,410,552 |
| Provisions for liabilities | 14,15 | (256) | (3,308) |
| Net assets | | 3,285,760 | 2,407,244 |
| Capital and reserves | | | |
| Called up share capital | 16 | - | - |
| Share premium account | 17 | 400,956 | 400,956 |
| Profit and loss account | 18 | 2,882,346 | 2,003,836 |
| Share based payment reserve | 19 | 2,458 | 2,452 |
| Total shareholder's funds | | 3,285,760 | 2,407,244 |

The financial statements on pages 6 to 26 were approved by the Board of Directors on the 2011 and were signed on its behalf by

 28/09/2011

D N Walters
Director

Reckitt Benckiser (UK) Limited
Registered Number 3982446

Reckitt Benckiser (UK) Limited

Reconciliation of movements in shareholder's funds for the year ended 31 December 2010

| | Share premium £'000 | Profit and loss account £'000 | Share based payment reserve £'000 | Total £'000 |
|---|------------------------|----------------------------------|--------------------------------------|------------------|
| At 1 January 2010 | 400,956 | 2,003,836 | 2,452 | 2,407,244 |
| Profit for the financial year | - | 877,403 | - | 877,403 |
| Cost of employee share option scheme (note 19) | - | - | 1,113 | 1,113 |
| Transfer from share based payment reserve (note 19) | - | 1,107 | (1,107) | - |
| At 31 December 2010 | 400,956 | 2,882,346 | 2,458 | 3,285,760 |

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Accounting policies

Basis of preparation

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 accounting standards in the United Kingdom. The principal accounting policies are set out below.

Consolidation

In accordance with section 400 of the Companies Act 2006, the Company is exempt from the requirement to prepare consolidated financial statements. The results of the Company and its subsidiary undertakings are included in the consolidated financial statements of Reckitt Benckiser Group plc, the Company's ultimate parent undertaking.

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Reckitt Benckiser Group plc and is included in the consolidated financial statements of Reckitt Benckiser Group plc, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 ("FRS 1"). The Company is also exempt under the terms of Financial Reporting Standard No 8 ("FRS 8") from disclosing related party transactions with entities that are part of the Reckitt Benckiser group of companies.

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 exchange differences are taken to the profit and loss account.

Fixed asset investments

Fixed asset investments in subsidiary undertakings are stated in the balance sheet at cost less any provision for impairment based on the net assets and profitability of the subsidiary undertakings.

Dividends

Dividends are accounted for in the period in which they are paid or are approved by the members in a general meeting.

Tangible assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Except for freehold land, the cost of properties, plant and equipment is written off on a straight line basis over the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

Freehold buildings - not more than fifty years

Fixtures and Fittings - not more than ten years

Plant and equipment - not more than fifteen years

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

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Intangible assets

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

Trademarks and goodwill are amortised over periods not exceeding 20 years in line with the directors' view of their useful economic lives.

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.

Interest

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

Taxation

The tax charge/credit 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.

Pension commitments

The Company is a member of the Reckitt Benckiser Pension Fund. This scheme has a defined benefit and a defined contribution section providing benefits to certain employees within the Reckitt Benckiser group of companies. In respect of the defined benefit pension scheme it is not possible to identify this Company's share of the underlying assets and liabilities on a consistent and reliable basis. Therefore, payments made to the defined benefit pension scheme are treated as though they were payments to a defined contribution scheme and charged to the profit and loss account in the year that they are incurred.

Post-retirement benefits other than pensions

The costs of providing post-retirement benefits are determined on an actuarial basis and are 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.

Share based payment

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 share based payment 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.

Research and development

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

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Stock

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate proportion of overhead expenses and is arrived at by the 'first in - first out' method.

Turnover

Turnover is defined as the amount invoiced to customers during the year. That is gross sales net of trade discounts and customer allowances and exclusive of VAT 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.

Operating leases

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

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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Notes to the financial statements for the year ended 31 December 2010

1 Turnover

Turnover by geographical destination is as follows

| | 2010 | 2009 |
|----------------|---------|---------|
| | £'000 | £'000 |
| United Kingdom | 210,777 | 358,851 |
| Rest of Europe | 65,066 | 66,193 |
| Rest of World | 1,131 | 1,642 |
| | 276,974 | 426,686 |

All of the above turnover derives from one class of business conducted from the United Kingdom

2 Operating profit

Operating profit is stated after charging/(crediting)

| | 2010 | 2009 |
|---|---------|---------|
| | £'000 | £'000 |
| Amortisation of intangible assets other than goodwill | 1,380 | 3,312 |
| Amortisation of goodwill | 1,367 | 2,734 |
| Depreciation on tangible fixed assets | 4,197 | 5,265 |
| Loss on disposal of tangible fixed assets | 208 | 207 |
| Net exchange differences on foreign currency | (696) | (2,490) |
| Auditors' remuneration | | |
| - audit fees in respect of the audit of the accounts of the company | - | 68 |
| - audit fees in respect of the audit of the accounts of associates of the company | - | 4 |
| Franchise fee income | (2,916) | (4,798) |
| Royalties payable | 9,611 | 17,806 |
| Operating lease charges | | |
| - Plant and machinery | 517 | 722 |
| - Lease of premises | 281 | 355 |

Auditors' remuneration for the audit of the Company was borne by another group company for the year ended 31 December 2010. Audit fees for the year ended 31 December 2009 were paid by the Company.

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3 Profit on sale of trade and assets

| | 2010 £'000 | 2009 £'000 |
|------------------------------------|---------------|---------------|
| Profit on sale of trade and assets | 846,674 | - |

On 1 July 2010 the Company's commercial trade and assets were sold to another group company, Reckitt Benckiser Healthcare (UK) Limited, for consideration of £915.3m generating a profit on sale of £846.7m

4 Net interest receivable

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Interest receivable and similar income: | | |
| Interest received from group undertakings | 7,111 | 11,336 |
| Interest payable and similar charges: | | |
| Interest payable to group undertakings | (18) | (57) |
| Other interest payable | (1) | (1) |
| | 7,092 | 11,278 |

5 Information regarding employees

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Employee costs during the period amounted to: | | |
| Wages and salaries | 12,322 | 19,614 |
| Social security costs | 1,590 | 2,947 |
| Cost of employee share option scheme (note 19) | 1,113 | 3,305 |
| Other pension costs | 3,701 | 1,863 |
| | 18,726 | 27,729 |

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| | 2010 Number | 2009 Number |
|--|----------------|----------------|
| Average number of persons employed: | | |
| Management and administration | 16 | 53 |
| Sales and marketing | 40 | 84 |
| Manufacturing | 252 | 252 |
| | 308 | 389 |

6 Directors' remuneration

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Aggregate emoluments | 560 | 1,012 |
| Pension contributions to defined contribution scheme | 75 | 59 |
| | 635 | 1,071 |

| | 2010 Number | 2009 Number |
|---|----------------|----------------|
| Number of directors who exercised share options | - | 2 |

| | 2010 Number | 2009 Number |
|--|----------------|----------------|
| Number of directors who are members of a defined contribution pension scheme | 2 | 2 |

| | 2010 £'000 | 2009 £'000 |
|--|---------------|---------------|
| Highest paid director | | |
| Emoluments | 354 | 451 |
| Pension contributions to defined contribution scheme | 51 | 42 |

Reckitt Benckiser (UK) Limited

7 Tax on profit on ordinary activities

Analysis of charge in the year

| | 2010 £'000 | 2009 £'000 |
|--|----------------|---------------|
| Current tax | | |
| UK corporation tax on profits for the year | 9,300 | 20,767 |
| Adjustment in respect of previous periods | 1,400 | - |
| Total current tax | 10,700 | 20,767 |
| Deferred tax | | |
| Origination and reversal of timing differences | 131 | (977) |
| Adjustment in respect of previous periods | (1,509) | - |
| Impact of change in UK Corporation tax rate | 36 | - |
| Total deferred tax | (1,342) | (977) |
| Tax on profit on ordinary activities | 9,358 | 19,790 |

The current tax charge for the year is lower than (2009 higher) the standard effective rate of corporation tax in the UK of 28% for the year ended 31 December 2010 (2009 28%) The differences are explained below

| | 2010 £'000 | 2009 £'000 |
|--|----------------|---------------|
| Profit on ordinary activities before tax | 886,761 | 62,764 |
| Profit on ordinary activities before tax multiplied by the standard rate in the UK of 28% (2009 28%) | 248,293 | 17,574 |
| Permanent differences | 1,045 | 1,945 |
| Capital allowances in excess of depreciation charge | 129 | 189 |
| Non-taxable profit on sale of trade and assets | (237,069) | - |
| Share option permanent differences | (543) | 958 |
| Other timing differences | (564) | 101 |
| Non taxable worldwide debt cap credits | (1,991) | - |
| Adjustment in respect of previous periods | 1,400 | - |
| Current tax charge for the year | 10,700 | 20,767 |

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During the year, as a result of the change in the UK main corporation tax rate from 28% to 27% that was substantively enacted on 20 July 2010 and that applied from 1 April 2011, the relevant deferred tax balances have been re-measured

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK corporation tax system were announced in the March 2011 UK Budget Statement. A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 is expected to be included in the Finance Act 2011. Further restrictions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

8 Intangible assets

| | Goodwill | Other intangible Assets | Total |
|----------------------------|----------|----------------------------|----------|
| | £'000 | £'000 | £'000 |
| Cost | | | |
| At 1 January 2010 | 57,202 | 49,719 | 106,921 |
| Disposals | (57,202) | - | (57,202) |
| Intergroup transfers | - | (49,719) | (49,719) |
| At 31 December 2010 | - | - | - |
| Amortisation | | | |
| At 1 January 2010 | 28,098 | 31,061 | 59,159 |
| Charge for the year | 1,367 | 1,380 | 2,747 |
| Disposals | (29,465) | - | (29,465) |
| Intergroup transfers | - | (32,441) | (32,441) |
| At 31 December 2010 | - | - | - |
| Net book amount | | | |
| At 31 December 2010 | - | - | - |
| At 31 December 2009 | 29,104 | 18,658 | 47,762 |

On 1 July 2010 the Company's commercial trade and assets were sold to another group company, this resulted in a write off of Goodwill and a transfer of Other Intangible Assets to the other group company

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9 Tangible assets

| | Freehold land and buildings | Plant and machinery | Fixtures and fittings | Total |
|----------------------------|--------------------------------|------------------------|--------------------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 January 2010 | 7,558 | 51,068 | 312 | 58,938 |
| Additions | - | 1,872 | - | 1,872 |
| Disposals | - | (230) | (4) | (234) |
| Intergroup transfers | - | - | (93) | (93) |
| At 31 December 2010 | 7,558 | 52,710 | 215 | 60,483 |
| Depreciation | | | | |
| At 1 January 2010 | 3,866 | 37,770 | 288 | 41,924 |
| Charge for the year | 209 | 3,974 | 14 | 4,197 |
| Disposals | - | (30) | (1) | (31) |
| Intergroup transfers | - | - | (88) | (88) |
| At 31 December 2010 | 4,075 | 41,714 | 213 | 46,002 |
| Net book amount | | | | |
| At 31 December 2010 | 3,483 | 10,996 | 2 | 14,481 |
| At 31 December 2009 | 3,692 | 13,298 | 24 | 17,014 |

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10 Fixed asset investments

Subsidiary undertakings

| | 2010 £'000 |
|---|---------------|
| Cost | |
| At 1 January 2010 and at 31 December 2010 | 2,115,619 |
| Provisions | |
| At 1 January 2010 and at 31 December 2010 | 354,317 |
| Net book value | |
| At 1 January 2010 and at 31 December 2010 | 1,761,302 |

The holdings in subsidiary undertakings at 31 December 2010 were

| | Country of incorporation | Nature of Business | Class of share | % held |
|----------------------|-----------------------------|-----------------------|-------------------|-----------|
| Benckiser | UK | Non-trading | Ordinary | 100 |
| Linden Germany A Ltd | UK | Holding | Ordinary | 100 |
| Linden Germany B Ltd | UK | Holding | Ordinary | 100 |
| Helpcentral Ltd | UK | Non-trading | Ordinary | 100 |

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

The shares of the subsidiary Benckiser are legally owned by another group company Reckitt Benckiser Healthcare (UK) Limited. However, the shares are held in trust for the Company which retains the risks and rewards associated with the shares. The shares have therefore been accounted for as an investment of this Company.

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11 Stock

| | 2010 | 2009 |
|-------------------------------------|--------------|---------------|
| | £'000 | £'000 |
| Raw materials | 1,731 | 1,720 |
| Work in progress | 97 | 242 |
| Finished goods and goods for resale | 716 | 26,072 |
| | 2,544 | 28,034 |

12 Debtors

| | 2010 | 2009 |
|------------------------------------|------------------|----------------|
| | £'000 | £'000 |
| Trade debtors | 18 | 21,299 |
| Amounts owed by group undertakings | 1,587,095 | 705,924 |
| Prepayments and accrued income | 326 | 1,188 |
| Other debtors | 830 | - |
| Deferred tax asset (Note 14) | 950 | - |
| | 1,589,219 | 728,411 |

Of amounts due from group undertakings £1,137m is interest bearing at LIBOR less 0.25% (2009 £167m), £11.1m is interest bearing at Libor less 0.125% (2009 £100,000 at LIBOR and £25,000 at LIBOR plus 0.2%), both repayable on demand

The remaining amounts due from group undertakings are unsecured, interest free and are repayable on demand

13 Creditors: amounts falling due within one year

| | 2010 | 2009 |
|------------------------------------|---------------|----------------|
| | £'000 | £'000 |
| Trade creditors | 22,754 | 44,410 |
| Amounts owed to group undertakings | 46,847 | 80,915 |
| Taxation and social security | 4,267 | 7,508 |
| Accruals and deferred income | 7,766 | 42,103 |
| | 81,634 | 174,936 |

The amounts due from group undertakings are unsecured, interest free and are repayable on demand

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14 Deferred tax

Deferred tax provided in the accounts is as follows

| | 2010 | 2009 |
|---|--------------|------------|
| | £'000 | £'000 |
| Tax effect of timing differences because of: | | |
| Accelerated capital allowances | 14 | 1,202 |
| Short term timing differences | (964) | (810) |
| Total deferred tax (asset)/liability | (950) | 392 |

The movement in deferred tax (asset)/liability is as follows

| | 2010 | 2009 |
|-------------------------------------|--------------|------------|
| | £'000 | £'000 |
| 1 January 2010 | 392 | 1,369 |
| Credited to profit and loss account | (1,342) | (977) |
| 31 December 2010 | (950) | 392 |

15 Provisions for liabilities

| | Deferred tax | Other provisions | Total |
|----------------------------|--------------|------------------|--------------|
| | £'000 | £'000 | £'000 |
| At 1 January 2010 | 392 | 2,916 | 3,308 |
| Credit during the year | (1,342) | - | (1,342) |
| Utilised during the year | - | (2,660) | (2,660) |
| At 31 December 2010 | (950) | 256 | (694) |

Other provisions relate to restructuring costs incurred in the transfer of the company's operations from Swindon to Slough. It is envisaged that the remaining provision will be fully utilised in the financial year 2011.

Deferred Tax is included within Debtors, note 12

Reckitt Benckiser (UK) Limited

16 Called up share capital

| | 2010 | 2009 |
|--|------|------|
| | £ | £ |
| Allotted and fully paid | | |
| 40,118 (2009 40,118) Ordinary Shares of £0.000129 each | 5 | 5 |

17 Share premium account

| | 2010 | 2009 |
|---|---------|---------|
| | £'000 | £'000 |
| At 1 January 2010 and at 31 December 2010 | 400,956 | 400,956 |

18 Profit and loss account

| | Total |
|---|------------------|
| | £'000 |
| At 1 January 2010 | 2,003,836 |
| Profit for the financial year | 877,403 |
| Transfer from share based payment reserve (note 19) | 1,107 |
| At 31 December 2010 | 2,882,346 |

19 Share Based Payment Reserve

| | Total |
|---|--------------|
| | £'000 |
| At 1 January 2010 | 2,452 |
| Cost of employee share option scheme | 1,113 |
| Transfer to profit and loss account (note 18) | (1,107) |
| At 31 December 2010 | 2,458 |

Reckitt Benckiser (UK) Limited

20 Capital commitments

Future capital expenditure contracted for but not provided in the accounts is £603,000 (2009 £122,000)

21 Lease commitments

At 31 December 2010 the Company was committed to making the following payments during the next year in respect of operating leases

| | Land and Buildings | Plant, Machinery and Cars | Land and Buildings | Plant, Machinery and Cars |
|--------------------------------------|-----------------------|---------------------------------|-----------------------|---------------------------------|
| | 2010 £'000 | 2010 £'000 | 2009 £'000 | 2009 £'000 |
| Operating leases which expire | | | | |
| Within one year | - | 42 | 177 | 66 |
| Within two to five years | - | 225 | - | 346 |
| After five years | - | - | - | - |
| | - | 267 | 177 | 412 |

22 Pensions

Pension costs for the year of £851,000 (2009 £915,000) represent contributions to the defined contribution scheme. There were no contributions (2009 £3,000) payable to the fund at the year end included within creditors due within one year.

Pension costs for the year of £2,862,000 (2009 £790,000) represent contributions in respect of the defined benefit scheme. There were no outstanding contributions (2009 £75,000) at the year end.

The Company participates in the Reckitt Benckiser Pension Fund. This scheme has a defined benefit and a defined contribution section providing benefits to certain employees within the Reckitt Benckiser group. The scheme is treated as a defined contribution scheme, as the company is unable to identify its share of underlying assets and liabilities. The assets are held separately from the group's assets.

The only available information regarding the existence of a surplus or deficit in the scheme is the last full valuation which was prepared in accordance with IAS 19 to meet the requirements of the Reckitt Benckiser Group of Companies. The valuation was carried out at 31 December 2010.

At 31 December 2010 the scheme had a deficit of £117,700,000 (31 December 2009 £136,200,000) with a funding level of 85.3% (December 2009 82.2%). Details of the valuation are contained in the financial statements of Reckitt Benckiser Group plc.

There is no available information prepared in accordance with Financial Reporting Standard No 17 ("FRS 17").

Reckitt Benckiser (UK) Limited

23 Share based payments

Executive Share Awards are awarded to the Group's Top 400 Management Group. Other Share Awards represent SAYE schemes (offered to all eligible 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.

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.

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 table below 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 2009 or 2010 for the purpose of the valuation. The awards are equity settled.

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.

The profit and loss account charge may not exactly equal one third of the total fair value 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 2010, the carrying value of National Insurance contributions payable was £577,000 (2009: £577,000).

The weighted average share price of Reckitt Benckiser Group plc for the year was £33.75 (2009: £28.37).

The weighted average remaining contractual life at the year end was 6.31 years (2009: 6.31 years).

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All outstanding share awards as at 31 December 2010 and 31 December 2009 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

Black-Scholes model assumptions

| Award | Grant Date | Exercise Price £ | Performance period | Share price on grant date £ | Volatility % | Dividend yield % | Life yrs | Risk free interest rate % | Fair value of one award £ |
|-------------------------|------------|---------------------|--------------------|--------------------------------|-----------------|---------------------|----------|------------------------------|------------------------------|
| Share Options | | | | | | | | | |
| 2002 | 17 Dec 01 | 9.50 | 2002-04 | 9.70 | 25% | 2.7% | 4 | 4.50% | 1.954 |
| 2003 | 22 Nov 02 | 11.19 | 2003-05 | 11 | 25% | 2.7% | 4 | 4.50% | 2.054 |
| 2004 | 08 Dec 03 | 12.76 | 2004-06 | 12.80 | 24% | 2.6% | 4 | 4.50% | 2.462 |
| 2005 | 06 Dec 04 | 15.47 | 2005-07 | 15 | 23% | 2.3% | 4 | 4.88% | 2.991 |
| 2006 | 06 Dec 05 | 18.10 | 2006-08 | 18 | 22% | 2.4% | 4 | 4.69% | 3.334 |
| 2007 | 08 Dec 06 | 22.57 | 2007-09 | 23.00 | 20% | 2.2% | 4 | 4.65% | 4.227 |
| 2008 | 11 Dec 07 | 29.44 | 2008-10 | 29.72 | 20% | 1.8% | 4 | 5.53% | 5.989 |
| 2009 | 08 Dec 08 | 27.29 | 2009-11 | 27.80 | 25% | 3.1% | 4 | 2.78% | 4.692 |
| 2010 | 07 Dec 09 | 31.65 | 2010-12 | 31.80 | 26% | 3.5% | 4 | 1.69% | 4.696 |
| 2011 | 01 Dec 10 | 34.64 | 2011-13 | 34.08 | 26% | 4.3% | 4 | 2.16% | 4.489 |
| Restricted Stock | | | | | | | | | |
| 2002 | 17 Dec 01 | - | 2002-04 | 9.70 | 25% | 2.7% | 4 | 4.50% | 8.644 |
| 2003 | 22 Nov 02 | - | 2003-05 | 11 | 25% | 2.7% | 4 | 4.50% | 9.791 |
| 2004 | 08 Dec 03 | - | 2004-06 | 12.80 | 24% | 2.6% | 4 | 4.50% | 11.493 |
| 2005 | 06 Dec 04 | - | 2005-07 | 15 | 23% | 2.3% | 4 | 4.88% | 13.920 |
| 2006 | 05 Dec 05 | - | 2006-08 | 18 | 22% | 2.4% | 4 | 4.69% | 16.376 |
| 2007 | 08 Dec 06 | - | 2007-09 | 23.00 | 20% | 2.2% | 4 | 4.65% | 21.015 |
| 2008 | 11 Dec 07 | - | 2008-10 | 29.72 | 20% | 1.8% | 4 | 5.53% | 27.555 |
| 2009 | 08 Dec 08 | - | 2009-11 | 27.00 | 27% | 3.4% | 4 | 2.78% | 24.312 |
| 2010 | 07 Dec 09 | - | 2010-12 | 31.80 | 26% | 3.5% | 4 | 1.69% | 27.229 |
| 2011 | 01 Dec 10 | - | 2011-13 | 34.08 | 26% | 4.3% | 4 | 2.16% | 28.222 |

Reckitt Benckiser (UK) Limited

Table 2 Expense

Movement in number of options

| Award | Grant Date | Fair value of one award £ | Options outstanding at 1 January 2010 Number | Granted / Adjustments Number | Lapsed Number | Exercised Number | Options outstanding at 31 December 2010 Number | Total fair value of grant as at 31 December 2010 £000 |
|-------|------------|------------------------------|---|---------------------------------|------------------|---------------------|---|--|
|-------|------------|------------------------------|---|---------------------------------|------------------|---------------------|---|--|

Share Options

| | | | | | | | | |
|------|-----------|-------|--------|--------|----------|----------|--------|-----|
| 2002 | 17 Dec 01 | 1 954 | 1,145 | - | - | (573) | 572 | 1 |
| 2003 | 22 Nov 02 | 2 054 | 7,940 | - | - | (4,189) | 3,751 | 8 |
| 2004 | 08 Dec 03 | 2 462 | 14,599 | - | - | (7,489) | 7,110 | 18 |
| 2005 | 06 Dec 04 | 2 991 | 20,270 | - | - | (9,168) | 11,102 | 33 |
| 2006 | 06 Dec 05 | 3 334 | 34,963 | - | (50) | (18,264) | 16,649 | 56 |
| 2007 | 08 Dec 06 | 4 227 | 65,972 | 50 | (195) | (42,200) | 23,627 | 100 |
| 2008 | 11 Dec 07 | 5 989 | 69,877 | 50 | (3,245) | (4,250) | 62,432 | 374 |
| 2009 | 08 Dec 08 | 4 692 | 65,217 | - | (4,037) | (859) | 60,321 | 283 |
| 2010 | 07 Dec 09 | 4 696 | 82,629 | - | (14,928) | - | 67,701 | 318 |
| 2011 | 01 Dec 10 | 4 489 | - | 85,634 | - | - | 85,634 | 384 |

Restricted Stock

| | | | | | | | | |
|------|-----------|--------|--------|-----|----------|----------|--------|-----|
| 2002 | 17 Dec 01 | 8 644 | - | - | - | - | - | 0 |
| 2003 | 22 Nov 02 | 9 791 | - | - | - | - | - | 0 |
| 2004 | 08 Dec 03 | 11 493 | - | - | - | - | - | 0 |
| 2005 | 06 Dec 04 | 13 920 | - | - | - | - | - | 0 |
| 2006 | 05 Dec 05 | 16 376 | 29,979 | 25 | (113) | (29,891) | - | 0 |
| 2007 | 08 Dec 06 | 21 015 | 31,196 | 25 | (1,508) | (2,444) | 27,269 | 573 |
| 2008 | 11 Dec 07 | 27 555 | 29,205 | - | (1,944) | (539) | 26,722 | 736 |
| 2009 | 08 Dec 08 | 24 312 | 40,877 | - | (10,089) | - | 30,788 | 749 |
| 2010 | 07 Dec 09 | 27 229 | - | 372 | - | - | 372 | 10 |

Other Share Awards

| | | | | | | | | |
|---------|---------|---------|--------|-------|---------|---------|--------|-----|
| UK SAYE | Various | Various | 34,645 | 6,808 | (2,785) | (5,643) | 33,025 | n/a |
|---------|---------|---------|--------|-------|---------|---------|--------|-----|

Reckitt Benckiser (UK) Limited

24 Ultimate parent company

The immediate parent undertaking is Maddison Square Holding B V, a company registered in the Netherlands. The ultimate parent and controlling Company is Reckitt Benckiser Group plc, which heads the largest and smallest group in which the results of the Company are consolidated. Copies of these consolidated accounts may be obtained from Reckitt Benckiser Group plc, 103-105 Bath Road, Slough, Berkshire, SL1 3UH.