

GROUP INCOME STATEMENT

For the year ended 31 December	Note	2020 £m	2019 £m
CONTINUING OPERATIONS			
Net Revenue	2	13,993	12,846
Cost of sales		(5,558)	(5,068)
Gross profit		8,435	7,778
Net operating expenses	3	(5,290)	(4,616)
Impairment of goodwill and other intangible assets	9	(985)	(5,116)
Operating profit/(loss)	2	2,160	(1,954)
Finance income	6	77	161
Finance expense	6	(363)	(314)
Net finance expense		(286)	(153)
Share of loss of equity-accounted investees, net of tax		(1)	–
Profit/(loss) before income tax		1,873	(2,107)
Income tax expense	7	(720)	(665)
Net income/(loss) from continuing operations		1,153	(2,772)
Net income /(loss) from discontinued operations	29	50	(898)
Net income/(loss)		1,203	(3,670)
Attributable to non-controlling interests		16	13
Attributable to owners of the parent company		1,187	(3,683)
Net income/(loss)		1,203	(3,670)
Basic earnings/(loss) per ordinary share			
From continuing operations (pence)	8	160.0	(393.0)
From discontinued operations (pence)	8	7.0	(126.7)
From total operations (pence)	8	167.0	(519.7)
Diluted earnings/(loss) per ordinary share			
From continuing operations (pence)	8	159.3	(393.0)
From discontinued operations (pence)	8	7.0	(126.7)
From total operations (pence)	8	166.3	(519.7)

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2020 £m	2019 £m
Net income/(loss)		1,203	(3,670)
Other comprehensive income/(expense)			
<i>Items that may be reclassified to Income Statement in subsequent years</i>			
Net exchange losses on foreign currency translation, net of tax	7	(207)	(579)
(Losses)/gains on net investment hedges, net of tax	7	(75)	70
Losses on cash flow hedges, net of tax	7	(17)	(9)
		(299)	(518)
<i>Items that will not be reclassified to Income Statement in subsequent years</i>			
Remeasurements of defined benefit pension plans, net of tax	7	(60)	14
Revaluation of equity instruments – FVOCI	7	19	(13)
		(41)	1
Other comprehensive (expense), net of tax		(340)	(517)
Total comprehensive income/(expense)		863	(4,187)
Attributable to non-controlling interests		16	12
Attributable to owners of the parent company		847	(4,199)
Total comprehensive income/(expense)		863	(4,187)
Total comprehensive income/(expense) attributable to owners of the parent company arising from:			
Continuing operations		797	(3,301)
Discontinued operations		50	(898)
		847	(4,199)

GROUP BALANCE SHEET

As at 31 December	Note	2020 £m	2019 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	9	22,979	24,261
Property, plant and equipment	10	2,233	2,140
Equity instruments	11,15	136	58
Deferred tax assets	12	258	224
Retirement benefit surplus	23	226	268
Other non-current receivables	14	146	155
Total non-current assets		25,978	27,106
Current assets			
Inventories	13	1,592	1,314
Trade and other receivables	14	1,921	2,079
Derivative financial instruments	15	30	30
Current tax recoverable		125	61
Cash and cash equivalents	16	1,646	1,549
Total current assets		5,314	5,033
Total assets		31,292	32,139
LIABILITIES			
Current liabilities			
Short-term borrowings	17	(763)	(3,650)
Provisions for liabilities and charges	18	(243)	(178)
Trade and other payables	21	(5,742)	(4,820)
Derivative financial instruments	15	(118)	(138)
Current tax liabilities	22	(72)	(145)
Total current liabilities		(6,938)	(8,931)
Non-current liabilities			
Long-term borrowings	17	(9,794)	(8,545)
Deferred tax liabilities	12	(3,562)	(3,513)
Retirement benefit obligations	23	(372)	(351)
Provisions for liabilities and charges	18	(49)	(56)
Non-current tax liabilities	22	(1,021)	(969)
Other non-current liabilities	21	(397)	(367)
Total non-current liabilities		(15,195)	(13,801)
Total liabilities		(22,133)	(22,732)
Net assets		9,159	9,407
EQUITY			
Capital and reserves			
Share capital	24	74	74
Share premium		252	245
Merger reserve		(14,229)	(14,229)
Other reserves	26	(379)	(80)
Retained earnings		23,397	23,353
Attributable to owners of the parent company		9,115	9,363
Attributable to non-controlling interests		44	44
Total equity		9,159	9,407

The Financial Statements on pages 174 to 218 were approved by the Board of Directors and signed on its behalf on 15 March 2021 by:

Christopher Sinclair

Director

Reckitt Benckiser Group plc

Laxman Narasimhan

Director

Reckitt Benckiser Group plc

GROUP STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £m	Share premium £m	Merger reserves ¹ £m	Other reserves ² £m	Retained earnings £m	Total attributable to owners of the parent company £m	Non-controlling interests £m	Total equity £m
Balance at 1 January 2019		74	245	(14,229)	437	28,197	14,724	47	14,771
Comprehensive income									
Net (loss)/income		-	-	-	-	(3,683)	(3,683)	13	(3,670)
Other comprehensive (expense)/income		-	-	-	(517)	1	(516)	(1)	(517)
Total comprehensive (expense)/income		-	-	-	(517)	(3,682)	(4,199)	12	(4,187)
Transactions with owners									
Treasury shares reissued	24	-	-	-	-	61	61	-	61
Share-based payments	25	-	-	-	-	18	18	-	18
Current tax on share awards	7	-	-	-	-	4	4	-	4
Cash dividends	28	-	-	-	-	(1,227)	(1,227)	(15)	(1,242)
Transactions with non-controlling interests		-	-	-	-	(18)	(18)	-	(18)
Total transactions with owners		-	-	-	-	(1,162)	(1,162)	(15)	(1,177)
Balance at 31 December 2019		74	245	(14,229)	(80)	23,353	9,363	44	9,407
Comprehensive income									
Net income		-	-	-	-	1,187	1,187	16	1,203
Other comprehensive (expense)/income		-	-	-	(299)	(41)	(340)	-	(340)
Total comprehensive (expense)/income		-	-	-	(299)	1,146	847	16	863
Transactions with owners									
Treasury shares reissued	24	-	7	-	-	124	131	-	131
Share-based payments	25	-	-	-	-	15	15	-	15
Purchase of ordinary shares by employee share ownership trust		-	-	-	-	(4)	(4)	-	(4)
Tax on share awards	7	-	-	-	-	4	4	-	4
Cash dividends	28	-	-	-	-	(1,241)	(1,241)	(16)	(1,257)
Total transactions with owners		-	7	-	-	(1,102)	(1,095)	(16)	(1,111)
Balance at 31 December 2020		74	252	(14,229)	(379)	23,397	9,115	44	9,159

1. The merger reserve relates to the 1999 combination of Reckitt & Colman plc and Benckiser N.V. and a Group reconstruction in 2007 treated as a merger under Part 27 of the Companies Act 2006

2. Refer to Note 26 for an explanation of other reserves

GROUP CASH FLOW STATEMENT

For the year ended 31 December	Note	2020 £m	2019 £m
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit/(loss) from continuing operations		2,160	(1,954)
Losses/(gains) on sale of property, plant and equipment and intangible assets		3	(4)
Depreciation, amortisation and impairment		1,457	5,554
Share-based payments		15	18
Increase in inventories		(317)	(87)
Decrease/(increase) in trade and other receivables		94	(150)
Increase in payables and provisions		1,145	31
Cash generated from continuing operations		4,557	3,408
Interest paid		(323)	(371)
Interest received		56	161
Tax paid		(762)	(647)
Net cash flows attributable to discontinued operations	29	(10)	(1,140)
Net cash generated from operating activities		3,518	1,411
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(394)	(306)
Purchase of intangible assets		(92)	(137)
Proceeds from the sale of property, plant and equipment		10	37
Acquisition of businesses, net of cash acquired		–	(18)
Purchase of equity instruments and convertible notes		(36)	(18)
Net cash used in investing activities		(512)	(442)
CASH FLOWS FROM FINANCING ACTIVITIES			
Treasury shares reissued	24	131	61
Purchase of ordinary shares by employee share ownership trust		(4)	–
Proceeds from borrowings	17	2,903	1,548
Repayment of borrowings	17	(4,583)	(1,122)
Dividends paid to owners of the parent company	28	(1,241)	(1,227)
Dividends paid to non-controlling interests		(16)	(15)
Other financing activities		(47)	(75)
Net cash used in financing activities		(2,857)	(830)
Net increase in cash and cash equivalents		149	139
Cash and cash equivalents at beginning of the year		1,547	1,477
Exchange losses		(52)	(69)
Cash and cash equivalents at end of the year		1,644	1,547
Cash and cash equivalents comprise:			
Cash and cash equivalents	16	1,646	1,549
Overdrafts	17	(2)	(2)
		1,644	1,547

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting Policies

The principal accounting policies adopted in the preparation of these Financial Statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

Basis of Preparation

These Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The Financial Statements are in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss or other comprehensive income. A summary of the Group's accounting policies is set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of Financial Statements that conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the Balance Sheet date and revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge at the time, actual amounts may ultimately differ from those estimates.

New Standards, Amendments and Interpretations

The following amended standards and interpretations were adopted by the Group on 1 January 2020. These amended standards and interpretations have not had a significant impact on the Group Financial Statements.

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

A number of new standards are effective for annual periods beginning on or after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated Financial Statements.

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

Going Concern

Having assessed the principal risks and other matters discussed in connection with the Viability Statement, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated Financial Statements. When reaching this conclusion, the Directors took into account the Group's overall financial position and exposure to principal risks, including the ongoing impact of COVID-19 and future business forecasts. At 31 December 2020, the Group had cash and cash equivalents of £1.6 billion. The Group also had access to committed borrowing facilities of £5.5 billion. These facilities were undrawn at period-end and are not subject to renewal until 2022 onwards. Further detail is contained in the Strategic Report on pages 1 to 93.

Basis of Consolidation

The consolidated Financial Statements include the results of Reckitt Benckiser Group plc, a company registered in the UK, and all its subsidiary undertakings made up to the same accounting date. Subsidiary undertakings are those entities controlled by Reckitt Benckiser Group plc. Control exists where the Group is exposed to, or has the rights to variable returns from its involvement with, the investee and has the ability to use its power over the investee to affect its returns.

Intercompany transactions, balances and unrealised gains on transactions between Group companies have been eliminated on consolidation. Unrealised losses have also been eliminated to the extent that they do not represent an impairment of a transferred asset. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with accounting policies adopted by the Group.

Foreign Currency Translation

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated Financial Statements are presented in Sterling, which is the Group's presentational currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of foreign currency denominated monetary assets and liabilities are recognised in the Income Statement, except where hedge accounting is applied.

The Financial Statements of subsidiary undertakings with a non-Sterling functional currency are translated into Sterling on the following basis:

- Assets and liabilities, at the rate of exchange ruling at the year-end date.
- Income Statement items, at the average rate of exchange for the year.

Exchange differences arising from the translation of the net investment in subsidiary undertakings with a non-Sterling functional currency, and of borrowings and other currency instruments designated as hedges of such investments, are recorded in equity on consolidation.

Business Combinations

The acquisition method is used to account for the acquisition of subsidiaries and businesses. Identifiable net assets acquired (including intangible assets) in a business combination are measured initially at their fair values at the acquisition date.

Where the measurement of the fair value of identifiable net assets acquired is incomplete at the end of the reporting period in which the combination occurs, the Group will report provisional fair values. Final fair values are determined within a year of the acquisition date and retrospectively applied.

The excess of the consideration transferred and the amount of any non-controlling interest over the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities acquired is recorded as goodwill.

The consideration transferred is measured at the fair value of the assets given, equity instruments issued (if any), and liabilities assumed or incurred at the date of acquisition.

Acquisition-related costs are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting Policies continued

The results of the subsidiaries and businesses acquired are included in the consolidated Financial Statements from the acquisition date.

Disposal of Subsidiaries

The financial performance of subsidiaries and businesses are included in the Group Financial Statements up to the point on which the Group ceases to have control over that subsidiary. Any amounts previously recognised in other comprehensive income in respect of that entity, including exchange gains or losses on foreign currency translation, are accounted for as if the Group had directly disposed of related assets and liabilities. This results in a reclassification of amounts previously recognised in other comprehensive income to the Income Statement.

Non-Controlling Interests

On an acquisition-by-acquisition basis the non-controlling interest is measured at either fair value or a proportionate share of the acquiree's net assets.

Purchases of non-controlling interests are accounted for as transactions with the owners and therefore no goodwill is recognised as a result of such transactions.

Revenue

Revenue from the sale of products is recognised in the Group Income Statement as and when performance obligations are satisfied by transferring control of the product or service to the customer.

Net Revenue is defined as the amount invoiced to external customers during the year and comprises, as required by IFRS 15, gross sales net of trade spend, customer allowances for credit notes, returns and consumer coupons. The methodology and assumptions used to estimate credit notes, returns and consumer coupons are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

Trade spend, which consists primarily of customer pricing allowances, placement/listing fees and promotional allowances, is governed by sales agreements with the Group's trade customers (retailers and distributors). Trade spend also includes reimbursement arrangements under the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), payable to the respective US State WIC agencies.

Accruals are recognised under the terms of these agreements to reflect the expected activity level and the Group's historical experience. These accruals are reported within trade and other payables.

Value-added tax and other sales taxes are excluded from Net Revenue.

Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Committee.

Research and Development

Research expenditure is expensed in the year in which it is incurred.

Development expenditure is expensed in the year in which it is incurred, unless it meets the requirements of IAS 38 to be capitalised and then amortised over the useful life of the developed product.

Income Tax

Income tax on the profit/(loss) for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted in each jurisdiction at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated Financial Statements. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the Balance Sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the investor is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities within the same tax jurisdiction are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where there is an intention to settle these balances on a net basis.

Goodwill and Other Intangible Assets

(i) Goodwill

Goodwill is allocated to the cash generating unit (CGU), or group of CGUs (GCGU), to which it relates and is tested annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

(ii) Brands

Separately acquired brands are shown at cost less accumulated amortisation and impairment. Brands acquired as part of a business combination are recognised at fair value at the acquisition date, where they are separately identifiable. Brands are amortised over their useful economic life (no more than ten years), except when their life is determined as being indefinite.

Applying indefinite lives to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. A core element of the Group's strategy is to invest in building its brands through an ongoing programme of product innovation and increasing marketing investment. Within the Group, a brand typically comprises an assortment of base products and more innovative products. Both contribute to the enduring nature of the brand. The base products establish the long-term positioning of the brand while a succession of innovations attracts ongoing consumer interest and attention. Indefinite life brands are allocated to the CGUs or GCGUs to which they relate and are tested annually for impairment.

The Directors also review the useful economic life of brands annually, to ensure that these lives are still appropriate. If a brand is considered to have a finite life, its carrying value is amortised over that period.

1 Accounting Policies continued

(iii) Software

Expenditure relating to the acquisition of computer software licences and systems are capitalised at cost. The assets are amortised on a straight-line basis over a period of seven years for systems and five years or less for all other software licences.

(iv) Distribution Rights

Payments made in respect of product registration, acquired and reacquired distribution rights are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the registration or distribution rights are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands.

(v) Customer Contracts

Acquired customer contracts are capitalised at cost. These costs are amortised on a straight-line basis over the period of the contract.

Amortisation of intangible assets in (ii) to (v) is charged to cost of goods sold or net operating expenses depending on the use of the asset.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment, with the exception of freehold land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Except for freehold land and assets under construction, the cost of property, plant and equipment is depreciated on a straight-line basis over the period of the expected useful life of the asset. For this purpose, expected lives are determined within the following limits:

- Freehold buildings: not more than 50 years;
- Leasehold land and buildings: the lesser of 50 years or the life of the lease; and
- Owned plant and equipment: not more than 15 years (except for environmental assets and spray dryers which are not more than 20 years).

In general, production plant and equipment and office equipment are depreciated over ten years or less; motor vehicles and computer equipment over five years or less.

Assets' residual values and useful lives are reviewed, and adjusted if necessary, at each Balance Sheet date. Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be appropriate. Freehold land is reviewed for impairment on an annual basis.

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 Income Statement.

Leases

The Group has various lease arrangements for buildings (such as offices and warehouses), cars, and IT and other equipment. Lease terms are negotiated on an individual basis locally and subject to domestic rules and regulations. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration, in which case it is identified as a lease. The Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right of Use Assets

At commencement date, right of use assets are measured at cost, which comprises the following:

- The initial measurement of the lease liability;
- Prepayments before commencement date of the lease;
- Initial direct costs; and
- Costs to restore.

Subsequent to initial recognition right of use assets are depreciated on a straight-line basis over the duration of the contract. Right of use assets are assessed for impairment where indicators of impairment are present.

Lease Liabilities

At commencement date, lease liabilities are measured at the present value of lease payments not yet paid including:

- Fixed payments excluding lease incentive receivables;
- Future contractually agreed fixed increases; and
- Payments related to renewals or early termination, when options to renew or for early termination are reasonably certain to be exercised.

Subsequent to initial recognition lease liabilities are increased by the interest costs on the lease liabilities and decreased by lease payments made. Lease liabilities held are remeasured to account for revised future payments.

Impairment of Assets

Assets that have indefinite lives, including goodwill and brands, are tested annually for impairment at the level where cash flows are considered to be largely independent. This testing is performed at either the CGU or GCGU level. All assets are tested for impairment if there is an event or circumstance that indicates that their carrying value may not be recoverable. If an asset's carrying value exceeds its recoverable amount an impairment loss is recognised in the Income Statement. The recoverable amount is the higher of the asset's value in use and its fair value less costs of disposal.

Value in use is calculated with reference to the future and terminal cash flows expected to be generated by an asset (or group of assets where cash flows are not identifiable to specific assets). The discount rates used in the asset impairment reviews are based on weighted-average cost of capital (WACC) specific to each CGU and GCGU, with the WACC converted to the implied pre-tax rates.

Fair value less costs of disposal is calculated using a discounted cash flow approach based on a market participant basis, with a post-tax discount rate applied to projected risk-adjusted post-tax cash flows and terminal value.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and an appropriate portion of overhead expenses (based on normal operating capacity) required to get the inventory to its present location and condition. Inventory valuation is determined on a first in, first out (FIFO) basis. Net realisable value represents the estimated selling price less applicable selling expenses.

Trade and Other Receivables

Trade and other receivables are initially recognised at fair value less transaction costs and subsequently held at amortised cost, less provision for discounts and doubtful debts. Allowance losses are calculated by reviewing lifetime expected credit losses using historic and forward-looking data on credit risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting Policies continued

Trade and Other Payables

Trade and other payables are initially recognised at fair value including transaction costs and subsequently carried at amortised cost.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and other deposits with a maturity of less than three months when deposited.

For the purpose of the cash flow statement, bank overdrafts that form an integral part of the Group's cash management, and are repayable on demand, are included as a component of cash and cash equivalents. Bank overdrafts are included within short-term borrowings in the Balance Sheet.

Borrowings

Interest-bearing borrowings are recognised initially at fair value less, where permitted by IFRS 9, any directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.

Derivative Financial Instruments and Hedging Activity

The Group may use derivatives to manage its exposures to fluctuating interest and foreign exchange rates. These instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

At the inception of designated hedge relationships, the Group documents its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows or fair values of hedged items.

The Group designates certain derivatives as either:

- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedges); or
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).

Derivatives designated as cash flow hedges:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve. Any gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. For all other transactions, the amounts accumulated in the hedging reserve are recycled to the Income Statement in the period (or periods) when the hedged item affects the Income Statement.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated, or is exercised, then hedge accounting is discontinued prospectively. The amount that has been accumulated in the hedging reserve remains in equity until it is either included in the cost of a non-financial item or recycled to the Income Statement.

Derivatives designated as fair value hedges:

Fair value hedges are used to manage the currency and/or interest rate risks to which the fair value of certain assets and liabilities are exposed. Changes in the fair value are recognised in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If such a hedge relationship no longer meets hedge accounting criteria, fair value movements on the derivative continue to be taken to the Income Statement while any fair value adjustments made to the underlying hedged item to that date are amortised through the Income Statement over its remaining life using the effective interest rate method.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income Statement.

Net Investment Hedges

Gains and losses on those hedging instruments designated as hedges of the net investments in foreign operations are recognised in other comprehensive income to the extent that the hedging relationship is effective. Gains and losses accumulated in the foreign currency translation reserve are recycled to the Income Statement when the foreign operation is disposed of.

Equity Instruments (FVOCI)

Equity instruments (FVOCI) are investments that are neither held for trading nor classified as investments in subsidiaries, associates or joint arrangements. Subsequent to their initial recognition, equity instruments (FVOCI) are stated at their fair value. Gains and losses arising from subsequent changes in the fair value are recognised in the Income Statement or in other comprehensive income on a case by case basis. Accumulated gains and losses included in other comprehensive income are not recycled to the Income Statement. Dividends from other investments are recognised in the Income Statement.

Investment in Associates

Investments in associates are accounted for using the equity method. An associate is an entity over which the Group has significant influence, being the power to participate in the investee's financial and operating policy decisions without control or joint control.

Interests in associates are stated in the consolidated balance sheet at cost, adjusted for the movement in the Group's share of their net assets and liabilities. The Group's share of the profit or loss after tax of associates is included in the Group's consolidated profit before taxation. Unrealised intragroup profits or losses from transactions are offset against the carrying amount of the investment on a pro-rata basis during consolidation, if material.

When the Group's share of losses exceeds its interest in an associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Financial Statements of the companies accounted for using the equity method are prepared in accordance with uniform accounting and measurement methods throughout the Group.

Employee Share Schemes

Incentives in the form of shares are provided to employees under share option and restricted share schemes vested in accordance with non-market conditions.

1 Accounting Policies continued

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs, including social security taxes, in respect of options and awards are charged to the Income Statement over the same period with a corresponding liability recognised.

Repurchase and Reissuance of Ordinary Shares

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares are classified as Treasury shares and are presented in retained earnings. When Treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and any resulting surplus is presented within share premium or deficit presented within retained earnings.

Pension Commitments

Group companies operate defined contribution and (funded and unfunded) defined benefit pension plans.

The cost of providing pensions to employees who are members of defined contribution plans is charged to the Income Statement as contributions are made. The Group has no further payment obligations once the contributions have been paid.

The deficit or surplus recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Balance Sheet date, less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows by the yield on high-quality corporate bonds denominated in the currency in which the benefits will be paid, and that have a maturity approximating to the terms of the pension obligations. The costs of providing these defined benefit plans are accrued over the period of employment. Actuarial gains and losses are recognised immediately in other comprehensive income.

Past-service costs are recognised immediately in profit or loss.

The net interest amount is calculated by applying the discounted rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset.

The net pension plan interest is presented as finance income/expense.

Post-Retirement Benefits Other than Pensions

Some Group companies provide post-retirement medical care to their retirees. The costs of providing these benefits are accrued over the period of employment and the liability recognised in the Balance Sheet is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related asset is deducted.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Where it is possible that a settlement may be reached or it is not possible to make a reliable estimate of the estimated financial impact, appropriate disclosure is made but no provision recognised.

Share Capital Transactions

When the Group purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Purchased shares are either held in Treasury, in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled would be transferred from retained earnings.

Dividend Distribution

Dividends to owners of the parent company are recognised as a liability in the period in which the dividends are approved by the company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Dividend payments are recorded at fair value. Where non-cash dividend payments are made, gains arising as a result of fair value remeasurements are recognised in profit or loss in the same period.

Accounting Estimates and Judgements

In preparing these consolidated Financial Statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts and 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.

Critical judgements in applying the Group's accounting policies

Over the course of the year, management has made a number of critical judgements in the application of the Group's accounting policies. These include the following:

- Management has identified matters (including the Korea HS issue) that may incur liabilities in the future but does not recognise these liabilities when it is too early to determine the likely outcome or make a reliable estimate (Note 18, Note 20).
- The continuing enduring nature of the Group's brands supports the indefinite life assumption of these assets (Note 9).
- Assumptions are made as to the recoverability of tax assets especially as to whether there will be sufficient future taxable profits in the same jurisdictions to fully utilise losses in future years (Note 12).

Key sources of estimation uncertainty

Each year, management is required to make a number of assumptions regarding the future. The related year-end accounting estimates will, by definition, seldom equal the final actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting Policies continued

Goodwill and Indefinite Life intangible assets:

Under IFRS, goodwill and other indefinite life intangible assets must be tested for impairment on at least an annual basis. As disclosed further in Note 9, this testing generally requires management to make multiple estimates, for example around individual market pressures and forces, future price and volume growth, future margins, terminal growth rates and discount rates. In 2020, the Group recognised impairment losses of £985 million, all of which related to IFCN goodwill (2019: £5,116 million, with £5,037 million relating to IFCN goodwill). In addition to the above, the IFCN impairment assessment incorporated estimates relating to future birth rates, cross border trade between Hong Kong and mainland China, and future WIC tendering in the US. Refer to Note 9 for further information, including details on the sensitivity of the IFCN value-in-use model to reasonable changes in key assumptions.

Tax:

The actual tax paid on profits is determined based on tax laws and regulations that differ across the numerous jurisdictions in which the Group operates. Assumptions are made in applying these laws to the taxable profits in any given period in order to calculate the tax charge for that period. Where the eventual tax paid or reclaimed is different to the amounts originally estimated, the variance is charged or credited to the Income Statement in the period in which it is determined (Note 7).

The Group operates in an international tax environment and is subject to tax examinations and uncertainties in a number of jurisdictions. The issues involved can be complex and disputes may take a number of years to resolve. Each uncertainty is separately assessed and management applies judgement in the recognition and measurement of the uncertainty based on the relevant circumstances. The exposure recognised is calculated based on the expected value method or the most likely outcome method, depending on whether there are a wide range of possible outcomes or if resolution of the uncertainty is concentrated on one outcome. In particular, the range of possible outcomes relating to transfer pricing exposures can be wide and in these scenarios the expected value method is employed. The accounting estimates and judgements considered include:

- Status of the unresolved matter;
- Clarity of relevant legislation and related guidance;
- Pre-clearances issued by taxing authorities;
- Advice from in-house specialists and opinions of professional firms;
- Resolution process and range of possible outcomes;
- Past experience and precedents set by the particular taxing authority;
- Decisions and agreements reached in other jurisdictions on comparable issues;
- Unutilised tax losses, tax credits and availability of mutual agreement procedures between tax authorities; and
- Statute of limitations.

Management is of the opinion that the carrying values of the provisions made in respect of these matters represent the most accurate measurement once all facts and circumstances have been taken into account. Nevertheless, the final amounts paid to discharge the liabilities arising (either through negotiated settlement or litigation) will in all likelihood be different from the provision recognised. The net liabilities recognised in respect of uncertain tax positions as at 31 December 2020 are £950 million (2019: £891 million) (Note 22).

Trade spend:

The Group provides for amounts payable to our trade customers for promotional activity and government reimbursement arrangements. Where an activity spans across the year end, an accrual is reflected in the consolidated Financial Statements based on our estimation of customer and consumer uptake during the relevant period and the extent to which temporary funded activity has occurred. There is a timing difference between that initial estimation and final settlement of trade spend with our customers – the result of which could lead to variations between the two. As at 31 December 2020, the Group has recognised total accruals of £1,275 million (2019: £1,095 million) in respect of amounts payable to trade customers and government bodies for trade spend. The Group's trade spend arrangements vary considerably by market and category, and the Group's trade spend accruals is made up of many individually small accruals. Therefore, an aggregated disclosure of sensitivity analysis on the key inputs to trade spend accrual estimates would not be practicable nor meaningful. Nevertheless, a 12% (2019: 14%) difference between those initial estimates and final settlement would cause a material adjustment in the next financial year. Refer to Note 21 for further information.

Other estimates

Set out below are other estimates where there is a risk of adjustment to the carrying amounts of assets and liabilities within the next financial year, but the risk of a material adjustment is not significant.

Legal provisions:

The Group recognises legal provisions in line with the Group's provisions policy. The level of provisioning in relation to civil and/or criminal investigations is an area where management and legal judgement are important, with individual provisions being based on best estimates of the potential loss, considering all available information, external advice and historical experience. As at 31 December 2020, the Group recognised legal provisions of £232 million (2019: £151 million) in relation to a number of historical regulatory and other matters in various jurisdictions.

Defined benefit pension plan:

The value of the Group's defined benefit pension plan obligations is dependent on a number of key assumptions. These assumptions include the rate of increase in pensionable salaries, the discount rate to be applied, the level of inflation and the life expectancy of the schemes' members. Details of the key assumptions and the sensitivity of the principal schemes' carrying value to changes in the assumptions are set out in Note 23.

2 Operating Segments

The Group's operating segments comprise of the Hygiene, Health and Nutrition business units reflecting the way in which information is presented to and reviewed by the Group's Chief Operating Decision Maker (CODM) for the purposes of making strategic decisions and assessing Group-wide performance. In the second half of 2020, the Group's operating segments changed as the information presented to and reviewed by the Group's CODM was aligned to organisational changes which were implemented by the Group on 1 July 2020. The CODM is the Group Executive Committee. This Committee is responsible for the implementation of strategy (approved by the Board), the management of risk (delegated by the Board) and the review of Group operational performance and ongoing business integration. The Group Executive Committee assesses the performance of these operating segments based on Net Revenue from external customers and segment profit being adjusted operating profit. Intercompany transactions between operating segments are eliminated. Finance income and expense are not allocated to segments, as each is managed on a centralised basis.

2 Operating Segments continued

The segment information for the operating segments for the year ended 31 December 2020 and 31 December 2019 is as follows:

Year ended 31 December 2020	Hygiene £m	Health £m	Nutrition £m	Adjusting Items £m	Total £m
Net Revenue	5,816	4,890	3,287	-	13,993
Depreciation & amortisation	(128)	(142)	(122)	(80)	(472)
Operating Profit	1,505	1,334	462	(1,141)	2,160
Net finance expense					(286)
Share of loss from associates					(1)
Profit before income tax					1,873
Income tax expense					(720)
Net income from continuing operations					1,153

Year ended 31 December 2019 (restated)*	Hygiene £m	Health £m	Nutrition £m	Adjusting Items £m	Total £m
Net Revenue	5,031	4,462	3,353	-	12,846
Depreciation & amortisation	(117)	(135)	(97)	(81)	(430)
Operating Profit/(Loss)	1,279	1,370	718	(5,321)	(1,954)
Net finance expense					(153)
Loss before income tax					(2,107)
Income tax expense					(665)
Net loss from continuing operations					(2,772)

* Segmental information for the year ended 31 December 2019 has been restated to reflect the Group's current operating segments, which changed in the second half of 2020.

Financial information for the Hygiene, Health and Nutrition operating segments is presented on an adjusted basis, which excludes certain cash and non-cash items which management believes are not reflective of the underlying financial performance of the business. Financial information on an adjusted basis is consistent with how management reviews the business for the purpose of making operating decisions. Adjusting items to operating profit comprise exceptional items and other adjusting items.

- Exceptional items are material, non-recurring items of expense or income.
- Other adjusting items includes the amortisation of certain fair value adjustments recorded in respect of finite-life intangible assets recognised in the purchase price allocation for the acquisition of MJN. These are not classified as exceptional items because of their recurring nature.

The company is domiciled in the UK. The split of Net Revenue from external customers and Non-Current Assets (other than equity instruments, deferred tax assets and retirement benefit surplus assets) between the UK, the US and Greater China (US and Greater China being the two biggest countries outside the country of domicile) and that from all other countries is:

2020	UK £m	US £m	Greater China ¹ £m	All other countries £m	Total £m
Net Revenue	811	3,955	1,561	7,666	13,993
Goodwill and other intangible assets	2,018	9,473	4,303	7,185	22,979
Property, plant and equipment	324	563	170	1,176	2,233
Other non-current receivables	25	55	1	65	146

1. Greater China represents mainland China, Hong Kong and Taiwan

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2 Operating Segments continued

2019	UK £m	US £m	Greater China ¹ £m	All other countries £m	Total £m
Net Revenue	743	3,227	1,534	7,342	12,846
Goodwill and other intangible assets	2,006	9,955	4,948	7,352	24,261
Property, plant and equipment	291	532	141	1,176	2,140
Other non-current receivables	8	62	2	83	155

1. Greater China represents Mainland China, Hong Kong and Taiwan

Major customers are typically large grocery chains, mass markets and multiple retailers. The Group's customer base is diverse with no individual customer accounting for more than 10% of Net Revenue (2019: no individual customer accounting for more than 10%).

3 Analysis of Net Operating Expenses

	2020 £m	2019 £m
Distribution costs	(3,611)	(3,417)
Research and development	(288)	(257)
Other administrative expenses	(1,393)	(945)
Other net operating income	2	3
Net operating expenses	(5,290)	(4,616)

A net foreign exchange loss of £5 million (2019: £2 million loss) has been recognised through the Income Statement.

4 Auditor Remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the company's Auditor and its associates.

	2020 £m	2019 £m
Audit services pursuant to legislation		
Audit of the Group's Annual Report and Financial Statements	4.4	4.6
Audit of the Financial Statements of the Group's subsidiaries	7.5	8.0
Audit-related assurance services	0.6	0.6
Total audit and audit-related services	12.5	13.2
Fees payable to the company's Auditor and its associates for other services		
Other Assurance services	0.2	1.3
Total non-audit services	0.2	1.3
	12.7	14.5

5 Employees

Staff Costs

The total employment costs, including Directors, were:

	Note	2020 £m	2019 £m
Wages and salaries		1,970	1,558
Social security costs		263	246
Other pension costs	23	54	60
Share-based payments	25	15	18
Total staff costs		2,302	1,882

Executive Directors' aggregate emoluments are disclosed in the Directors' Remuneration Report.

5 Employees continued

Compensation awarded to key management (the Group Executive Committee) was:

	2020 £m	2019 £m
Short-term employee benefits	26	13
Share-based payments	9	5
	35	18

Staff Numbers

The monthly average number of people employed by the Group, including Directors, during the year was:

	2020 '000	2019 '000
North America	4.7	4.3
Europe/ANZ	14.1	13.3
DvM	25.1	24.8
	43.9	42.4

6 Net Finance Expense

	2020 £m	2019 £m
Finance income		
Interest income on cash and cash equivalents	61	96
Movement on put option liability	-	25
Other finance income	16	40
Total finance income	77	161
Finance expense		
Interest payable on borrowings	(276)	(331)
Finance (expense)/credit on tax balances	(26)	35
Movement on put option liability	(9)	-
Other finance expense	(52)	(18)
Total finance expense	(363)	(314)
Net finance expense	(286)	(153)

All net finance expense relates to continuing operations only.

7 Income Tax Expense

	2020 £m	2019 £m
Current tax	740	640
Adjustment in respect of prior periods	(45)	36
Total current tax	695	676
Origination and reversal of temporary differences	(56)	(10)
Impact of changes in tax rates	81	(1)
Total deferred tax	25	(11)
Income tax expense	720	665

Current tax includes tax incurred by UK entities of £135 million (2019: £95 million). This is comprised of UK corporation tax of £85 million (2019: £79 million) and overseas tax suffered of £50 million (2019: £16 million). UK current tax is calculated at 19% (2019: 19%) of the estimated assessable profit for the year, net of relief for overseas taxes where available. Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Cash tax paid in the year was £762 million (2019: £647 million). The variance from the current tax charge of £740 million is attributable to movements on non-current tax liabilities (shown in Note 22) and timing differences arising between accrual and payment of income tax liabilities.

Origination and reversal of temporary differences includes adjustments in respect of prior periods of £22 million expense (2019: £12 million expense).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7 Income Tax Expense continued

The total tax charge on the Group's profits for the year can be reconciled to the notional tax charge calculated at the UK tax rate as follows:

Continuing operations	2020 £m	2019 ¹ £m
Profit/(loss) before income tax	1,873	(2,107)
Tax at the notional UK corporation tax rate of 19% (2019: 19%)	356	(400)
Effect of:		
Overseas tax rates	43	77
Movement in provision related to uncertain tax positions	41	(46)
Unrecognised tax losses and other unrecognised tax assets	(38)	(42)
Withholding and local taxes	31	71
Reassessment of prior year estimates	(23)	48
Impact of changes in tax rates	81	(1)
Permanent differences	229	958
Income tax expense	720	665

1. The 2019 presentation has been revised to be consistent with 2020

Our effective tax rate in any given financial year reflects a variety of factors that may not be present in succeeding financial years, and may be affected by variations in profit mix and changes in tax laws, regulations and related interpretations.

The effect of overseas tax rates represents the impact of profits arising outside the UK that are taxed at different rates to the UK rate

Unrecognised tax losses and other unrecognised tax assets arising in 2020 relates to previously unrecognised losses (2019 – same).

Withholding and local taxes includes a provision for deferred tax on unremitted earnings (Note 12). This charge is expected to arise on planned repatriations of retained earnings from overseas subsidiaries in future periods.

The reassessment of prior year estimates includes settlements reached following conclusion of reviews of tax authorities and differences between the final tax return submissions and liabilities accrued in these Financial Statements.

The impact of changes in tax rates in 2020 primarily results from the revaluation of deferred tax liabilities relating to intangible assets following increases in tax rates substantively enacted by the UK and Netherlands governments.

Permanent differences in 2020 and 2019 principally related to the non-deductible impairment of goodwill in IFCN.

We conduct business operations in a number of countries, and are therefore subject to tax and intercompany pricing laws in multiple jurisdictions. We have in the past faced, and may in the future face, audits and challenges brought by tax authorities, and we are involved in ongoing tax investigations in a number of countries. If material challenges were to be successful, our effective tax rate may increase, we may be required to modify structures at significant costs to us, we may also be subject to interest and penalty charges and we may incur costs in defending litigation or reaching a settlement. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

EC State Aid

In connection with the European Commission's (EC) decision that the UK Controlled Foreign Company (CFC) Legislation up to 31 December 2018 partially represented state aid, the UK government introduced a new law, Taxation (Post-transition Period) Act 2020, Recovery of Unlawful State Aid Rules, which received Royal Assent on 17 December 2020. This new legislation facilitates the collection of the alleged unlawful state aid, as is required under EU rules.

Post year end the Group received charging notices under this new legislation which it will be required to pay whilst the case is being resolved through the European courts. Nothing from these notices has changed management's assessment of no provision being required at this time.

UK Corporation Tax Rate Change

The March 2021 UK Budget announced an increase in the UK corporation tax rate from 19% to 25% with effect from 1 April 2023. This will increase the future current tax charge on the Group's profits arising in the UK. Based on the values presented in the balance sheet at 31 December 2020, the UK corporation tax rate change would increase net deferred tax liabilities by approximately £220 million in the period in which it is substantively enacted.

7 Income Tax Expense continued

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	2020			2019		
	Before tax £m	Tax (charge)/ credit £m	After tax £m	Before tax £m	Tax (charge)/ credit £m	After tax £m
Net exchange (losses) on foreign currency translation	(207)	–	(207)	(579)	–	(579)
(Losses)/gains on cash flow and net investment hedges	(95)	3	(92)	60	1	61
Remeasurement of defined benefit pension plans (Note 23)	(75)	15	(60)	12	2	14
Revaluation of equity instruments – FVOCI	31	(12)	19	(13)	–	(13)
Other comprehensive income/(loss)	(346)	6	(340)	(520)	3	(517)
Current tax		1			–	
Deferred tax (Note 12)		5			3	
		6			3	

The tax credited/(charged) directly to the Statement of Changes in Equity during the year is as follows:

	2020 £m	2019 £m
Current tax	6	4
Deferred tax (Note 12)	(2)	–
	4	4

8 Earnings Per Share

	2020 pence	2019 pence
Basic earnings/(loss) per share		
From continuing operations	160.0	(393.0)
From discontinued operations	7.0	(126.7)
Total basic earnings/(loss) per share	167.0	(519.7)
Diluted earnings/(loss) per share		
From continuing operations	159.3	(393.0)
From discontinued operations	7.0	(126.7)
Total diluted earnings/(loss) per share	166.3	(519.7)

Basic

Basic earnings per share is calculated by dividing the net income/(loss) attributable to owners of the parent company from continuing operations (2020: £1,137 million income; 2019: £2,785 million loss) and discontinued operations (2020: £50 million income; 2019: £898 million loss) by the weighted average number of ordinary shares in issue during the year (2020: 710,907,200; 2019: 708,688,420).

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive ordinary shares. The company has the following categories of potentially dilutive ordinary shares: Executive Share Awards (including Executive Share Options and Executive Restricted Share Scheme Awards) and Employee Sharesave Scheme Options. The options only dilute earnings when they result in the issue of shares at a value below the market price of the share and when all performance criteria (if applicable) have been met. As at 31 December 2020 there were 1,865,524 (2019: 7,970,362) Executive Share Awards excluded from the dilution because the exercise price for the options was greater than the average share price for the year or the performance criteria have not been met.

	2020 Average number of shares	2019 Average number of shares
On a basic basis	710,907,200	708,688,420
Dilution for Executive Share Awards ¹	61,251	–
Dilution for Employee Sharesave Scheme Options outstanding ¹	2,778,499	–
On a diluted basis	713,746,950	708,688,420

1. As there was a loss in 2019, the effect of potentially dilutive shares is anti-dilutive

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Goodwill and Other Intangible Assets

	Brands £m	Goodwill £m	Software £m	Other £m	Total £m
Cost					
At 1 January 2019	18,370	11,851	303	168	30,692
Additions	1	–	136	–	137
Arising on business combinations	–	14	–	–	14
Disposals	–	–	(3)	(1)	(4)
Reclassifications	–	–	(11)	11	–
Exchange adjustments	(560)	(349)	(9)	(3)	(921)
At 31 December 2019	17,811	11,516	416	175	29,918
Additions	3	–	84	5	92
Disposals	–	–	(1)	–	(1)
Reclassifications	–	–	(10)	10	–
Exchange adjustments	(141)	(108)	1	(5)	(253)
At 31 December 2020	17,673	11,408	490	185	29,756
Accumulated amortisation and impairment					
At 1 January 2019	250	18	93	53	414
Amortisation and impairment	141	5,037	48	23	5,249
Disposals	–	–	(3)	–	(3)
Exchange adjustments	(1)	(1)	(2)	1	(3)
At 31 December 2019	390	5,054	136	77	5,657
Amortisation and impairment	63	985	55	25	1,128
Disposals	–	–	(1)	–	(1)
Exchange adjustments	(4)	–	–	(3)	(7)
At 31 December 2020	449	6,039	190	99	6,777
Net book value					
At 31 December 2019	17,421	6,462	280	98	24,261
At 31 December 2020	17,224	5,369	300	86	22,979

The amount stated for brands represents the fair value of brands acquired since 1985 at the date of acquisition. Other includes product registration, distribution rights, capitalised product development costs and customer contracts.

Software includes intangible assets under construction of £37 million (2019: £55 million).

The majority of brands, all of goodwill and certain other intangibles are considered to have indefinite lives for the reasons noted in the accounting policies and therefore are subject to an annual impairment review. The MJN global brand, acquired MJN WIC contracts and a number of small non-core brands are deemed to have a finite life and are amortised accordingly. Amortisation is recognised in net operating expenses or cost of goods sold depending on the use of the asset.

The net book values of indefinite and finite life intangible assets are as follows:

Net book value	2020 £m	2019 £m
Indefinite life assets		
Brands	16,857	16,989
Goodwill	5,369	6,462
Other	36	49
Total indefinite life assets	22,262	23,500
Finite life assets		
Brands	367	432
Software	300	280
Other	50	49
Total finite life assets	717	761
Total net book value of intangible assets	22,979	24,261

9 Goodwill and Other Intangible Assets continued

Cash Generating Units

Goodwill and other intangible assets with indefinite lives are allocated to either individual cash generating units (CGUs), or groups of cash generating units (together GCGUs). The goodwill and intangible assets with indefinite lives are tested for impairment at the level at which identifiable cash inflows are largely independent. Generally this is at a GCGU level, but for certain intangible assets this is at a CGU level.

After considering all the evidence available, including how brand and production assets generate cash inflows and how management monitors the business, the Directors have concluded that for the purpose of impairment testing of goodwill and other intangible assets, the Group's GCGUs are as follows: Health, Hygiene and IFCN. In 2020, VMS was identified as a separate CGU which previously formed part of the Health GCGU in 2019.

An analysis of the net book value of indefinite life assets and goodwill by GCGU and the new CGU in 2020 is shown below:

		2020		
GCGU/CGU	Power brands	Indefinite life assets £m	Goodwill £m	Total £m
Health	Durex, Gaviscon, Mucinex, Nurofen, Scholl, Strepsils, Clearasil, Dettol, Veet	6,028	3,354	9,382
Hygiene	Cillit Bang, Finish, Harpic, Lysol, Mortein, Air Wick, Calgon, Vanish, Woolite	1,780	45	1,825
IFCN	Enfamil, Nutramigen	8,124	1,725	9,849
VMS ¹	MegaRed	961	245	1,206
		16,893	5,369	22,262

1. VMS is a CGU previously included within the Health GCGU in 2019

		2019		
GCGU	Power brands	Indefinite life assets £m	Goodwill £m	Total £m
Health	Durex, Gaviscon, Mucinex, Nurofen, Scholl, Strepsils, Clearasil, Dettol, Veet	7,087	3,671	10,758
Hygiene	Cillit Bang, Finish, Harpic, Lysol, Mortein, Air Wick, Calgon, Vanish, Woolite	1,784	45	1,829
IFCN	Enfamil, Nutramigen	8,167	2,746	10,913
		17,038	6,462	23,500

Within the Health GCGU, the cash flows of certain brands are separately identifiable. As a result, the carrying values of the associated indefinite life assets have been tested for impairment as CGUs. This is in addition to the impairment testing over the GCGUs. The CGUs tested separately in 2020 are shown below.

	2020 £m
Indefinite life assets excluding goodwill	
Sexual Wellbeing	2,170
Oriental Pharma	49
<hr/>	
	2019 £m
Indefinite life assets excluding goodwill	
Sexual Wellbeing	2,167
Oriental Pharma	47

Annual Impairment Review

Goodwill and other indefinite life intangible assets must be tested for impairment on at least an annual basis. An impairment loss is recognised when the recoverable amount of a GCGU or CGU falls materially below its net book value at the date of testing.

The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, is inherently judgemental and requires management to make multiple estimates, for example around individual market pressures and forces, future price and volume growth, future margins, terminal growth rates and discount rates.

When forecasting the annual cash flows that support the recoverable amount calculations, the Group generally uses its short-term budgets and medium-term strategic plans, with additional senior management and Board-level review. Cash flows beyond the five-year period are projected using steady or progressively declining growth rates followed by a terminal growth rate. These rates do not exceed the long-term average growth rate for the products and markets in which the GCGU or CGU operates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Goodwill and Other Intangible Assets continued

The cash flows are discounted back to their present value using a pre-tax rate considered appropriate for each GCGU and CGU. In 2020, as in 2019, these rates have been derived from management's views on the relevant weighted average cost of capital, subsequently converted to the pre-tax equivalent rate.

For the Health and Hygiene GCGUs as well as the Sexual Wellbeing and VMS CGUs, any reasonably possible change in the key valuation assumptions would not imply possible impairment. Each of these assessments utilised a pre-tax discount rate of 10% and a terminal growth rate of either 3% (Health, VMS and Sexual Wellbeing) or 2% (Hygiene).

IFCN

On 15 June 2017, the Group acquired 100% of the issued share capital of MJN for cash consideration of £13,044 million (\$16,642 million). The acquisition was treated as a business combination and hence both the assets acquired, and liabilities assumed, were brought onto the Group Balance Sheet at their fair value.

In 2019 the Group determined that the IFCN net book value exceeded its recoverable amount. The Group accordingly recognised an impairment loss of £5,037 million against IFCN goodwill, to record IFCN at its recoverable amount of £9,890 million. Following the recognition of this impairment loss, no headroom remained between the IFCN recoverable amount and net book value.

During 2020 IFCN's performance fell below expectations, particularly in Greater China due to ongoing restrictions on cross border trade between Hong Kong and mainland China, and the impact of increased local competition, despite holding market share in mainland China. Additionally, operating margins were impacted by product write-offs due to lack of trade between Hong Kong and mainland China. The COVID-19 pandemic and the resultant recession further impacted global IFCN performance. The Group considers these headwinds to be temporary and does not anticipate these factors to significantly impact its long-term expectations for the IFCN business. However, as a result, for the 2020 IFCN impairment assessment the Group has revised down its near-term expectations for IFCN ahead of anticipated medium-term recovery and margin improvement from ongoing and future productivity programmes. The Group's expectations for IFCN operating margins in the medium term are consistent with assumptions in the prior year's impairment assessment.

In 2020, as a result of the COVID-19 pandemic additional uncertainty has been introduced into the valuation of IFCN. To reflect this uncertainty management has increased the pre-tax discount rate used to determine value-in-use. This resulted in the IFCN net book value exceeding its recoverable amount, therefore management has recorded an impairment loss against IFCN goodwill of £985 million to record IFCN at its recoverable amount of £8,810 million.

The recoverable amount for IFCN has been calculated on a value-in-use basis (2019: value-in-use basis). The value-in-use of IFCN was determined utilising a discounted cash flow approach with future cash flows derived from a detailed five-year financial plan. Cash flows beyond the five-year plan are projected using steady or progressively declining growth rates followed by a terminal growth rate. The valuation used a pre-tax discount rate of 9.6% (2019: 9.0%) and an IFCN specific terminal growth rate of 2.5% (2019: 2.5%).

The determination of the recoverable amount for IFCN at 31 December 2020 incorporates certain key assumptions, some of which are subject to considerable uncertainty. These assumptions include but are not limited to the duration of the COVID-19 pandemic, the resultant recession and the impact on birth rates, the duration of cross border trade restrictions between Hong Kong and mainland China and the commercial success of new product launches, including adult nutrition, and the expansion of specialty nutrition. As no headroom exists between the IFCN recoverable amount and net book value, any changes to these assumptions, or any deterioration in other macro or business-level assumptions supporting the IFCN recoverable amount could necessitate the recognition of impairment losses in future periods.

The expected Net Revenue and Gross Margin growth rates included within the 2020 impairment assessment are outlined below, and reflect the lower base in 2020 in the calculation of the growth rates:

	2020
Annual growth in Net Revenue between 2021 and 2030 ¹	3% to 5%
Annual growth in Gross Margin between 2021 and 2030 ¹	3% to 6%
	2019
Annual growth in Net Revenue between 2020 and 2029 ¹	2% to 4%
Annual growth in Gross Margin between 2020 and 2029 ¹	2% to 4%

1. At constant exchange rates, excluding the impact of future foreign exchange movements

9 Goodwill and Other Intangible Assets continued

The key estimates incorporated within the determination of the IFCN recoverable amount are summarised below:

Key estimates	Commentary
Greater China market	In the short to medium term, management expects that Greater China will continue to be impacted by increased competition and regulation combined with generally subdued domestic birth rates. Management currently expects the restrictions on cross border trade between Hong Kong and mainland China to be removed in the short term, which is a source of uncertainty.
US market	In the US, management expects market conditions to be relatively stable but be impacted by a medium-term decline in birth rates due to COVID-19. Tendering for WIC contracts continues to remain highly competitive.
Net Revenue	In the short to medium term, management expects to achieve Net Revenue growth (excluding the impact of foreign exchange movements) of between 3% and 5% per annum. This is expected to be achieved through a mix of ongoing premiumisation, price increases, volume growth and revenues from new products/category launches including adult nutrition and the expansion of speciality nutrition.
Margins	In the short to medium term, management expects IFCN margins (both gross and operating) to increase from current levels as the temporary factors which impacted margins in 2020 unwind and IFCN realises benefits from Reckitt's multi-year productivity programme. Management's expectations for IFCN operating margins in the medium term are consistent with assumptions in the prior year's impairment assessment.
Discount rate	Management determined an IFCN-specific weighted average cost of capital (WACC) and the implied pre-tax discount rate with the support of a third-party expert. In addition, management performed benchmarking against other comparable companies. For valuation purposes management used the upper end of the calculated range in 2020 to reflect considerable uncertainty in certain key assumptions.
Terminal growth rate	Management engaged a third-party expert to help calculate an IFCN-specific terminal growth rate. Management is satisfied with the reasonableness of this rate when compared against independent market growth projections and long-term country inflation rates.

The table below shows the sensitivity of the 2020 recoverable amount to reasonable changes in key assumptions. The table assumes no related response by management (e.g. to drive further cost savings) and is hence theoretical in nature.

	(£m)
Expected Net Revenue growth rates (2021 to 2030) adjusted by 100bps	+/- 900
Expected EBIT growth rates (2021 to 2030) adjusted by 100bps	+/- 600
Terminal growth rate (applied from 2031) adjusted by 50bps	+600 / -500
Pre-tax discount rate adjusted by 50bps	+700 / -600

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 Property, Plant and Equipment

	Land and buildings £m	Plant and equipment £m	Right of use Assets £m	Assets under construction £m	Total £m
Cost					
At 1 January 2019	1,117	1,857	374	327	3,675
Additions	14	53	69	239	375
Disposals	(3)	(54)	(75)	(2)	(134)
Reclassifications	67	164	–	(231)	–
Exchange adjustments	(43)	(83)	(15)	(9)	(150)
At 31 December 2019	1,152	1,937	353	324	3,766
Additions	27	58	89	309	483
Disposals	(9)	(48)	(21)	(6)	(84)
Reclassifications	98	183	–	(281)	–
Exchange adjustments	(23)	(29)	(12)	(14)	(78)
At 31 December 2020	1,245	2,101	409	332	4,087
Accumulated depreciation and impairment					
At 1 January 2019	343	1,100	70	–	1,513
Charge for the year	57	180	66	–	303
Disposals	(3)	(40)	(69)	–	(112)
Impairment	–	2	–	–	2
Exchange adjustments	(16)	(61)	(3)	–	(80)
At 31 December 2019	381	1,181	64	–	1,626
Charge for the year	62	185	80	–	327
Disposals	(8)	(46)	(17)	–	(71)
Impairment	1	1	–	–	2
Exchange adjustments	(5)	(20)	(5)	–	(30)
At 31 December 2020	431	1,301	122	–	1,854
Net book value					
As at 31 December 2019	771	756	289	324	2,140
As at 31 December 2020	814	800	287	332	2,233

At 31 December 2020, the Group's right of use assets included land & buildings of £267 million (2019: £268 million) and other assets of £19 million (2019: £21 million). The Group recognised depreciation of £66 million (2019: £54 million) on the land & buildings and depreciation of £14 million (2019: £12 million) on the other assets.

The Group has commitments to purchase property, plant and equipment of £96 million (2019: £59 million).

11 Equity Instruments

	2020 £m	2019 £m
Equity investments – fair value other comprehensive income ¹	114	58
Investments in associates accounted for using the equity method	22	–
Total equity instruments	136	58

1. Equity investments is composed of £94 million representing 12% of the outstanding units in Pharmapacks LLC, £16 million representing less than 1% of the issued share capital of China Pharmaceutical Resources Limited and £4 million of other equity investments

Investments accounted for using the equity method relates to the Group's investment in Your.MD AS, which has been accounted for as an associate since August 2020. The Group has recognised a loss of £1 million within the Group Income Statement with respect to this investment. There are no gains or losses recognised within other comprehensive income with respect to this investment.

12 Deferred Tax

Deferred tax	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2020	(42)	(3,710)	381	44	38	(3,289)
(Charged)/credited to the Income Statement	(14)	(78)	70	10	(13)	(25)
Credited/(charged) to other comprehensive income	–	–	(8)	–	13	5
Exchange differences	1	22	(16)	(2)	–	5
At 31 December 2020	(55)	(3,766)	427	52	38	(3,304)

2020	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
Deferred tax assets	4	(64)	244	48	26	258
Deferred tax liabilities	(59)	(3,702)	183	4	12	(3,562)
Deferred tax	(55)	(3,766)	427	52	38	(3,304)

Deferred tax	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
At 1 January 2019	(24)	(3,848)	409	24	29	(3,410)
(Charged)/credited to the Income Statement	(19)	18	(19)	22	9	11
Credited/(charged) to other comprehensive income	–	–	1	–	2	3
Exchange differences	1	120	(10)	(2)	(2)	107
At 31 December 2019	(42)	(3,710)	381	44	38	(3,289)

2019	Accelerated capital allowances £m	Intangible assets £m	Short-term temporary differences £m	Tax losses £m	Retirement benefit obligations £m	Total £m
Deferred tax assets	–	(35)	199	38	22	224
Deferred tax liabilities	(42)	(3,675)	182	6	16	(3,513)
Deferred tax	(42)	(3,710)	381	44	38	(3,289)

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority.

Certain deferred tax assets in respect of corporation tax losses and other temporary differences totalling £1,534 million (2019: £984 million) have not been recognised at 31 December 2020 as the likelihood of future economic benefit is not sufficiently assured. These assets will be recognised if utilisation of the losses and other temporary differences becomes sufficiently probable.

13 Inventories

	2020 £m	2019 £m
Raw materials and consumables	352	334
Work in progress	87	62
Finished goods and goods held for resale	1,153	918
Total inventories	1,592	1,314

The total cost of inventories recognised as an expense and included in cost of sales amounted to £5,309 million (2019: £4,818 million). This includes inventory write-offs and losses of £187 million (2019: £166 million).

The Group inventory provision at 31 December 2020 was £119 million (2019: £93 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Trade and Other Receivables

Amounts falling due within one year	2020 £m	2019 £m
Trade receivables	1,584	1,778
Less: Provision for impairment of receivables	(27)	(62)
Trade receivables – net	1,557	1,716
Other receivables	290	283
Prepayments and accrued income	74	80
Trade and other receivables	1,921	2,079

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

Currency analysis	2020 £m	2019 ¹ £m
US dollar	477	561
Euro	281	319
Sterling	155	121
China renminbi	137	84
Other currencies	871	994
Trade and other receivables	1,921	2,079

1. 2019 comparatives have been revised to reclassify £94 million of US dollar receivables to other currencies

The maximum exposure to credit risk at the year end is the carrying value of each class of receivable mentioned above.

a. Trade Receivables

Trade receivables consist of amounts due from customers. The Group's customer base is large and diverse and consequently there is limited concentration of credit risk. Credit risk is assessed at a subsidiary and Group level and takes into account the financial positions of customers, past experience, future expectations and other relevant factors. Individual credit limits are established based on those factors.

The following table provides an ageing analysis of trade receivables at year end:

Ageing analysis	2020 £m	2019 £m
Not overdue	1,346	1,455
Up to 3 months overdue	193	259
Over 3 months overdue	45	64
Trade receivables	1,584	1,778

At 31 December 2020, a provision of £27 million (2019: £62 million) was recorded against certain trade receivables based on a forward-looking assessment of the lifetime expected credit loss as required by IFRS 9. This assessment considered the ageing profiles of specific trade receivable balances along with the risk of future customer defaults.

As at 31 December 2020, trade receivables of £211 million (2019: £261 million) were past due but not impaired. These receivables were not impaired because having considered their nature and historical collection experience, recovery of the unprovided amounts is expected in due course.

b. Other Receivables

Other receivables includes recoverable indirect tax of £213 million (2019: £202 million). This contains £3 million (2019: £3 million) of impaired assets all aged over three months from a broad range of countries within the Group.

c. Other Non-current Receivables

Other non-current receivables at 31 December 2020 of £146 million (2019: £155 million) includes non-current indirect tax, long-term prepayments, and non-current derivatives of £19 million (2019: £nil)

d. Financial instruments (Note 15)

At 31 December 2020 £1,918 million (2019: £2,096 million) of the current and non-current receivables totalling £2,067 million (2019: £2,234 million) are financial assets. These mainly related to amounts owed from customers or government bodies and are typically non-interest bearing. Amounts that are not financial assets are mostly prepayments and employee benefit assets.

15 Financial Instruments and Financial Risk Management

Financial Instruments by Category

	Note	Amortised cost £m	Derivatives used for hedging £m	Fair value through the Income Statement £m	Equity instruments £m	Carrying value total £m
At 31 December 2020						
Assets as per the Balance Sheet						
Current and non-current trade and other receivables	14d	1,918	-	-	-	1,918
Derivative financial instruments – FX forward exchange contracts		-	24	6	-	30
Derivative financial instruments – Interest rate swaps	14c	-	7	-	-	7
Derivative financial instruments – Cross currency interest rate swaps	14c	-	12	-	-	12
Equity instruments – FVOCI	11	-	-	-	114	114
Cash and cash equivalents		1,646	-	-	-	1,646
Liabilities as per the Balance Sheet						
Borrowings (commercial paper, bank loans & overdrafts) ¹		691	-	-	-	691
Lease obligations		313	-	-	-	313
Bonds		8,041	-	-	-	8,041
Senior notes		1,221	-	-	-	1,221
Term loans		291	-	-	-	291
Derivative financial instruments – FX forward exchange contracts		-	50	68	-	118
Current and non-current trade and other payables	21	5,777	-	-	-	5,777

1. The categories in this disclosure are determined by IFRS 9. Borrowings largely relate to commercial paper. As at 31 December 2020, the Group had commercial paper in issue amounting to €750 million (nominal values) at the rate of between negative 0.14% and negative 0.31% with maturities ranging from 5 January 2021 to 23 June 2021

	Note	Amortised cost £m	Derivatives used for hedging £m	Fair value through the Income Statement £m	Equity instruments £m	Carrying value total £m
At 31 December 2019						
Assets as per the Balance Sheet						
Current and non-current trade and other receivables	14d	2,096	-	-	-	2,096
Derivative financial instruments – FX forward exchange contracts		-	26	4	-	30
Equity instruments – FVOCI	11	-	-	-	58	58
Cash and cash equivalents		1,549	-	-	-	1,549
Liabilities as per the Balance Sheet						
Borrowings (commercial paper, bank loans & overdrafts) ¹		3,009	-	-	-	3,009
Lease obligations		325	-	-	-	325
Bonds		6,201	-	-	-	6,201
Senior notes		1,834	-	-	-	1,834
Term loans		826	-	-	-	826
Derivative financial instruments – FX forward exchange contracts		-	28	109	-	137
Derivative financial instruments – Interest rate swaps		-	1	-	-	1
Current and non-current trade and other payables	21	4,861	-	-	-	4,861

1. The categories in this disclosure are determined by IFRS 9. Borrowings largely relate to commercial paper. Lease obligations are outside the scope of IFRS 9, but they remain within the scope of IFRS 7, and therefore have been shown separately

The fair value measurement hierarchy levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2). If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Financial Instruments and Financial Risk Management continued

The following table categorises the Group's financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 31 December 2020				
Assets as per the Balance Sheet				
Derivative financial instruments – Interest rate swaps	–	7	–	7
Derivative financial instruments – Cross currency interest rate swaps	–	12	–	12
Derivative financial instruments – FX forward exchange contracts	–	30	–	30
Equity instruments – FVOCI	16	–	98	114
Liabilities as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts	–	118	–	118
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
At 31 December 2019				
Assets as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts	–	30	–	30
Equity instruments – FVOCI	30	–	28	58
Liabilities as per the Balance Sheet				
Derivative financial instruments – FX forward exchange contracts	–	137	–	137
Derivative financial instruments – Interest rate swaps	–	1	–	1

The fair value of forward foreign exchange contracts was determined using forward exchange rates derived from market sourced data at the Balance Sheet date, with the resulting value discounted back to present value (level 2 classification). The fair value of equity instruments – FVOCI was determined using both quoted share price information (level 1 classification) and other non-market information (level 3 classification).

The fair value of the interest rate swap contracts and the cross currency interest rate swaps was calculated using discounted future cash flows at floating market rates (level 2 classification).

Except for the bonds and senior notes, the fair values of other financial assets and liabilities at amortised cost approximate their carrying values. The fair value of the bonds as at 31 December 2020 is a liability of £8,562 million (2019: £6,325 million) and the fair value of the senior notes as at 31 December 2020 is a liability of £1,445 million (2019: £1,950 million). The fair value of the bonds and senior notes was derived using quoted market rates in an active market (level 1 classification).

Offsetting financial assets and financial liabilities

The Group has forward foreign exchange contracts and cash that are subject to enforceable master netting arrangements. The following tables set out the carrying amounts of the recognised financial instruments that are subject to these agreements.

(a) Financial assets

	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off in the Balance Sheet £m	Net amounts of financial assets presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
At 31 December 2020					
FX forward exchange contracts	30	–	30	(27)	3
Interest rate swaps	7	–	7	–	7
Cross currency interest rate swaps	12	–	12	–	12
Cash and cash equivalents	1,646	–	1,646	–	1,646
	1,695	–	1,695	(27)	1,668

15 Financial Instruments and Financial Risk Management continued

At 31 December 2019	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off in the Balance Sheet £m	Net amounts of financial assets presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
FX forward exchange contracts	30	–	30	(28)	2
Cash and cash equivalents	1,549	–	1,549	–	1,549
	1,579	–	1,579	(28)	1,551

(b) Financial liabilities

As at 31 December 2020	Gross amounts of recognised financial liabilities £m	Gross amounts of recognised financial assets set off in the Balance Sheet £m	Net amounts of financial liabilities presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
FX forward exchange contracts	(118)	–	(118)	27	(91)
Bank overdrafts	(2)	–	(2)	–	(2)
	(120)	–	(120)	27	(93)

As at 31 December 2019	Gross amounts of recognised financial liabilities £m	Gross amounts of recognised financial assets set off in the Balance Sheet £m	Net amounts of financial liabilities presented in the Balance Sheet £m	Financial instruments not set off in the Balance Sheet £m	Net amount £m
FX forward exchange contracts	(137)	–	(137)	28	(109)
Interest rate swaps	(1)	–	(1)	–	(1)
Bank overdrafts	(2)	–	(2)	–	(2)
	(140)	–	(140)	28	(112)

Financial Risk Management

The Group's multinational operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates (foreign exchange risk), market prices, interest rates, credit risks and liquidity. The Group has in place a risk management programme that uses foreign currency financial instruments, including debt, and other instruments, to limit the impact of these risks on the financial performance of the Group.

The Group's financing and financial risk management activities are centralised into Group Treasury (GT) to achieve benefits of scale and control. GT manages financial exposures of the Group centrally in a manner consistent with underlying business risks. GT manages only those risks and flows generated by the underlying commercial operations; speculative transactions are not undertaken.

The Board of Directors reviews and agrees policies, guidelines and authority levels for all areas of Treasury activity and individually approves significant activities. GT operates under the close control of the CFO and is subject to periodic independent reviews and audits, both internal and external.

1. Market Risk

(a) Currency risk

The Group operates internationally and enters into transactions in many currencies and as such is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's policy is to align interest costs and operating profit of its major currencies in order to provide some protection against the translation exposure on foreign currency profits after tax. The Group may undertake borrowings and other hedging methods in the currencies of the countries where most of its assets are located.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Financial Instruments and Financial Risk Management continued

It is the Group's policy to monitor and only where appropriate hedge its foreign currency transaction exposure. These transaction exposures arise mainly from foreign currency receipts and payments for goods and services and from the remittances of foreign currency dividends and loans. Where the Group enters into hedges and applies hedge accounting, hedges are documented and tested for effectiveness on an ongoing basis with any ineffectiveness recorded in the Income Statement.

The local business units enter into forward foreign exchange contracts with GT to manage these exposures where practical and allowed by local regulations. GT matches the Group exposures, and hedges the position where possible, using spot and forward foreign currency exchange contracts.

The Group's strategy is to minimise Income Statement volatility by monitoring foreign currency balances, external financing, and external hedging arrangements. The Group's hedging profile is regularly reviewed to ensure it is appropriate and to mitigate these risks as far as possible.

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2020 was £6,234 million payable (2019: £6,190 million payable).

The Group held forward foreign exchange contracts designated as cash flow hedges primarily in Euro, US dollar, Sterling, Chinese renminbi, Australian dollar, Canadian dollar and Thai baht. The notional value of the payable leg resulting from these financial instruments was as follows:

Cash Flow Hedge Profile	2020 £m	2019 £m
Euro	444	415
US dollar	438	396
Sterling	423	451
Chinese renminbi	176	112
Australian dollar	92	81
Canadian dollar	84	75
Thai baht	74	20
Other	557	620
	2,288	2,170

These forward foreign exchange contracts are expected to mature over the period January 2021 to December 2021 (2019: January 2020 to December 2020).

Cash flow hedging is applied with the economic relationship and expected effectiveness being assessed at inception, with any ineffectiveness recognised in the Income Statement. The ineffective portion recognised in the Income Statement arising from cash flow hedges is immaterial (2019: immaterial).

Gains and losses recognised in other comprehensive income and the hedging reserve on forward exchange contracts in 2020 of £17 million loss (2019: £9 million loss) are recognised in the Income Statement in the periods in which the hedged forecast transaction affects the Income Statement.

At 31 December 2020, the Group had forward contracts used for cash flow hedging with total fair value of £26 million liability (2019: £6 million liability). These contracts are denominated in a diverse range of currency pairings, where a fluctuation of 5% in any one of the contract pairings, with all others remaining constant, would have a maximum effect of £8 million (2019: £9 million) on Shareholder Equity, until the point at which the contracts mature and the forecast transaction occurs. The four largest contract pairings in order of nominal value were Euro/Polish zloty, US dollar/Sterling, US dollar/Chinese renminbi and Euro/Sterling.

Where the Group is exposed to currency risk on its borrowings, the Group seeks to minimise the impact of foreign exchange on the Income Statement through placing debt within a net investment hedge or using financial instruments.

As at 31 December 2020, the Group had designated a 2023 US dollar bond totalling \$500 million (2019: \$500 million), 2030 Euro bond totalling €850 million (2019: nil) and Euro commercial paper totalling €750 million (2019: €1,472 million) as the hedging instruments in a net investment hedge relationship. Possible sources of ineffectiveness include any impairments to the Group's net investments in Euros. The hedges are documented and are assessed for effectiveness on an ongoing basis.

The net gain or loss under these arrangements is recognised in other comprehensive income. The net effect on other comprehensive income for the year ended 31 December 2020 was a £75 million loss (2019: £70 million gain). If Sterling weakens by 5% against the US dollar and Euro, the maximum impact on shareholders' equity due to the net investment hedging on US dollar bond and Euro commercial paper/bond would be £19 million and £75 million respectively.

15 Financial Instruments and Financial Risk Management *continued*

During the year, the Group issued a €850 million bond due in 2026, and concurrent with the issue of the bond, the Group entered into a €850 million cross currency interest rate swap on similar terms to the 2026 bond to mitigate foreign exchange currency risk, for which hedge accounting has been applied. Sources of ineffectiveness on this hedge relationship will come from difference in credit ratings between the counterparties and modifications to the terms of either hedged item or instrument. At 31 December 2020 no ineffectiveness has been charged to the Income Statement as it is not material. The interest rate element of the swap is discussed in interest rate risk below.

The remaining major monetary financial instruments (liquid assets, receivables, interest and non-interest bearing liabilities) are directly denominated in the functional currency of the Group or are transferred to the functional currency of the local entity through the use of derivatives.

The gains and losses from fair value movements on derivatives held at fair value through the Income Statement, recognised in the Income Statement in 2020, was a £2 million loss (2019: £158 million loss).

(b) Price risk

Due to the nature of its business the Group is exposed to commodity price risk related to the production or packaging of finished goods, such as oil related, and a diverse range of other, raw materials. This risk is, however, managed primarily through medium-term contracts with certain key suppliers and is not therefore viewed as being a material risk.

(c) Interest rate risk

The Group has both interest-bearing and non-interest bearing assets and liabilities. The Group monitors its interest income and expense rate exposure on a regular basis. The Group sets its desired level of fixed and floating rate exposure as part of its interest risk management strategy. The mix of fixed and floating exposure on interest-bearing assets is managed by using a mixture of fixed and floating rate deposits. The fixed/floating mix on liabilities is managed by using a mixture of fixed and floating rate borrowings as well as by using derivatives to swap fixed to floating rate.

During the year, the Group issued two €850 million bonds due in 2026 and 2030 and one £500 million bond due in 2032. In order to maintain a level of floating rate debt in line with the Group's interest management strategy the Group entered into a €850 million cross currency interest rate swap on similar terms to the 2026 bond and interest rate swap on the coupon payments due on the 2030 bond. The accounting for the foreign exchange element of the cross currency swap is described above. The interest rate element swaps the fixed coupon payments on the bond for floating rate. The interest rate swaps have been placed into a fair value hedge relationship with the related bonds. Sources of ineffectiveness on this hedge relationship will come from a difference in credit ratings between the counterparties and modifications to the terms of either the hedged item or the hedging instrument. At 31 December 2020 no ineffectiveness has been recognised in the Income Statement as the effect is not material.

During the year, the Group repaid a \$750 million senior note and made the final payment on an interest rate swap that had been designated as a fair value hedge against the senior note.

Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on the Income Statement of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies, calculated on a full-year and pre-tax basis.

The scenarios are only run for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on the Income Statement of a 50 basis-point shift in interest rates would be a maximum increase of £14 million (2019: £25 million) or decrease of £14 million (2019: £25 million), respectively for the liabilities covered. The simulation is done on a periodic basis to verify that the maximum loss simulated is within the limit given by management.

2. Credit Risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, as well as credit exposures to customers. The assessment of lifetime expected credit losses relating to trade and other receivables is detailed in Note 14. 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 Group uses BBB and higher rated counterparties to manage risk and only uses sub BBB rated counterparties by exception. 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 Directors. Derivative financial instruments are only traded with counterparties approved in accordance with the approved policy. Derivative risk is measured using a risk weighting method.

The Group has counterparty risk from asset positions held with financial institutions. This is comprised of short-term investments, cash and cash equivalents and derivatives positions as stated on the face of the Balance Sheet. For risk management purposes the Group assesses the exposure to major financial institutions by looking at the deposits, cash and cash equivalents and 5% of derivative notional position. The following table summarises the Group's assessment of its exposure. The financial institutions listed in the tables are not comparable year on year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Financial Instruments and Financial Risk Management continued

Counterparty	2020		
	Credit rating	Limit £m	Exposure £m
Financial institution A	AAA	300	201
Financial institution B	A+	150	141
Financial institution C	A+	150	130
Financial institution D	AAA	300	125
Financial institution E	A	125	121
Financial institution F	A+	143	102
Financial institution G	A+	100	96
Financial institution H	A	103	93
Financial institution I	A	116	93
Financial institution J	AAA	300	85

Counterparty	2019		
	Credit rating	Limit £m	Exposure £m
Financial institution A	AAA	300	211
Financial institution B	AA-	200	193
Financial institution C	A+	150	137
Financial institution D	A	125	109
Financial institution E	A+	146	101
Financial institution F	A	125	100
Financial institution G	A	116	90
Financial institution H	A	125	86
Financial institution I	A	125	84
Financial institution J	A	125	82

3. Liquidity Risk

Liquidity risk is the risk that the Group cannot repay financial liabilities as and when they fall due. The Group's liquidity risk is concentrated towards commercial paper, bond, term loan and senior note principal repayments due between 2021 and 2044.

The Group has various borrowing facilities available to it. The Group has bilateral credit facilities with high-quality international banks and has a financial covenant, which is not expected to restrict the Group's future operations.

At the end of 2020, the Group had long-term debt excluding lease liabilities of £9,553 million (2019: £8,292 million), of which £6,889 million (2019: £8,292 million) is repayable in more than two years. In addition, the Group has committed borrowing facilities totalling £5,500 million (2019: £5,500 million), of which £3,500 million (2019: £5,500 million) expires after more than two years. These facilities were undrawn at year end. The committed borrowing facilities (both drawn and undrawn), together with central cash and investments, are considered sufficient to meet the Group's projected cash requirements.

All borrowing facilities are at floating rates of interest.

The facilities have been arranged to cover general corporate purposes, including support for commercial paper issuance. All facilities incur commitment fees at market rates.

The Group's borrowing limit at 31 December 2020 calculated in accordance with the Articles of Association was £27,345 million (2019: £28,089 million).

The table on the next page analyses the Group's financial liabilities and the derivatives which will be settled on a net basis into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant Balance Sheet date, including interest to be paid.

15 Financial Instruments and Financial Risk Management continued

	Total £m	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
At 31 December 2020					
Commercial paper	(671)	(671)	-	-	-
Bonds	(8,843)	(174)	(2,527)	(2,119)	(4,023)
Term loans	(297)	(3)	(294)	-	-
Senior notes	(1,888)	(52)	(52)	(706)	(1,078)
Interest rate swaps	24	2	2	7	13
Trade payables	(2,159)	(2,159)	-	-	-
Other payables	(3,643)	(3,418)	(53)	(172)	-
At 31 December 2019					
Commercial paper	(3,013)	(3,013)	-	-	-
Bonds	(7,049)	(176)	(176)	(4,670)	(2,027)
Term loans	(881)	(21)	(21)	(839)	-
Senior notes	(2,584)	(637)	(54)	(162)	(1,731)
Interest rate swaps	(1)	(1)	-	-	-
Trade payables	(1,796)	(1,796)	-	-	-
Other payables	(3,087)	(2,875)	(55)	(135)	(22)

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period between the Balance Sheet date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant Balance Sheet date.

	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
At 31 December 2020				
FX forward exchange contracts				
Outflow	(6,234)	-	-	-
Inflow	6,146	-	-	-
Cross currency interest rate swap				
Outflow	(9)	(9)	(26)	(785)
Inflow	3	3	8	773
At 31 December 2019				
FX forward exchange contracts				
Outflow	(6,190)	-	-	-
Inflow	6,084	-	-	-

Cash flow forecasting is performed by the local business units and on an aggregated basis by GT. GT monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Funds over and above those required for short-term working capital purposes by the local businesses are generally remitted to GT. The Group uses the remittances to settle obligations, repay borrowings, or, in the event of a surplus, invest in short-term instruments issued by institutions with a BBB rating or better.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 Financial Instruments and Financial Risk Management continued

4. Capital Management

The Group considers capital to be net debt plus total equity. Net debt is calculated as total financing liabilities less cash and cash equivalents and short-term deposits. Total equity includes share capital, reserves and retained earnings as shown in the Group Balance Sheet.

	Note	2020 £m	2019 £m
Cash and cash equivalents including overdrafts		1,644	1,547
Financing liabilities	17	(10,598)	(12,298)
Net debt		8,954	10,751
Total equity		9,159	9,407
		18,113	20,158

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

In 2020, the Group provided returns to shareholders in the form of dividends. Refer to Note 28 for further details.

The Group monitors net debt and at year end the Group had net debt of £8,954 million (2019: £10,749 million). The Group seeks to pay down net debt using cash generated by the business to maintain an appropriate level of financial flexibility.

The Group participates in a supply chain finance programme (SCF) under which certain suppliers to the Group are able to access a Supply Chain Financing arrangement that enables them to fund their working capital. The principal purpose of this programme is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers. As part of this facility the Group has confirmed to certain financial institutions that it will make payments of £392 million (2019: £351 million) to these suppliers as they fall due. These amounts are recorded within Trade Payables on the Balance Sheet and all cash flows associated with the programme are included within operating cash flows as they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the purchase of goods and services.

16 Cash and Cash Equivalents

	2020 £m	2019 £m
Cash at bank and in hand	499	543
Short-term bank deposits	1,147	1,006
Cash and cash equivalents	1,646	1,549

The Group operates in a number of territories where there are either foreign currency exchange restrictions, or where it is difficult for the Group to extract cash readily and easily in the short term. As a result, £136 million (2019: £130 million, restated) of cash included in cash and cash equivalents is restricted for use by the Group, yet available for use in the relevant subsidiary's day-to-day operations.

17 Financial Liabilities – Borrowings

Current	Note	2020 £m	2019 £m
Bank loans and overdrafts ¹		20	16
Commercial paper ²		671	2,993
Senior notes		–	569
Lease liabilities	19	72	72
Total short-term borrowings		763	3,650
Bonds		8,041	6,201
Senior notes		1,221	1,265
Term loans		291	826
Lease liabilities	19	241	253
Total long-term borrowings		9,794	8,545
Total borrowings		10,557	12,195
Derivative financial instruments		43	105
Less overdrafts presented in cash and cash equivalents in the cash flow statement	15	(2)	(2)
Total financing liabilities		10,598	12,298

1. Bank loans are denominated in a number of currencies: all are unsecured and bear interest based on the relevant LIBOR equivalent
2. Commercial paper was issued in US dollars and Euros, is unsecured and bears interest based on the relevant LIBOR equivalent

The Group uses derivative financial instruments to hedge certain elements of interest rate and exchange risk on its financing liabilities. The split between these items and other derivatives on the Balance Sheet is shown below:

2020 (£m)	Assets		Liabilities	
	Current	Non-Current ¹	Current	Non-Current
Derivative financial instruments (financing liabilities)	6	19	(68)	–
Derivative financial instruments (non-financing liabilities)	24	–	(50)	–
At 31 December 2020	30	19	(118)	–

1. Included within other non-current receivables on the Balance Sheet

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 Financial Liabilities – Borrowings continued

2019 (£m)	Assets		Liabilities	
	Current	Non-Current	Current	Non-Current
Derivative financial instruments (financing liabilities)	4	–	(109)	–
Derivative financial instruments (non-financing liabilities)	26	–	(29)	–
At 31 December 2019	30	–	(138)	–

Reconciliation of movement in financing liabilities to cash flow statement	2020 £m	2019 £m
At 1 January	12,298	12,223
Proceeds from borrowings	2,903	1,548
Repayment of borrowings	(4,583)	(1,122)
Other financing cash flows	(47)	(75)
New lease liabilities	86	63
Exchange, fair value and other movements	(59)	(339)
At 31 December	10,598	12,298

Maturity of borrowings (excluding lease liabilities)	2020 £m	2019 £m
Bank loans and overdrafts repayable:		
Within one year or on demand	20	16
Other borrowings repayable:		
Within one year:		
Commercial paper	671	2,993
Senior notes	–	569
After one year and in less than five years:		
Bonds	4,194	4,326
Senior notes	569	–
Term loans	291	826
After five years or longer:		
Bonds	3,847	1,875
Senior notes	652	1,265
	10,224	11,854
Gross borrowings (unsecured)	10,244	11,870

18 Provisions for Liabilities and Charges

	Legal provisions £m	Restructuring provisions £m	Other provisions £m	Total provisions £m
At 1 January 2019	461	52	98	611
Charged to the Income Statement	82	19	24	125
Utilised during the year	(381)	(45)	(14)	(440)
Released to the Income Statement	(7)	(14)	(35)	(56)
Exchange adjustments	(4)	–	(2)	(6)
At 31 December 2019	151	12	71	234
Charged to the Income Statement	160	–	19	179
Utilised during the year	(13)	(7)	(6)	(26)
Released to the Income Statement	(61)	–	(27)	(88)
Reclassifications	(2)	–	2	–
Exchange adjustments	(3)	–	(4)	(7)
At 31 December 2020	232	5	55	292

18 Provisions for Liabilities and Charges continued

Provisions have been analysed between current and non-current as follows:

	2020	2019
	£m	£m
Current	243	178
Non-current	49	56
	292	234

Provisions are recognised when the Group has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated.

As at 31 December 2020, the Group recognised legal provisions of £232 million (2019: £151 million) in relation to a number of historical regulatory and other matters in various jurisdictions.

Other provisions include environmental and other obligations throughout the Group, the majority of which are expected to be utilised within five years.

19 Lease Liabilities

	2020	2019
	£m	£m
Maturity analysis – contractual undiscounted cash flows		
Within one year	86	85
Later than one and less than five years	176	184
After five years	122	114
Total undiscounted lease liabilities at 31 December	384	383
Lease liabilities included in the statement of financial position at 31 December	313	325
Current	72	72
Non-current	241	253

1. Interest on lease liabilities amounted to £13 million (2019: £13 million)

20 Contingent Liabilities and Assets

The Humidifier Sanitiser (HS) issue in South Korea was a tragic event. The Group continues to make both public and personal apologies to the victims who have suffered lung injury as a result of the Oxy HS product and the role that the Oxy HS product played in the issue.

As previously reported, over the last several years the South Korean government has designated a number of diseases as HS injuries, in addition to the HS lung injury for which RB Korea's (RBK) compensation plan was established. These include asthma, toxic hepatitis, child interstitial lung disease, bronchitis and upper airway disease. Detailed data underpinning recognition of these diseases has not been disclosed nor has detailed recognition criteria.

The Korean National Assembly passed a bill on 6 March 2020 to amend the HS law. The amendment became effective on 25 September 2020. The main changes in the amendment relate to: (i) the definition of HS injury (removing the requirement for "substantial causation" with HS exposure); (ii) the legal presumption of causation (shifting the burden of proof for causation to the defendant if the plaintiff demonstrates "epidemiological correlation" between HS exposure and their injury), and (iii) amendments to the fund set up by the government and funded by the government and HS companies (the Special Relief Fund (SRF), now called the Injury Relief Fund (IRF)) to provide expanded support payments to HS victims (which would cover all elements of court awarded damages except mental distress, aside from KRW 100 million consolation payments for death cases, and partial lost income). The government can also impose on HS manufacturers an additional levy for the IRF of up to the amount previously collected for the SRF.

Further, under the amended HS law, HS victims will no longer be classified as Categories 1 to 5 based on the likelihood that HS exposure caused their lung injury. As RBK's compensation plan was dependent on the previous classification system, it will no longer be possible for the compensation plan to operate and it is now being closed.

The pending civil actions filed by HS claimants against RBK will also be impacted by the amended HS law, e.g. due to the lowered causation standard of "epidemiological correlation". Thus, we expect the number of civil claimants to increase, primarily seeking awards for mental distress and lost income (for portions not already covered by the IRF).

The Group currently has a provision of £83 million (2019: £26 million) in relation to the HS issue in South Korea. In addition, there are further potential costs that either are not considered probable or cannot be reliably estimated at the current time. The impact of the HS law amendments will require further monitoring and analysis, in particular those which will be subject to court interpretation, such as the new epidemiological correlation standard, any limitation applied by courts to damage awards and the interest rate applied by individual courts to damage awards and external factors such as the rate of future IRF applications/recognitions. Accordingly, it is not possible to make any reliable estimate of liability for individuals recognised by the government as having HS injuries.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Contingent Liabilities and Assets continued

RBK is reliant on the Group to provide funding to meet its HS liabilities, which to date the Group has been willing to do.

Other

From time to time, the Group is involved in discussions in relation to ongoing tax matters in a number of jurisdictions around the world. Where appropriate, the Directors make provisions based on their assessment of each case. See Note 7.

21 Trade and Other Payables

	2020 £m	2019 £m
Trade payables	2,159	1,796
Other payables	92	115
Other tax and social security payable	164	133
Accruals	3,327	2,776
Trade and other payables	5,742	4,820

Included within accruals is £1,275 million (2019: £1,095 million) in respect of amounts payable to trade customers and government bodies for trade spend.

Other Non-current Liabilities

	2020 £m	2019 £m
Financial liability in respect of put option to non-controlling interest ¹	148	135
Interest accrued on tax balances	157	154
US employee related payables	39	38
Other	53	40
Other non-current liabilities	397	367

1. This liability is in respect of the present value of the expected redemption amount of a written put option granted to the non-controlling interest as described in Note 27. The amortised cost of the liability is subject to estimation of the future performance of certain Group products. Future changes in estimation would result in the remeasurement of the liability through the Income Statement

Financial Instruments (Note 15)

At 31 December 2020 £5,777 million (2019: £4,861 million) of the current and non-current payables totalling £6,139 million (2019: £5,187 million) are financial liabilities. These mainly related to amounts owed to suppliers in respect of goods or services and are typically non-interest bearing. Amounts that are not financial instruments comprise of employee related liabilities, social security liabilities and accrued interest.

22 Current and Non-current Tax Liabilities

	2020 £m	2019 £m
Current tax liabilities	72	145
Non-current tax liabilities	1,021	969
Total current and non-current tax liabilities	1,093	1,114

Included in Total current and non-current tax liabilities is an amount of £950 million (2019: £891 million) relating to tax contingencies primarily arising in relation to transfer pricing.

Certain tax positions taken by us are based on industry practice, tax advice and drawing similarities from our facts and circumstances to those in case law. In particular, international transfer pricing is an area of taxation that depends heavily on the underlying facts and circumstances and generally involves a significant degree of judgement. Tax assets and liabilities are offset where there is a legally enforceable right to do so.

23 Pension and Post-Retirement Commitments

Plan Details

The Group operates a number of defined benefit and defined contribution pension plans around the world covering many of its employees, which are principally funded. The Group's most significant pension plan (UK) is set up under Trust and is a separate entity from the Group. It has two sections, a defined contribution section which remains open and a defined benefits section, which closed to new entrants in 2005 and following consultation was closed to further accrual from 31 December 2017. Trustees of the plan are appointed by the Group, active members and pensioner membership, and are responsible for the governance of the plan, including paying all administrative costs and compliance with regulations. The defined benefit section of the plan is funded by the payment of contributions as required, following each Triennial Valuation.

The Group also operates a number of other post-retirement plans in certain countries. The two major plans are the US Retiree Health Care Plan and the Mead Johnson & Company, LLC Medical Plan (together, the US (Medical) plans). In the US Retiree Health Care Plan, salaried participants become eligible for retiree healthcare benefits after they reach a combined 'age and years of service rendered' figure of 70, although the age must be a minimum of 55. This plan closed to new members in 2009. In the Mead Johnson & Company, LLC Medical Plan, acquired as part of the acquisition of MJN on 15 June 2017, participants become eligible for retiree healthcare benefits if they leave employment after the age of 65, leave after the age of 55 and have completed ten years of service, or have their employment involuntarily terminated after the age of 55. A Benefits Committee is appointed by the Group for both of these plans, responsible for the governance of the US plans, including paying all administrative costs and compliance with regulations. Both of these plans are unfunded.

For the principal UK plan, a full independent actuarial valuation is carried out on a triennial basis. The most recent valuation was carried out at 5 April 2019. The Group has agreed that it will aim to eliminate the pension plan technical provisions deficit in the UK by the end of 2020. Funding levels are monitored on an annual basis and the current agreed annual deficit reduction contributions are £6 million per annum. It is expected that contributions to the UK defined benefit plan in 2021 will be £nil (2020: £6 million).

During 2020, a UK High Court ruling clarified the requirement to equalise the Guaranteed Minimum Pension element of benefits for men and women who had transferred out their benefits from the Contracted Out UK Defined Benefits schemes, where those transfers contained benefits arising from Guaranteed Minimum Pension accrued from post 17 May 1990 pensionable service. This is likely to lead to a small level of benefits in some circumstances for those transferred members. As no allowance had previously been made, accordingly in 2020, a past service cost was charged of £1 million reflecting the best estimate of the likely additional benefits that will be due to members. The final amount will be subject to agreement of the relevant pension trustees.

For the US Retiree Health Care Plan, a full independent actuarial valuation is carried out on an annual basis. The most recent valuation was carried out on 1 January 2020. For the Mead Johnson & Company, LLC Medical Plan, the most recent valuation was carried out at 1 January 2020. For both of these plans, funding levels are monitored on an annual basis with contributions made equal to the claims made each year. It is expected that the combined contributions in 2021 will be £7 million (2020: £7 million).

For the purpose of IAS 19, the projected unit valuation method was used for the UK and US plans, as per the principal UK plan triennial valuation results (at 5 April 2019) and the US Medical plan valuations to 31 December 2020. The UK plans have a weighted average duration of the deferred benefit obligation of 17.0 years (2019: 17.0 years).

Significant Actuarial Assumptions

The significant actuarial assumptions used in determining the Group's net liability for the UK and US (Medical) plans as at 31 December were:

	2020		2019	
	UK %	US (Medical) %	UK %	US (Medical) %
Rate of increase in pensionable salaries	5.1	–	5.2	–
Rate of increase in deferred pensions during deferment	3.1	–	3.1	–
Rate of increase in pension payments	2.9	–	3.0	–
Discount rate	1.5	2.3	1.9	3.1
Inflation assumption – RPI	3.1	–	3.2	–
Annual medical cost inflation	–	5.0-8.5	–	4.5-8.2

For 31 December 2020, the Group revisited the corporate bonds used within the model used to determine the appropriate discount rate for the UK scheme liabilities. The changes applied included removing from the model those bonds that have implicit government guarantee (for example, universities). Had these changes been applied at 31 December 2019, then the impact would have been to increase the discount rate by around 0.3% and reduce the defined benefit obligation by around £80 million. As this is a change in estimate, the 2019 amounts have not been restated.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23 Pension and Post-Retirement Commitments continued

Assumptions regarding future mortality experience are set in accordance with published statistics and experience in each territory. The expected lifetime of a participant aged 60 and the expected lifetime of a participant who will be aged 60 in 15 years (20 years in the US) are detailed below:

	2020		2019	
	UK years	US years	UK years	US years
Number of years a current pensioner is expected to live beyond 60:				
Male	27.5	25.3	27.4	24.9
Female	28.7	27.3	28.6	27.1
Number of years a future pensioner is expected to live beyond 60:				
Male	28.8	27.0	28.7	26.7
Female	30.0	28.9	30.0	28.8

For the principal UK plan, the mortality assumptions were based on the standard SAPS mortality table 3NMA for males (scaled by 98%) and table 3NFA for females (scaled by 117%). Allowance for future changes is made by adopting the 2019 edition of the CMI series with a long-term improvement trend of 1.5% per annum from 2013 onwards. For the US plan the mortality assumptions were determined using the Pri-2012. Total Dataset and projected with Mortality Improvement Scale MP-2020.

Amounts Recognised on the Balance Sheet

The amounts recognised on the Balance Sheet are as follows:

	2020 £m	2019 £m
Balance Sheet liability for:		
US (Medical)	(125)	(130)
Other	(247)	(221)
Liability on Balance Sheet	(372)	(351)
Balance Sheet assets for:		
UK	188	217
Other	38	51
Asset on Balance Sheet	226	268
Net pension liability	(146)	(83)

The funded and unfunded amounts recognised on the Balance Sheet are determined as follows:

	2020				2019			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Present value of funded obligations	(1,547)	–	(538)	(2,085)	(1,506)	–	(514)	(2,020)
Fair value of plan assets	1,754	–	510	2,264	1,741	–	534	2,275
Surplus/(liability) of funded plans	207	–	(28)	179	235	–	20	255
Present value of unfunded obligations	–	(125)	(181)	(306)	–	(130)	(190)	(320)
Irrecoverable surplus	(19)	–	–	(19)	(18)	–	–	(18)
Net pension surplus/(liability)	188	(125)	(209)	(146)	217	(130)	(170)	(83)

Group plan assets are comprised as follows:

	2020				2019			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
Equities	182	–	217	399	205	–	227	432
Government bonds	682	–	137	819	1,020	–	137	1,157
Corporate bonds	395	–	92	487	369	–	101	470
Real Estate/property – unquoted	110	–	51	161	127	–	61	188
Other assets – unquoted	385	–	13	398	20	–	8	28
Fair value of plan assets	1,754	–	510	2,264	1,741	–	534	2,275

Included in Other assets is £350 million (2019: £nil) relating to an insurance buy-in asset.

23 Pension and Post-Retirement Commitments continued

The present value of obligations for the principal UK plan and the US Medical plans at last valuation date is attributable to participants as follows:

	2020		2019	
	UK £m	US (Medical) £m	UK £m	US (Medical) £m
Active participants	–	(50)	–	(47)
Participants with deferred benefits	(687)	(2)	(650)	(2)
Participants receiving benefits	(860)	(73)	(856)	(81)
Present value of obligation	(1,547)	(125)	(1,506)	(130)

The movement in the Group's net deficit is as follows:

	Present value of obligation				Fair value of plan assets			
	UK £m	US (Medical) £m	Other £m	Total £m	UK £m	US (Medical) £m	Other £m	Total £m
At 1 January 2019	1,472	126	662	2,260	(1,628)	–	(523)	(2,151)
Current service cost	2	2	10	14	–	–	–	–
Interest expense/(income)	39	5	20	64	(43)	–	(18)	(61)
	41	7	30	78	(43)	–	(18)	(61)
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	(132)	–	(45)	(177)
Gain from changes in demographic assumptions	(51)	(2)	(1)	(54)	–	–	–	–
Losses from change in financial assumptions	157	17	69	243	–	–	–	–
Experience (gains)/losses	(26)	(5)	7	(24)	–	–	–	–
	80	10	75	165	(132)	–	(45)	(177)
Exchange differences	–	(6)	(23)	(29)	–	–	16	16
Contributions – employers	–	–	–	–	(25)	(7)	(4)	(36)
Payments from plans:								
Benefit payments	(87)	(7)	(40)	(134)	87	7	40	134
As at 31 December 2019	1,506	130	704	2,340	(1,741)	–	(534)	(2,275)
Current service cost	4	1	4	9	–	–	–	–
Interest expense/(income)	28	4	14	46	(32)	–	(15)	(47)
	32	5	18	55	(32)	–	(15)	(47)
Remeasurements:								
Return on plan assets, excluding amounts included in interest income	–	–	–	–	(54)	–	(17)	(71)
Losses/(gains) from changes in demographic assumptions	9	(1)	(2)	6	–	–	–	–
Losses from change in financial assumptions	88	12	55	155	–	–	–	–
Experience (gains)/losses	(9)	(10)	3	(16)	–	–	–	–
	88	1	56	145	(54)	–	(17)	(71)
Exchange differences	–	(4)	(15)	(19)	–	–	20	20
Contributions – employers	–	–	–	–	(6)	(7)	(8)	(21)
Payments from plans:								
Benefit payments	(79)	(7)	(44)	(130)	79	7	44	130
As at 31 December 2020	1,547	125	719	2,391	(1,754)	–	(510)	(2,264)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23 Pension and Post-Retirement Commitments continued

Amounts Recognised in the Income Statement

The charge for the year ended 31 December is shown below:

	2020 £m	2019 £m
Defined contribution plans	45	46
Defined benefit plans (net charge excluding interest)		
UK	4	2
US (Medical)	1	2
Other	4	10
Total pension costs included in operating profit (Note 5) ¹	54	60
Income Statement charge included in finance expense	-	3
Income Statement charge included in profit before income tax	54	63
Remeasurement losses/(gains) for²:		
UK	34	(52)
US (Medical)	1	10
Other	39	30
	74	(12)

1. The Income Statement charge recognised in operating profit includes current service cost and past service cost

2. Remeasurement losses/(gains) excludes £1 million (2019: £nil) recognised in OCI for irrecoverable surplus

Sensitivity of Significant Actuarial Assumptions

The sensitivity of the UK defined benefit obligation to changes in the principal assumptions is shown below:

2020	Change in assumption	Change in defined benefit obligation
Discount rate	Increase 0.1%	Decrease by 1.7%
RPI increase	Increase 0.1%	Increase by 1.0%
Life expectancy	Members live 1 year longer	Increase by 4.0%
2019	Change in assumption	Change in defined benefit obligation
Discount rate	Increase 0.1%	Decrease by 1.7%
RPI increase	Increase 0.1%	Increase by 1.0%
Life expectancy	Members live 1 year longer	Increase by 4.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Impact of Medical Cost Trend Rates

A 1% change in the assumed healthcare cost trend rates would have an immaterial impact on the service cost, interest cost and post-retirement benefit obligation.

Risk and Risk Management

Through its defined benefit pension plans and post-employment medical plans, the Group is exposed to a number of risks, the most significant of which are detailed as follows:

Asset Volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. Both the UK and US plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term while providing volatility and risk in the short term. However, the Group believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing equity investment is an appropriate element of the Group's long-term strategy to manage the plans efficiently.

Changes in Bond Yields: A decrease in government and corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

23 Pension and Post-Retirement Commitments continued

Inflation Risk: Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plans' assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit. In the US plans, the pensions in payment are not linked to inflation, so this is a less material risk.

Life Expectancy: The majority of the plans' obligations are to provide benefits for the life of the member. Whilst the plans allow for an increase in life expectancy, increases above this assumption will result in an increase in the plans' liabilities. This is particularly significant in the UK plan, where inflationary increases result in higher sensitivity to changes in life expectancy. During the year, the scheme has reduced its exposure by purchasing an insurance product that will pay the pensions of some of the scheme's pensioners.

Change in Regulations: The Group is aware that future changes to the regulatory framework may impact the funding basis of the various plans in the future. The Group's pensions department monitors the changes in legislation and analyses the risks as and when they occur.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets consists of unit linked insurance policies with underlying investments in quoted equities and quoted bonds, although the Group also invests in property and cash. The Group believes that quoted equities offer the best returns over the long term with an acceptable level of risk. The trustees of all the UK funds have moved the overwhelming majority of their assets to low cost investment funds in consultation with the Group whilst maintaining a prudent diversification.

24 Share Capital

Issued and fully paid	Equity ordinary shares number	Nominal value £m
At 31 December 2019	736,535,179	74
At 31 December 2020	736,535,179	74

The holders of ordinary shares (par value 10 pence) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the parent company.

Allotment of Ordinary Shares and Release of Treasury Shares

During the year nil ordinary shares (2019: nil ordinary shares) were allotted and 2,988,443 ordinary shares were released from Treasury (2019: 2,244,826) to satisfy vestings/exercises under the Group's various share schemes as follows:

	2020		2019	
	Number of shares	Consideration £m	Number of shares	Consideration £m
Ordinary shares of 10p				
Executive Share Options – exercises	2,774,400	120	1,216,229	51
Restricted Shares Awards – vesting	5,804	–	803,861	–
Total under Executive Share Option and Restricted Share Schemes	2,780,204	120	2,020,090	51
Senior Executives Share Ownership Policy Plan – vesting	–	–	20,000	–
Savings-Related Share Option Schemes – exercises	208,239	11	204,736	10
Total	2,988,443	131	2,244,826	61

Market Purchases of Shares

In 2020, 2,988,443 Treasury shares were released (2019: 2,244,826), leaving a balance held at 31 December 2020 of 23,800,092 (2019: 26,788,535). Proceeds received from the reissuance of Treasury shares to exercise share options were £131 million (2019: £61 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 Share-Based Payments

The Group operates a number of incentive schemes, including a share option scheme, a restricted share scheme, and other share award schemes. During 2017, as part of a transitional scheme for MJN employees, a cash-settled scheme replaced an MJN equity-settled scheme. All other schemes within the Group are equity-settled. The total charge for share-based payments for the year was £15 million (2019: £18 million).

Executive Share Awards

Executive share awards, comprising both Executive Share Options and Restricted Share Awards, are awarded to the senior management team. Executive Share Options are awarded at an exercise price determined on grant date and become payable on exercise – following satisfaction of performance criteria. Restricted Share Awards entitle the recipient to receive shares at no cost following satisfaction of the following performance criteria.

For awards granted before December 2012:

Adjusted earnings per share growth over three years (%)	<6%	6%	7%	8%	≥9%
Proportion of awards vesting (%)	Nil	40%	60%	80%	100%

For awards granted in December 2013 and thereafter:

Adjusted earnings per share growth over three years (%)	<6%	6%	Between 6% and 10%	≥10%
Proportion of awards vesting (%)	Nil	20%	Straight-line vesting between 20% and 100%	100%

For awards granted in May 2019 and thereafter:

	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
Adjusted EPS growth at actual FX rates (three-year CAGR)	25%	4%	9%
Adjusted EPS growth at constant FX rates (three-year CAGR)	25%	4%	9%
Net Revenue growth (three-year CAGR)	25%	2%	6%
Return on capital employed (in final year)	25%	10.8%	12.8%

For awards granted in May 2020 and thereafter:

	Weighting	Threshold (20% vesting)	Maximum (100% vesting)
Adjusted EPS at actual FX rates (in final year)	12.5%	302p	337p
Adjusted EPS at constant FX rates (in final year)	12.5%	323p	360p
Net Revenue growth (three-year CAGR)	50.0%	2.0%	5.0%
Return on capital employed (in final year)	25.0%	11.8%	13.1%

The cost is spread over the three years of the performance period. For Group Executive Committee and members of the Group Leadership Team, vesting conditions must be met over the three-year period and are not retested. For the remaining members of the senior management team the targets can be retested after four or five years. If any target has not been met, any remaining shares or options which have not vested will lapse.

Other Share Awards

Other share awards represent SAYE Schemes (offered to all staff within the relevant geographic area) and a number of Senior Executive Share Ownership Policy Plan (SOPP) awards. Other share awards have contractual lives of between three and eight years and are generally not subject to any vesting criteria other than the employee's continued employment.

Individual tranches of these other share awards are not material for detailed disclosure and therefore have been aggregated in the tables following.

Modifications to Share Awards

The Remuneration Committee approved modifications to all unexercised share schemes in December 2014 following the demerger of RB Pharmaceuticals to compensate for the loss of scheme value. For SAYE schemes this was in the form of a one-off payment. For executive share awards this included an adjustment to shares under the amount of each grant, and the lowering of exercise price, where applicable. There is no change to the IFRS fair value charge as a result of these modifications.

Summary of Shares Outstanding

All outstanding Executive and Other share awards as at 31 December 2020 and 31 December 2019 are included in the tables following which analyse the charge for 2020 and 2019. The Group has used the Black-Scholes model to calculate the fair value of one award on the date of the grant of the award.

25 Share-Based Payments continued**Table 1: Fair value**

The most significant awards are share options and restricted shares, details of which have been provided below.

Award	Grant date	Black-Scholes model assumptions							Risk-free interest rate %	Fair value of one award £
		Exercise price at grant £	Modified exercise price £	Performance period	Share price on grant date £	Volatility %	Dividend yield %	Life years		
Share options										
2009	8 December 2008	27.29	26.54	2009–11	27.80	25	3.1	4	2.78	4.69
2010	7 December 2009	31.65	30.78	2010–12	31.80	26	3.5	4	1.69	4.70
2011	1 December 2010	34.64	33.68	2011–13	34.08	26	4.3	4	2.16	4.49
2012	5 December 2011	32.09	31.20	2012–14	32.19	25	5.4	4	1.00	3.18
2013	3 December 2012	39.14	38.06	2013–15	39.66	20	4.3	4	0.61	3.29
2014	11 December 2013	47.83	46.51	2014–16	46.69	19	3.7	4	0.76	3.85
2015	1 December 2014	50.57	50.57	2015–17	52.40	17	4.0	4	1.03	4.34
2016	2 December 2015	63.25	63.25	2016–18	64.15	18	2.9	4	1.07	6.75
2017	1 December 2016	67.68	67.68	2017–19	66.28	18	3.0	4	0.46	5.54
2018	30 November 2017	64.99	64.99	2018–20	64.86	18	3.4	4	0.68	5.58
2019	10 May 2019	60.83	60.83	2019–21	61.45	20	3.7	4	0.83	5.89
2020	1 May 2020	65.20	65.20	2020–22	65.70	21	2.6	4	0.55	7.96
Restricted shares										
2015	1 December 2014	–	–	2015–17	52.40	17	4.0	4	1.03	43.93
2016	2 December 2015	–	–	2016–18	64.15	18	2.9	4	1.07	57.13
2017	1 December 2016	–	–	2017–19	66.28	18	3.0	4	0.46	58.85
2018	30 November 2017	–	–	2018–20	64.86	18	3.4	4	0.68	56.71
2019	10 May 2019	–	–	2019–21	61.40	19	3.7	4	0.83	53.02
2020	1 May 2020	–	–	2020–22	65.70	21	2.6	4	0.55	59.17

Table 2: Share awards movements 2020

Award	Movement in number of options				Options outstanding at 31 December 2020 number
	Options outstanding at 1 January 2020 number	Granted/ adjustments number	Lapsed number	Exercised number	
Share options¹					
2011	71,509	–	(2,400)	(69,109)	–
2012	367,374	–	(2,210)	(213,753)	151,411
2013	646,593	–	(2,057)	(396,786)	247,750
2014	924,419	–	(2,057)	(465,066)	457,296
2015	1,298,544	–	(5,000)	(550,578)	742,966
2016	1,904,977	–	(95,138)	(689,037)	1,120,802
2017	1,841,056	–	(1,219,134)	(48,015)	573,907
2018	2,171,480	–	(331,924)	(2,008)	1,837,548
2019	2,385,439	–	(299,381)	–	2,086,058
2020	–	2,626,735	(31,683)	–	2,595,052
Restricted shares¹					
2016	144,288	–	(19,425)	–	124,863
2017	824,061	–	(546,909)	(276,977)	175
2018	1,067,280	–	(190,262)	(27,159)	849,859
2019	1,364,136	–	(186,828)	(62,422)	1,114,886
2020	–	1,448,758	(29,041)	(15,340)	1,404,377
Other share awards					
UK SAYE	746,570	184,943	(65,490)	(127,613)	738,410
US SAYE	622,765	161,659	(55,048)	(56,381)	672,995
Overseas SAYE	1,889,663	576,689	(149,851)	(14,398)	2,302,103
SOPP	103,200	88,400	(12,800)	(22,800)	156,000
Weighted average exercise price (share options)	£58.43	£65.20	£65.77	£49.51	£60.97

1. Grant date and exercise price for each of the awards are shown in Table 1

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 Share-Based Payments continued

Table 3: Share awards movements 2019

Award	Movement in number of options				Options outstanding at 31 December 2019 number
	Options outstanding at 1 January 2019 number	Granted/ adjustments number	Lapsed number	Exercised number	
Share options¹					
2010	99,281	–	(2,557)	(96,724)	–
2011	119,643	–	(1,600)	(46,534)	71,509
2012	480,103	–	(2,037)	(110,692)	367,374
2013	934,375	–	(2,057)	(285,725)	646,593
2014	1,235,516	–	(6,154)	(304,943)	924,419
2015	1,694,784	–	(34,388)	(361,852)	1,298,544
2016	2,002,591	–	(87,855)	(9,759)	1,904,977
2017	2,091,357	–	(250,301)	–	1,841,056
2018	2,490,055	–	(318,575)	–	2,171,480
2019	–	2,491,340	(105,901)	–	2,385,439
Restricted shares¹					
2016	930,898	–	(52,774)	(733,836)	144,288
2017	919,587	–	(78,200)	(17,326)	824,061
2018	1,269,418	–	(151,289)	(50,849)	1,067,280
2019	–	1,411,339	(45,353)	(1,850)	1,364,136
Other share awards					
UK SAYE	693,313	316,660	(143,765)	(119,638)	746,570
US SAYE	567,300	176,208	(63,610)	(57,133)	622,765
Overseas SAYE	1,680,092	639,818	(402,282)	(27,965)	1,889,663
SOPP	118,800	24,400	(20,000)	(20,000)	103,200
Weighted average exercise price (share options)					
	£56.59	£60.83	£64.01	£42.73	£58.43

1. Grant date and exercise price for each of the awards are shown in Table 1

For options outstanding at the year end the weighted average remaining contractual life is 5.42 years (2019: 5.64 years). Options outstanding at 31 December 2020 that could have been exercised at that date were 3,427,971 (2019: 5,374,275) with a weighted average exercise price of £53.38 (2019: £49.82).

The assumptions made in determining the share-based payments charge, in respect to the achievement of performance criteria, are based on the Directors' expectations in light of the Group's business model and relevant published targets.

Under the terms of the schemes, early exercise may only be granted in exceptional circumstances and therefore the effect of early exercise is not incorporated into the calculation.

No material modifications have occurred requiring revision to the share-based payment charges for the outstanding awards.

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. Historical volatility is calculated based on the annualised standard deviation of the Group's daily share price movement, being an approximation to the continuously compounded rate of return on the share.

National Insurance contributions are payable in respect of certain share-based payment transactions and are treated as cash-settled transactions.

The weighted average share price for the year was £68.19 (2019: £61.40).

25 Share-Based Payments continued**Options and Restricted Shares Granted During the Year**

Options and restricted shares granted during the year which may vest or become exercisable at various dates between 2020 and 2027 are as follows:

	Price to be paid £	Number of shares under option
Executive share option and restricted share schemes		
Reckitt Benckiser 2020 Long-term Incentive Plan – share options	65.20	2,626,735
Reckitt Benckiser Long-term Incentive Plan – restricted shares	–	1,448,758
Reckitt Benckiser Group Senior Executive Share Ownership Policy Plan	–	88,400
Total		4,163,893
Savings-related share option schemes		
UK Scheme	62.44	184,943
US Scheme	62.44	161,659
Overseas Scheme	62.44	576,689
Total		923,291

Options and Restricted Shares Outstanding at 31 December 2020

Options and restricted shares which have vested or may vest at various dates between 2020 and 2027 are as follows:

	Price to be paid £		Number of shares under option	
	From	To	2020	2019
Executive share option and restricted share schemes				
Reckitt Benckiser Long-term Incentive Plan 2011 – Annual Grant – options	31.20	78.00	9,812,790	11,611,391
Reckitt Benckiser Long-term Incentive Plan 2016 – Annual Grant – restricted shares	–	–	3,494,160	3,399,765
Reckitt Benckiser Senior Executives Share Ownership Policy Plan	–	–	156,000	103,200
Total			13,462,950	15,114,356
Savings-related share option schemes				
UK Scheme	41.20	62.44	738,410	746,570
US Scheme	47.44	62.44	672,995	622,765
Overseas Scheme	47.44	62.44	2,302,103	1,889,663
Total			3,713,508	3,258,998

26 Other Reserves

	Hedging Reserve £m	Foreign currency translation reserve £m	Total other reserves £m
Balance at 1 January 2019	7	430	437
Other comprehensive income/(expense)			
Losses on cash flow hedges, net of tax	(9)	–	(9)
Net exchange losses on foreign currency translation, net of tax	–	(578)	(578)
Gains on net investment hedges	–	70	70
Total other comprehensive expense for the year	(9)	(508)	(517)
Balance at 31 December 2019	(2)	(78)	(80)
Other comprehensive (expense)			
Losses on cash flow hedges, net of tax	(17)	–	(17)
Net exchange losses on foreign currency translation, net of tax	–	(207)	(207)
Losses on net investment hedges	–	(75)	(75)
Total other comprehensive expense for the year	(17)	(282)	(299)
Balance at 31 December 2020	(19)	(360)	(379)

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedge transactions that are extant at year end.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26 Other Reserves continued

The foreign currency translation reserve contains the accumulated foreign exchange differences from the translation of the Financial Statements of the Group's foreign operations arising when the Group's entities are consolidated. The reserve also contains the translation of liabilities that hedge the Group's net exposure in a foreign currency.

27 Related Party Transactions

Put and Call Options with Non-controlling Shareholders

At 31 December 2020, within the Health Operating Segment, there are symmetrical put and call options existing over the non-controlling shareholdings in RB & Manon Business Co. Ltd, RB & Manon Business Limited and RB (China Trading) Limited. In 2018, the parties agreed to extend these options to 31 December 2023. In the event that the options are not exercised in accordance with the agreement, they are automatically extended for a further six years.

In addition, within the Hygiene Operating Segment, there are symmetrical put and call options existing over the non-controlling shareholdings in RB (Hygiene Home) HK Limited, RB & Manon Hygiene Home (HK) Limited and RB & Manon Hygiene Home (Shanghai) Limited. These options were first agreed in 2019 and are due to expire on 31 December 2024. In the event that the options are not exercised in accordance with the agreement, they are automatically extended for a further six years.

The present value of these put option liabilities was £148 million (2019: £135 million).

Other

The Group has related party relationships with its Directors and key management personnel (Note 5).

28 Dividends

	2020 £m	2019 £m
Cash dividends on equity ordinary shares:		
2019 Final paid: 101.6 p (2018: Final 100.2p) per share	721	709
2020 Interim paid: 73p (2019: Interim 73p) per share	520	518
Total dividends for the year	1,241	1,227

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2020 of 101.6p per share which will absorb an estimated £724 million of Shareholders' funds. If approved by Shareholders it will be paid on 14 June 2021 to Shareholders who are on the register on 7 May 2021, with an ex-dividend date of 6 May 2021.

29 Discontinued Operations

In the year ended 31 December 2020, the Group recorded income of £50 million (2019: £898 million expense) in discontinued operations. This income in 2020 relates to the partial release of a provision relating to the prior year settlement with the Department of Justice (DoJ) in relation to Indivior plc matters, following a review of outstanding items relating to the DoJ settlement. The prior period expense reflects the charge to the Income Statement for the \$1.4 billion settlement agreed with the DoJ, which was paid in full by the end of 2019 and amounts deemed necessary to cover any remaining litigation exposure.

In January 2021, Indivior plc agreed to pay \$50 million to the Group over the next five years to settle indemnity claims relating to the Group's previous settlement with the DoJ, and certain related matters. Amounts in relation to this settlement with Indivior will be recognised as income from discontinued operations in 2021.

30 Post Balance Sheet Events

Subsequent to the year end, the Group repaid \$400 million (£291 million) of term loans earlier than their contractual maturity date. At 31 December 2020, these term loans were presented in non-current liabilities on the Balance Sheet as they were not due for repayment based on their contractual maturity date within the next twelve months.

On 23 February 2021, the Group entered into an agreement for the sale of the Scholl, Krack, Amopé, ProSport, and Eulactol brands and certain related assets for consideration of approximately £275 million, subject to customary closing adjustments. The transaction is subject to the satisfaction of relevant closing conditions and completion is expected by the third quarter of 2021. The assets and liabilities attributable to the disposal group did not qualify as held for sale at 31 December 2020, and therefore have not been separately presented as held for sale in these Financial Statements.

On 23 February 2021, the Group entered into a definitive agreement to acquire the Biofreeze and TheraPearl brands and associated assets from Performance Health for cash consideration of approximately \$1,075 million, subject to customary closing adjustments. The transaction is subject to certain regulatory approvals as well as other customary closing conditions and completion is expected in the second quarter of 2021.

FIVE YEAR SUMMARY

The five-year summary below is presented on a statutory basis. The years ending 31 December 2016, 31 December 2017, 31 December 2018, 31 December 2019, and 31 December 2020 show the results for continuing operations and exclude the impact of RB Food and RB Pharmaceuticals.

The balance sheet has not been restated for the impact of discontinued operations.

Income Statement	2020 £m	2019 £m	Restated ¹ 2018 £m	Restated ² 2017 £m	2016 £m
Net Revenue	13,993	12,846	12,597	11,449	9,480
Operating profit/(loss)	2,160	(1,954)	3,058	2,737	2,269
Net finance expense	(286)	(153)	(338)	(238)	(16)
Share of loss of equity-accounted investees, net of tax	(1)	-	-	-	-
Profit/(Loss) before income tax	1,873	(2,107)	2,720	2,499	2,253
Income tax (expense)/benefit	(720)	(665)	(536)	894	(520)
Attributable to non-controlling interests	(16)	(13)	(20)	(17)	(4)
Net income/(loss) attributable to owners of the parent company from continuing operations	1,137	(2,785)	2,164	3,376	1,729
Balance Sheet					
Net assets	9,159	9,407	14,771	13,557	8,426
Key Statistics – Reported basis					
Operating margin	15.4%	(15.2%)	24.3%	23.9%	23.9%
Diluted earnings per share, continuing	159.3p	(393.0p)	305.2p	474.7p	242.1p
Declared total dividends per ordinary share	174.6p	174.6p	170.7p	164.3p	153.2p

1. Restated for the adoption of IFRS 16. The 2016 and 2017 balances have not been restated
2. Restated for the adoption of IFRS 15. The 2016 balances have not been restated

PARENT COMPANY BALANCE SHEET

As at 31 December	Notes	2020 £m	2019 £m
Fixed assets			
Investments	2	14,975	14,963
Current assets			
Debtors due within one year	3	56	42
Debtors due after more than one year	4	3	2
Cash and cash equivalents		-	4
		59	48
Current liabilities			
Creditors due within one year	5	(9,652)	(8,425)
Net current liabilities		(9,593)	(8,377)
Total assets less current liabilities		5,382	6,586
Creditors due after more than one year	5	(30)	-
Provisions for liabilities and charges	6	(43)	(99)
Net assets		5,309	6,487
EQUITY			
Share capital	7	74	74
Share premium		252	245
Retained earnings		4,983	6,168
Total equity		5,309	6,487

The Financial Statements on pages 220 to 236 were approved by the Board of Directors on 15 March 2021 and signed on its behalf by:

Christopher Sinclair

Director

Reckitt Benckiser Group plc

Laxman Narasimhan

Director

Reckitt Benckiser Group plc

Company Number: 06270876

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
Balance at 1 January 2019	74	245	7,962	8,281
Comprehensive income				
Loss for the financial year	-	-	(646)	(646)
Total comprehensive loss	-	-	(646)	(646)
Transactions with owners				
Treasury shares reissued	-	-	61	61
Share-based payments	-	-	4	4
Capital contribution in respect of share-based payments	-	-	14	14
Cash dividends	-	-	(1,227)	(1,227)
Total transactions with owners	-	-	(1,148)	(1,148)
Balance at 31 December 2019	74	245	6,168	6,487
Comprehensive income				
Loss for the financial year	-	-	(79)	(79)
Total comprehensive loss	-	-	(79)	(79)
Transactions with owners				
Treasury shares reissued	-	7	124	131
Share-based payments	-	-	3	3
Capital contribution in respect of share-based payments	-	-	12	12
Purchase of ordinary shares by employee share ownership trust	-	-	(4)	(4)
Cash dividends	-	-	(1,241)	(1,241)
Total transactions with owners	-	7	(1,106)	(1,099)
Balance at 31 December 2020	74	252	4,983	5,309

Reckitt Benckiser Group plc has £4,347 million (2019: £5,543 million) of its retained earnings available for distribution. Details of Treasury shares and other equity transactions are included in Note 24 of the Group Financial Statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1 Parent Company Accounting Policies

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

General Information and Basis of Accounting

Reckitt Benckiser Group plc is a company incorporated in the United Kingdom, registered in England and Wales under the Companies Act 2006, and is a public limited company. The address of the registered office is given on page 234. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 1 to 93.

Statement of Compliance

The Financial Statements have been prepared 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 functional currency of Reckitt Benckiser Group plc is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the company operates.

As permitted by s408 of the Companies Act 2006, a Statement of Comprehensive Income is not presented for Reckitt Benckiser Group plc.

Going Concern

The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the company Financial Statements.

Having assessed the principal risks and other matters discussed in connection with the Group's Viability Statement as set out on page 93 of the Group Annual Report, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the company Financial Statements. When reaching this conclusion, the Directors took into account the company's overall financial position and exposure to principal risks, including the ongoing impact of COVID-19 and future business forecasts.

Financial Reporting Standard 102 – Reduced Disclosure Exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The company has taken advantage of the following exemptions:

- (i) from preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the Group Cash Flow Statement, included in these Financial Statements, includes the company's cash flows;
- (ii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

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 or at www.reckitt.com.

Foreign Currency Translation

Transactions denominated in foreign currencies are translated using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

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.

A net deferred tax asset is considered recoverable if it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is measured on an undiscounted basis.

Fixed Asset Investments

Fixed asset investments are stated at the lower of cost or their recoverable amount, which is determined as the higher of net realisable value and value in use. A review of the potential impairment of an investment is carried out by the Directors if events or changes in circumstances indicate that the carrying value of the investment may not be recoverable. Such impairment reviews are performed in accordance with FRS 102 Section 27 'Impairment of assets'.

Employee Share Schemes

Incentives in the form of shares are provided to employees under share option and restricted share schemes which vest in accordance with non-market conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each Balance Sheet date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in comprehensive income or expense such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Additional employer costs in respect of options and awards are charged, including social security taxes, to the Statement of Comprehensive Income over the same period, with a corresponding liability recognised.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the company Financial Statements.

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 debtors and creditors 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.

1 Parent Company Accounting Policies continued

(i) Financial Assets

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in comprehensive income or expense.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) 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. Debt instruments are subsequently carried at amortised cost.

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

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is more likely than not that there will be an outflow of resources to settle that obligation; and the amount can be reliably estimated. Provisions are valued at the present value of the Directors' best estimate of the expenditure required to settle the obligation at the Balance Sheet date. Where it is possible that a settlement may be reached or it is not possible to make a reliable estimate of the estimated financial impact, appropriate disclosure is made but no provision recognised.

Where a company enters into a financial guarantee contract to guarantee the indebtedness of other companies within its Group, the company treats the guarantee contract as a contingent liability until such a time as it becomes probable that the company will be required to make a payment under the guarantee.

Share Capital Transactions

When the company purchases equity share capital, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Purchased shares are either held in Treasury in order to satisfy employee options, or cancelled and, in order to maintain capital, an equivalent amount to the nominal value of the shares cancelled is transferred from retained earnings.

Repurchase and Reissuance of Ordinary Shares

When shares recognised as equity are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a charge to equity. Repurchased shares are classified as Treasury shares and are presented in retained earnings. When Treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus is presented within share premium.

Dividends

Dividends payable are recognised when they meet the criteria for a present obligation (i.e. when they have been approved).

Accounting Estimates and Judgements

In preparing these Financial Statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts and 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.

Key sources of estimation uncertainty

Each year, management is required to make a number of assumptions regarding the future. The related year-end accounting estimates will, by definition, seldom equal the final actual results. The company's Directors are of the opinion that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Other estimates

Set out below are other estimates where there is a risk of adjustment to the carrying amounts of assets and liabilities within the next financial year, but the risk of a material adjustment is not significant.

The company recognises legal provisions in line with the company's provisions policy. The level of provisioning in relation to civil and/or criminal investigations is an area where management and legal judgement is important, with individual provisions being based on best estimates of the probable loss, considering all available information, external advice and historical experience. As at 31 December 2020, the company recognised legal provisions of £43 million (2019: £99 million) in relation to a number of historical regulatory matters. Refer to Note 6 of the company Financial Statements for further information.

The company's Directors are of the opinion that there are no critical judgements in applying the company's accounting policies.

2 Investments

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2019	14,949
Additions during the year	14
At 31 December 2019	14,963
Additions during the year	12
At 31 December 2020	14,975
Provision for impairment	
At 1 January 2019	–
Provided for during the year	–
At 31 December 2019	–
Provided for during the year	–
At 31 December 2020	–
Net book amounts	
At 31 December 2019	14,963
At 31 December 2020	14,975

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

The subsidiary undertakings as at 31 December 2020, all of which are included in the Group Financial Statements, are shown in Note 11 of the company Financial Statements.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

2 Investments continued

With the exception of Reckitt Benckiser Limited (formerly Reckitt Benckiser plc), none of the subsidiaries are directly held by Reckitt Benckiser Group plc. All subsidiaries have a financial year ending 31 December with the exception of Reckitt Benckiser (India) Private Limited, Reckitt Benckiser Healthcare India Private Limited, Reckitt Benckiser Scholl India Private Limited, Mead Johnson Nutrition (India) Private Limited, RB Hygiene Home India Private Limited, Reckitt Piramal Private Limited, and Reckitt & Colman Management Services (Ireland) Limited which have a year ending 31 March; Reckitt Benckiser Health Kenya Limited which has a year ending 30 April; Lloyds Pharmaceuticals which has a year ending 24 August; Reigate Square Holdings Sàrl which has a year ending 31 August; RBHCR Health Reckitt Costa Rica Sociedad Anónima which has a year ending 30 September; Crookes Healthcare Limited which has a year ending 31 January and Reckitt Benckiser Healthcare (Ireland) Limited which has a year ending 30 November.

Additions during the year, and in 2019, relate to the grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group.

3 Debtors Due Within One Year

	2020 £m	2019 £m
Amounts owed by Group undertakings	54	40
Other debtors	2	2
	56	42

Amounts owed by Group undertakings are unsecured, interest free and are repayable on demand (2019: same).

4 Debtors Due After More Than One Year

	2020 £m	2019 £m
Deferred tax assets	3	2

Deferred tax assets consist of short-term timing differences.

5 Creditors

Creditors due within one year:

	2020 £m	2019 £m
Amounts owed to Group undertakings	9,647	8,412
Taxation and social security	4	4
Other creditors	1	9
	9,652	8,425

Included in the amounts owed to Group undertakings is an amount of £9,548 million (2019: £8,368 million) which is unsecured, carries interest at 3M LIBOR and is repayable on demand (2019: same). All other amounts owed to Group undertakings are unsecured, non-interest bearing and are repayable on demand (2019: same).

Creditors due after more than one year:

Creditors due after more than one year relate to non-current tax liabilities of £30 million (2019: £nil).

6 Provisions for Liabilities and Charges

	Legal provisions £m	Total provisions £m
At 1 January 2019	369	369
Charged to the Statement of Comprehensive Income	79	79
Utilised during the year	(331)	(331)
Released to the Statement of Comprehensive Income	(18)	(18)
At 31 December 2019	99	99
Charged to the Statement of Comprehensive Income	4	4
Utilised during the year	(4)	(4)
Released to the Statement of Comprehensive Income	(56)	(56)
At 31 December 2020	43	43

Provisions have been analysed between current and non-current as follows:

	2020 £m	2019 £m
Current	43	99
Non-current	-	-
	43	99

Provisions relate to legal provisions in relation to a number of historical matters. Refer to Note 18 of the Group Financial Statements.

7 Share Capital

	Equity ordinary shares	Nominal value £m
Issued and fully paid		
At 1 January 2020	736,535,179	74
At 31 December 2020	736,535,179	74

The holders of ordinary shares (par value 10 pence) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Parent Company.

The allotment of ordinary shares and release of Treasury shares are disclosed in Note 24 of the Group Financial Statements.

8 Related Party Transactions

There were no transactions with related parties other than wholly owned companies within the Group.

9 Contingent Liabilities

The company has issued a guarantee to the trustees of the Reckitt Benckiser Pension Fund covering the obligations of certain UK subsidiaries of the Group who are the sponsoring employers of the UK defined benefit pension fund. The guarantee covers any amounts due to the pension fund from these subsidiaries if they fail to meet their pension obligations.

The company issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to the issuance of a \$8,250 million bond (two tranches of \$2,500 million, one tranche of \$2,000 million, one tranche of \$750 million and one tranche of \$500 million) and in relation to the issuance of a £500 million bond issued in May 2020, as well as the issuance of €750 million commercial paper and \$400 million term loan. Details are included in Note 15 of the Group Financial Statements.

The company issued a guarantee on behalf of Reckitt Benckiser Treasury Services plc in relation to committed borrowing facilities totalling £5,500 million (2019: £5,500 million). Details of the facilities are included in Note 15 of the Group Financial Statements.

The company issued a guarantee on behalf of Mead Johnson Nutrition Company in relation to outstanding senior notes of \$1,550 million (2019: \$2,300 million) issued by Mead Johnson Nutrition Company prior to acquisition. The senior notes consist of one tranche of \$750 million, one tranche of \$500 million and one tranche of \$300 million. One tranche of \$750 million was settled during the year.

The company has also issued a guarantee on behalf of Reckitt Benckiser Treasury Services (Nederland) BV in relation to the issuance of two €850 million bonds issued in May 2020. Details are included in Note 15 of the Group Financial Statements.

Other contingent liabilities are disclosed in Note 20 of the Group Financial Statements.

10 Post Balance Sheet Events

In January 2021, Indivior plc agreed to pay \$50 million to the Group over the next five years to settle indemnity claims relating to the Group's previous settlement with the DoJ, and certain related matters. Amounts in relation to this settlement with Indivior will be recognised as income from discontinued operations in 2021.

11 Subsidiary Undertakings

In accordance with section 409 of the Companies Act 2006 and Schedule 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, a full list of related undertakings as at 31 December 2020, including their registered office address, country of incorporation and the percentage of share ownership, is disclosed below. All undertakings are indirectly owned by Reckitt Benckiser Group plc, unless otherwise stated.

From time to time, management reviews the Group structure and seeks to remove redundant, dormant or non-trading entities. During the year ended 31 December 2020, nine legal entities were placed into liquidation as part of the review (2019: 19 legal entities). The removal of legal entities ultimately allows management to focus on the core business, reduces compliance obligations and cost, and improves transparency of the Group to external parties.

All subsidiary undertakings of Reckitt Benckiser Group plc are included in the consolidated Financial Statements of the Group.

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
Mead Johnson Nutrition Argentina S.A.	Argentina	A/B	90.00%	147
Reckitt Benckiser Argentina S.A.	Argentina	ORD	100.00%	63
Reckitt Benckiser Health Argentina S.A.	Argentina	ORD	100.00%	50
Mead Johnson Nutrition (Australia) Pty Ltd	Australia	ORD	100.00%	95
Reckitt Benckiser (Australia) Pty Limited	Australia	ORD/PREF	100.00%	97
Reckitt Benckiser Healthcare Australia Pty Limited	Australia	ORD	100.00%	97
SSL Australia Pty Ltd	Australia	CRF/ORD	100.00%	97
RB (Hygiene Home) Australia Pty Ltd	Australia	ORD	100.00%	97
RB Hygiene Home Austria GmbH	Austria	ORD	100.00%	87
Reckitt Benckiser Austria GmbH	Austria	ORD	100.00%	87
Scholl Latin America Limited*	Bahamas	ORD	100.00%	66
Reckitt Benckiser Bahrain W.L.L	Bahrain	ORD	100.00%	64
Reckitt Benckiser (Bangladesh) Limited	Bangladesh	ORD	82.96%	37
Reckitt Benckiser BY LLC	Belarus	-	100.00%	111
RB Hygiene Home Belgium SA/NV	Belgium	ORD	100.00%	21
Reckitt Benckiser (Belgium) SA/NV	Belgium	ORD	100.00%	21
Suffolk Insurance Limited	Bermuda	COMMON	100.00%	75
Apenas Boa Nutrição Indústria de Alimentos Ltda.	Brazil	ORD	100.00%	83
Fenla Indústria, Comércio e Administração Ltda	Brazil	ORD	100.00%	125
Mead Johnson do Brasil Comércio e Importação de Produtos de Nutrição Ltda.	Brazil	ORD	100.00%	55
Reckitt Benckiser (Brasil) Comercial de Produtos de Higiene, Limpeza e Cosméticos Ltda.	Brazil	ORD	100.00%	54
Reckitt Benckiser (Brasil) Ltda	Brazil	ORD	100.00%	126
Reckitt Benckiser Health Comercial Ltda	Brazil	ORD	100.00%	56
Reckitt Benckiser (BVI) No. 1 Limited	British Virgin Islands	ORD	100.00%	116

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
Reckitt Benckiser (BVI) No. 2 Limited	British Virgin Islands	ORD	100.00%	116
Reckitt Benckiser (BVI) No. 3 Limited	British Virgin Islands	ORD	100.00%	116
Reckitt Benckiser Bulgaria Food*	Bulgaria	PARTNERSHIP/ MEMBERSHIP INTEREST	100.00%	140
Mead Johnson Nutrition (Canada) Co.	Canada	COMMON	100.00%	145
RB Health (Canada) Inc.	Canada	COMMON	100.00%	144
Reckitt Benckiser (Canada) Inc.	Canada	NEW (2018) COMMON	100.00%	17
Reckitt Benckiser (Cayman Islands) Limited	Cayman Islands	ORD	100.00%	119
RB Health Chile SpA	Chile	ORD	100.00%	57
Reckitt Benckiser Chile S.A.	Chile	ORD	100.00%	57
Anhui Guilong Pharmaceutical Trading Company Ltd	China	-	100.00%	78
Guilong Pharmaceutical (Anhui) Co. Ltd	China	ORD	100.00%	92
Guilong Pharmaceutical (Anhui) Co. Ltd [†]	China	-	100.00%	153
Mead Johnson Pediatric Nutrition Institute (China) Ltd	China	-	100.00%	127
Qingdao London Durex Co., Ltd	China	ORD	100.00%	105
Qingdao New Bridge Corporate Management Consulting Company Limited	China	ORD	100.00%	105
RB & Manon Business Co., Ltd	China	-	75.05%	131
RB & Manon Hygiene Home (Shanghai) Limited	China	ORD	80.00%	16
RB (China) Holding Co. Ltd	China	-	100.00%	156
Reckitt & Colman Guangzhou Limited	China	ORD	100.00%	102
Reckitt Benckiser Home Chemical Products Trading (Shanghai) Co. Limited	China	ORD	100.00%	67
Reckitt Benckiser Household Products (China) Company Limited	China	-	100.00%	103
SSL Healthcare (Shanghai) Ltd	China	ORD	100.00%	130
Tai He Tai Lai Culture Communication Co Ltd	China	ORD	100.00%	158

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
Mead Johnson Nutritionals (China) Ltd - Beijing Branch	China	-	100.00%	157
Mead Johnson Nutritionals (China) Ltd - Chendu Branch	China	-	100.00%	133
Mead Johnson Nutritionals (China) Ltd - Fuzhou Branch	China	-	100.00%	129
Mead Johnson Nutritionals (China) Ltd - Qingdao Branch	China	-	100.00%	44
Mead Johnson Nutritionals (China) Ltd - Shanghai Branch	China	-	100.00%	15
Mead Johnson Nutritionals (China) Ltd - Shenzhen Branch	China	-	100.00%	44
Mead Johnson Nutritionals (China) Ltd - Xi'an Branch	China	-	100.00%	134
Mead Johnson Nutritionals (China) Ltd.	China	ORD	88.89%	3
Mead Johnson Pediatric Nutrition Technology (Guangzhou) Ltd	China	ORD	100.00%	128
RB (Suzhou) Co. Ltd	China	-	100.00%	108
Mead Johnson Nutrition Colombia Ltda.	Colombia	ORD	100.00%	69
RB (Health) Colombia S.A.S.	Colombia	ORD	100.00%	69
Reckitt Benckiser Colombia S.A.	Colombia	ORD	100.00%	68
RBHCR Health Reckitt Costa Rica Sociedad Anonima	Costa Rica	COMMON	100.00%	136
Reckitt Benckiser (Centroamerica) S.A.	Costa Rica	ORD	100.00%	136
Reckitt Benckiser d.o.o	Croatia	ORD	100.00%	152
Gainbridge Investments (Cyprus) Limited	Cyprus	ORD	100.00%	4
RB (Hygiene Home) Czech Republic, spol s.r.o.	Czech Republic	ORD	100.00%	166
Reckitt Benckiser (Czech Republic), spol. s.r.o.	Czech Republic	PARTNERSHIP/ MEMBERSHIP INTEREST	100.00%	166
RB Health Nordic A/S	Denmark	ORD	100.00%	163
RB Hygiene Home Nordic A/S	Denmark	ORD	100.00%	163
Mead Johnson Nutrition (Dominicana), S.A. [†]	Dominican Republic	-	100.00%	26
RB Health Ecuador Cía. Ltda	Ecuador	ORD	100.00%	51

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
Reckitt Benckiser Ecuador S.A.	Ecuador	ORD	100.00%	114
Reckitt Benckiser Egypt Limited	Egypt	ORD	100.00%	120
Reckitt Benckiser Hygiene Home Egypt Limited*	Egypt	ORD	100.00%	65
Reckitt Benckiser (Latvia) SIA Eesti filial [†]	Estonia	-	100.00%	88
RB Health Nordic A/S sivuliike Suomessa [‡]	Finland	-	100.00%	93
RB Hygiene Home Nordic A/S, sivuliike Suomessa [‡]	Finland	-	100.00%	139
Airwick Industrie SAS	France	ORD	100.00%	30
RB Holding Europe Du Sud SAS	France	ORD	100.00%	30
RB Hygiene Home France SAS	France	ORD	100.00%	30
Reckitt Benckiser Chartres SAS	France	ORD	100.00%	7
Reckitt Benckiser France SAS	France	ORD	100.00%	30
Reckitt Benckiser Healthcare France SAS	France	ORD	100.00%	30
Kukident GmbH	Germany	COMMON	100.00%	89
Propack Produkte für Haushalt und Körperpflege GmbH	Germany	ORD	100.00%	124
RB Hygiene Home Deutschland GmbH	Germany	-	100.00%	79
Reckitt & Colman Sagrotan Verwaltungsgesellschaft GmbH	Germany	COMMON	100.00%	79
Reckitt Benckiser Detergents GmbH	Germany	ORD	100.00%	79
Reckitt Benckiser Deutschland GmbH	Germany	COMMON	100.00%	79
Reckitt Benckiser Global R&D GmbH	Germany	COMMON	100.00%	79
Reckitt Benckiser Holding GmbH & Co KG	Germany	-	100.00%	79
Reckitt Benckiser Hellas Healthcare S.A.	Greece	ORD	100.00%	43
Reckitt Benckiser Hellas Hygiene Home S.A.	Greece	ORD	100.00%	43
Reckitt Benckiser (Channel Islands) Limited	Guernsey	ORD	100.00%	18
Reckitt Benckiser Holdings (Channel Islands) Limited	Guernsey	ORD	100.00%	18

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
London International Trading Asia Limited	Hong Kong	ORD	100.00%	22
Mead Johnson Nutrition (Hong Kong) Limited	Hong Kong	ORD	100.00%	2
Oriental Medicine Company Limited	Hong Kong	ORD	100.00%	22
RB & Manon Business Limited	Hong Kong	ORD	75.00%	154
RB & Manon Hygiene Home Limited	Hong Kong	ORD	80.00%	132
RB (Hygiene Home) HK Limited	Hong Kong	ORD/PREF	80.00%	1
Reckitt Benckiser Hong Kong Limited	Hong Kong	ORD	100.00%	22
RB (Hygiene Home) Hungary Kft	Hungary	ORD	100.00%	61
Reckitt Benckiser Kereskedelmi Kft	Hungary	PARTNERSHIP/ MEMBERSHIP INTEREST	100.00%	10
Reckitt Benckiser Tatabanya Kft	Hungary	ORD	100.00%	61
Mead Johnson Nutrition (India) Private Limited	India	ORD	100.00%	161
Reckitt Benckiser (India) Private Limited	India	ORD	100.00%	118
Reckitt Benckiser Healthcare India Private Limited	India	ORD	100.00%	118
Reckitt Benckiser Scholl India Private Limited	India	ORD	100.00%	85
Reckitt Piramal Private Limited	India	ORD	100.00%	160
RB Hygiene Home India Private Limited	India	ORD	100.00%	118
PT Mead Johnson Indonesia	Indonesia	ORD	90.10%	149
PT Reckitt Benckiser Hygiene Home Indonesia	Indonesia	ORD	100.00%	148
PT Reckitt Benckiser Hygiene Home Trading Indonesia	Indonesia	ORD	100.00%	148
Pt Reckitt Benckiser Indonesia	Indonesia	ORD	100.00%	86
PT Reckitt Benckiser Trading Indonesia	Indonesia	ORD	100.00%	94
Reckitt Benckiser (Pars) PJSC	Iran	ORD	100.00%	19
Crookes Healthcare Limited	Ireland	ORD	100.00%	32
Dorincourt Holdings (Ireland) Limited	Ireland	ORD	100.00%	32

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
RB Ireland Hygiene Home Commercial Limited	Ireland	ORD	100.00%	42
RB Reigate (Ireland) Unlimited Company	Ireland	ORD	100.00%	32
RB Winchester (Ireland) Unlimited Company	Ireland	ORD	100.00%	32
Reckitt & Colman Management Services (Ireland) Limited	Ireland	ORD	100.00%	32
Reckitt Benckiser Finance (Ireland) Unlimited Company	Ireland	ORD	100.00%	32
Reckitt Benckiser Healthcare (Ireland) Limited	Ireland	ORD	100.00%	32
Reckitt Benckiser Ireland Limited	Ireland	ORD	100.00%	32
Reckitt Benckiser Management Services Unlimited Company	Ireland	A/B/C/D/E/F/G/H/I/K	100.00%	32
SSL Healthcare Ireland Limited	Ireland	ORD	100.00%	32
Reckitt Benckiser (Near East) Limited	Israel	ORD	100.00%	39
Reckitt Benckiser Commercial (Italia) S.r.l.	Italy	QUOTA	100.00%	164
Reckitt Benckiser Healthcare (Italia) S.p.A	Italy	ORD	100.00%	164
Reckitt Benckiser Holdings (Italia) S.r.l.	Italy	QUOTA	100.00%	164
Reckitt Benckiser Italia S.p.A	Italy	ORD	100.00%	164
RB Hygiene Home Japan Ltd	Japan	ORD	100.00%	29
Reckitt Benckiser Asia Pacific Limited ^f	Japan	-	100.00%	29
Reckitt Benckiser Japan Limited	Japan	ORD	100.00%	29
Reckitt & Colman (Jersey) Limited	Jersey	ORD/PREF	100.00%	91
Reckitt & Colman Capital Finance Limited	Jersey	ORD	100.00%	91
Reckitt Benckiser Jersey (No.1) Limited	Jersey	ORD	100.00%	91
Reckitt Benckiser Jersey (No.2) Limited	Jersey	ORD	100.00%	91
Reckitt Benckiser Jersey (No.3) Limited	Jersey	ORD	100.00%	91
Reckitt Benckiser Jersey (No.5) Limited	Jersey	ORD	100.00%	91
Reckitt Benckiser Jersey (No.7) Limited	Jersey	ORD A/C/D	100.00%	91

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
SSL Capital Ltd	Jersey	ORD	100.00%	34
Reckitt Benckiser Health Kazakhstan LLP	Kazakhstan	-	100.00%	60
Reckitt Benckiser Kazakhstan LLP	Kazakhstan	-	100.00%	112
Reckitt Benckiser East Africa Limited	Kenya	ORD	99.99%	117
Reckitt Benckiser Health Kenya Limited	Kenya	ORD	100.00%	14
Reckitt Benckiser Services (Kenya) Limited	Kenya	ORD	100.00%	100
Reckitt Benckiser (Latvia) SIA	Latvia	ORD	100.00%	142
Reckitt Benckiser (Latvia) SIA LT filialas ^f	Lithuania	-	100.00%	165
Canterbury Square Holdings S.à.r.l.	Luxembourg	ORD	100.00%	5
RB Holdings (Luxembourg) S.à.r.l.	Luxembourg	ORD	100.00%	5
RB Holdings Luxembourg (2018) S.à.r.l.	Luxembourg	ORD	100.00%	5
RB Luxembourg (TFFC) S.à.r.l.	Luxembourg	ORD	100.00%	5
RB Luxembourg Holdings (TFFC) Limited ^f	Luxembourg	-	100.00%	5
Reckitt Benckiser Holdings (USA) Limited ^f	Luxembourg	-	100.00%	5
Reckitt Benckiser Investments (No. 1) S.à.r.l.	Luxembourg	ORD	100.00%	5
Reckitt Benckiser Investments (No. 2) S.à.r.l.	Luxembourg	ORD	100.00%	5
Reckitt Benckiser Investments (No. 4) S.à.r.l.	Luxembourg	ORD	100.00%	5
Reckitt Benckiser Investments (No. 5) S.à.r.l.	Luxembourg	ORD	100.00%	5
Reckitt Benckiser Investments (No. 6) S.à.r.l.	Luxembourg	ORD	100.00%	5
Reckitt Benckiser Investments (No. 7) S.à.r.l.	Luxembourg	ORD	100.00%	5
Reckitt Benckiser Investments (No. 8) S.à.r.l.	Luxembourg	ORD	100.00%	5
Reckitt Benckiser N.V. ^f	Luxembourg	-	100.00%	5
Reckitt Benckiser S.à.r.l.	Luxembourg	ORD	100.00%	5

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
Reigate Square Holdings S.à.r.l.	Luxembourg	ORD	100.00%	5
Winchester Square Holdings S.à.r.l.	Luxembourg	ORD	100.00%	5
Mead Johnson Nutrition (Hong Kong) Limited [†]	Macau	-	100.00%	58
Mead Johnson Nutrition (Malaysia) Sdn Bhd	Malaysia	ORD	100.00%	143
RB (Health) Malaysia Sdn Bhd	Malaysia	ORD	100.00%	159
Reckitt Benckiser (Malaysia) Sdn Bhd	Malaysia	ORD	100.00%	98
Manufactura MJN, S. de R.L. de C.V.	Mexico	ORD	100.00%	49
Mead Johnson Nutricionales de México, S. de R.L. de C.V.	Mexico	ORD	100.00%	52
RB Salute Mexico S.A de C.V.	Mexico	ORD	100.00%	71
Reckitt Benckiser Mexico, S.A. de C.V.	Mexico	ORD	100.00%	52
Reckitt Benckiser Services S.A. de C.V.	Mexico	ORD	100.00%	74
Servicios Nutricionales Mead Johnson, S. de R.L. de C.V.	Mexico	ORD	100.00%	52
RB Health Mexico, S.A de C.V.	Mexico	ORD	100.00%	52
RB Health Services Mexico, S.A de C.V.	Mexico	ORD	100.00%	52
Reckitt Benckiser Morocco Sarl AU	Morocco	ORD	100.00%	38
Beleggings- maatschappij Lemore B.V.	Netherlands	ORD	100.00%	138
Central Square Holding B.V.	Netherlands	ORD	100.00%	138
Grosvenor Square Holding B.V.	Netherlands	ORD	100.00%	138
Hamol NL B.V.	Netherlands	ORD	100.00%	138
Maddison Square Holding B.V.	Netherlands	ORD	100.00%	138
Mead Johnson B.V.	Netherlands	ORD	100.00%	101
Mead Johnson One C.V.	Netherlands	MEMBERSHIP SHARES	100.00%	23
Mead Johnson Two C.V.	Netherlands	MEMBERSHIP SHARES	100.00%	23
MJN Global Holdings B.V.	Netherlands	ORD	100.00%	138
MJN Holdings (Netherlands) B.V.	Netherlands	ORD	100.00%	138

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
MJN Innovation Services B.V.	Netherlands	ORD	100.00%	101
New Bridge Holdings B.V.	Netherlands	ORD	100.00%	138
RB Hygiene Home Netherlands B.V.	Netherlands	ORD	100.00%	138
RB NL Brands B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser (ENA) B.V.	Netherlands	ORD	100.00%	137
Reckitt Benckiser (South America) Holding B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser (Spain) B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Brands Investments B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Calgon B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Fabric Treatment B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Finish B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser FSIA B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Healthcare B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Laundry Detergents (No. 1) B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Laundry Detergents (No. 2) B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Lime-A-Way B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Marc B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser N.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Oven Cleaners B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Power Cleaners B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Tiret B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Treasury Services (Nederland) B.V.	Netherlands	ORD	100.00%	137
Reckitt Benckiser Vanish B.V.	Netherlands	ORD	100.00%	138
RB LATAM Holding B.V.	Netherlands	ORD	100.00%	138
Reckitt Benckiser Hygiene Home Brands B.V.	Netherlands	ORD	100.00%	138

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
RB (Hygiene Home) New Zealand Limited	New Zealand	ORD	100.00%	96
Reckitt Benckiser (New Zealand) Limited	New Zealand	–	100.00%	20
SSL New Zealand Limited	New Zealand	–	100.00%	20
Reckitt Benckiser Nigeria Limited	Nigeria	ORD	99.53%	12
RB Health Nordic, NUF [†]	Norway	–	100.00%	90
RB Hygiene Home Nordic NUF [†]	Norway	–	100.00%	90
RB Hygiene Home Pakistan Limited	Pakistan	ORD	98.68%	146
Reckitt Benckiser Pakistan Limited	Pakistan	ORD	98.68%	146
Mead Johnson Nutrition (Panama), S. de R.L.	Panama	PARTNERSHIP/ MEMBERSHIP INTEREST	100.00%	48
RB Health Peru S.R.L.	Peru	ORD	100.00%	70
Reckitt Benckiser Peru S.A.	Peru	ORD	100.00%	80
2309 Realty Corporation	Philippines	A/B	88.32%	24
Mead Johnson Nutrition (Philippines), Inc.	Philippines	COMMON	100.00%	24
Reckitt Benckiser Healthcare (Philippines), Inc.	Philippines	COMMON/ PREF	100.00%	31
Sphinx Holding Company, Inc.	Philippines	COMMON/ PREF	38.00%	24
Mead Johnson Nutrition (Poland) Sp. z o.o	Poland	PARTNERSHIP/ MEMBERSHIP INTEREST	100.00%	151
Mead Johnson Nutrition Trading Poland Sp. z o.o	Poland	PARTNERSHIP/ MEMBERSHIP INTEREST	100.00%	151
RB (Hygiene Home) Poland Sp. z o.o	Poland	ORD	100.00%	110
Reckitt Benckiser (Poland) S.A.	Poland	ORD	100.00%	150
Reckitt Benckiser Production (Poland) Sp. z.o.o.	Poland	ORD	100.00%	150
Reckitt Benckiser (Portugal) S.A.	Portugal	ORD	100.00%	135
Reckitt Benckiser Healthcare Portugal Ltda	Portugal	QUOTA	100.00%	135
Reckitt Benckiser Porto Alto Lda	Portugal	QUOTA	100.00%	84
Mead Johnson Nutrition (Puerto Rico) Inc. [†]	Puerto Rico	–	100.00%	99

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
RB (Hygiene Home) Romania S.R.L.	Romania	PARTNERSHIP/ MEMBERSHIP INTEREST	100.00%	141
Reckitt Benckiser (Romania) S.R.L.	Romania	PARTNERSHIP/ MEMBERSHIP INTEREST	100.00%	47
Reckitt Benckiser Healthcare LLC	Russia	–	100.00%	33
Reckitt Benckiser IP LLC	Russia	–	100.00%	13
Reckitt Benckiser LLC	Russia	–	100.00%	36
Mead Johnson Nutrition (Asia Pacific) Pte. Ltd.	Singapore	ORD	100.00%	46
Mead Johnson Nutrition (Singapore) Pte. Ltd.	Singapore	ORD	100.00%	46
Mead Johnson Nutrition Holdings (Singapore) Pte. Ltd.	Singapore	ORD	100.00%	46
Mead Johnson Nutrition International Holdings Pte. Ltd.	Singapore	ORD	100.00%	46
Reckitt Benckiser (Singapore) Pte. Ltd.	Singapore	ORD	100.00%	11
RB (Hygiene Home) Slovakia spol. s.r.o	Slovakia	ORD	100.00%	82
Reckitt Benckiser (Slovak Republic), spol. s.r.o.	Slovakia	PARTNERSHIP/ MEMBERSHIP INTEREST	100.00%	82
Reckitt Benckiser Pharmaceuticals (Proprietary) Limited	South Africa	ORD	100.00%	45
Reckitt Benckiser South Africa Health Holdings (Pty) Limited	South Africa	ORD	100.00%	45
Reckitt Benckiser South Africa Proprietary Limited	South Africa	ORD	100.00%	45
Oxy Reckitt Benckiser LLC	South Korea	–	100.00%	25
Norwich Square Holding S.L.	Spain	ORD	100.00%	73
RB Square Holdings Spain, S.L.	Spain	A/B	100.00%	73
Reckitt Benckiser (Granollers) SL	Spain	ORD	100.00%	73
Reckitt Benckiser España S.L.	Spain	ORD	100.00%	73
Reckitt Benckiser Healthcare S.A.	Spain	ORD	100.00%	73
Relcamp Aie*	Spain	ORD	100.00%	73
SSL Healthcare Manufacturing S.A.*	Spain	ORD	100.00%	106
Reckitt Benckiser (Lanka) Limited	Sri Lanka	ORD	99.99%	107

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
RB Health Nordic A/S, filial [†]	Sweden	-	100.00%	167
RB Hygiene Home Nordic A/S, filial [†]	Sweden	-	100.00%	167
SSL Healthcare Sverige AB	Sweden	ORD	100.00%	62
RB Hygiene Home Switzerland AG	Switzerland	ORD	100.00%	123
Reckitt Benckiser (Switzerland) AG	Switzerland	ORD	100.00%	123
Reckitt Benckiser AG	Switzerland	ORD	100.00%	123
Reckitt Benckiser Europe General Partnership, Slough (UK), Wallisellen Branch [†]	Switzerland	-	100.00%	123
Mead Johnson Nutrition (Taiwan) Ltd.	Taiwan	ORD	100.00%	41
Reckitt Benckiser HK Limited Taiwan Branch [†]	Taiwan	-	100.00%	41
Mead Johnson Nutrition (Thailand) Ltd.	Thailand	COMMON	100.00%	109
RB Hygiene Home (Thailand) Limited	Thailand	ORD	100.00%	104
Reckitt Benckiser (Thailand) Limited	Thailand	ORD	100.00%	109
Reckitt Benckiser Healthcare Manufacturing (Thailand) Limited	Thailand	ORD/PREF	100.00%	40
Reckitt Benckiser Holding (Thailand) Limited	Thailand	COMM/PREF	45.00%	109
SSL Manufacturing (Thailand) Limited	Thailand	A/B	100.00%	6
Reckitt Benckiser Ev ve Hijyen Ürünleri A.Ş.	Turkey	-	100.00%	115
Reckitt Benckiser Temizlik Malzemesi San. ve Tic. A.Ş.	Turkey	-	100.00%	81
103-105 Bath Road Limited	UK	ORD	100.00%	9
Access VC Limited	UK	ORD	100.00%	9
Benckiser	UK	ORD	100.00%	35
Brevet Hospital Products (UK) Limited*	UK	ORD	100.00%	8
British Surgical Industries Limited*	UK	ORD/PREF	100.00%	8
Crookes Healthcare Limited	UK	ORD	100.00%	9
Cupal Limited	UK	ORD/PREF	100.00%	9
Dakin Brothers Limited	UK	ORD	100.00%	9
Durex Limited	UK	ORD	100.00%	9

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
Earex Products Limited*	UK	ORD	100.00%	8
eRB Trading Limited	UK	ORD	100.00%	9
ERH Propack Limited*	UK	ORD	100.00%	8
FF Homecare & Hygiene Limited	UK	PREFERRED	37.50%	9
Glasgow Square Limited	UK	ORD	100.00%	9
Green, Young & Company Limited	UK	ORD	100.00%	9
Hamol Limited	UK	ORD	100.00%	9
Helpcentral Limited	UK	ORD	100.00%	9
Howard Lloyd & Company Limited	UK	ORD	100.00%	9
LI Pensions Trust Limited	UK	ORD	100.00%	9
Linden Germany A Limited	UK	ORD	100.00%	9
Linden Germany B Limited	UK	ORD	100.00%	9
Lloyds Pharmaceuticals	UK	ORD	100.00%	9
London International Group Limited	UK	ORD	100.00%	9
LRC Investments Limited*	UK	ORD/PREF	100.00%	8
LRC Products Limited	UK	ORD	100.00%	9
LRC Secretarial Services Limited	UK	ORD	100.00%	9
Mead Johnson Nutrition (UK) Ltd*	UK	ORD	100.00%	8
MJ UK Holdings Limited	UK	ORD	100.00%	9
MJN International Holdings (UK), Ltd.	UK	ORD	100.00%	9
New Bridge Street Invoicing Limited*	UK	ORD	100.00%	8
Nurofen Limited	UK	ORD	100.00%	9
Open Championship Limited*	UK	ORD	100.00%	8
Optrex Limited	UK	ORD	100.00%	9
Pharmalab Limited	UK	ORD	100.00%	9
Prebbles Limited*	UK	ORD/DEF	100.00%	8
R & C Nominees Limited	UK	ORD	100.00%	9
R & C Nominees One Limited	UK	ORD	100.00%	9
R & C Nominees Two Limited	UK	ORD	100.00%	9
RB (China Trading) Limited	UK	ORD	80.00%	9
RB Asia Holding Limited	UK	ORD	100.00%	9

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
RB Holdings (Nottingham) Limited	UK	ORD	100.00%	9
RB Luxembourg (2016) Limited	UK	ORD	100.00%	9
RB Luxembourg Holdings (TFFC) Limited	UK	ORD	100.00%	9
RB Mexico Investments Limited	UK	ORD	100.00%	9
RB Reigate (2019) Ltd	UK	ORD	100.00%	9
RB Reigate (UK) Limited	UK	ORD	100.00%	9
RB UK Commercial Limited	UK	ORD	100.00%	9
RB UK Hygiene Home Commercial Limited	UK	ORD	100.00%	9
RB USA (2019) Ltd	UK	ORD	100.00%	9
Reckitt & Colman (Overseas) Health Limited	UK	ORD	100.00%	9
Reckitt & Colman (Overseas) Hygiene Home Limited	UK	ORD	100.00%	9
Reckitt & Colman (Overseas) Limited	UK	ORD	100.00%	9
Reckitt & Colman (UK) Limited	UK	ORD/PREF	100.00%	9
Reckitt & Colman Holdings Limited	UK	ORD	100.00%	9
Reckitt & Colman Pension Trustee Limited	UK	ORD	100.00%	9
Reckitt & Colman Trustee Services Limited*	UK	ORD	100.00%	8
Reckitt & Sons Limited	UK	ORD	100.00%	9
Reckitt Benckiser (Brands) Limited	UK	ORD	100.00%	9
Reckitt Benckiser (Grosvenor) Holdings Limited	UK	ORD	100.00%	9
Reckitt Benckiser (Health) Holdings Limited	UK	ORD	100.00%	9
Reckitt Benckiser (Hygiene Home) Holdings Limited	UK	ORD	100.00%	9
Reckitt Benckiser (RUMEA) Limited	UK	ORD	100.00%	9
Reckitt Benckiser (UK) Limited	UK	ORD	100.00%	9
Reckitt Benckiser (USA) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Asia Pacific Limited	UK	ORD	100.00%	9

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
Reckitt Benckiser Corporate Services Limited	UK	ORD	100.00%	9
Reckitt Benckiser Europe General Partnership	UK	PARTNERSHIP SHARES	100.00%	9
Reckitt Benckiser Expatriate Services Limited	UK	ORD	100.00%	9
Reckitt Benckiser Finance (2005) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Finance (2007)	UK	ORD	100.00%	9
Reckitt Benckiser Finance (2010) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Finance Company Limited	UK	ORD	100.00%	9
Reckitt Benckiser Health Limited	UK	ORD	100.00%	9
Reckitt Benckiser Healthcare (Central & Eastern Europe) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Healthcare (CIS) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Healthcare (MEMA) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Healthcare (UK) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Healthcare International Limited	UK	ORD	100.00%	9
Reckitt Benckiser Holdings (Channel Islands) Limited ^f	UK	-	100.00%	9
Reckitt Benckiser Holdings (Luxembourg) Limited	UK	ORD/PREF	100.00%	9
Reckitt Benckiser Holdings (Overseas) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Holdings (TFFC) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Holdings (USA) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Investments Limited	UK	ORD	100.00%	9
Reckitt Benckiser Jersey (No.1) Limited ^f	UK	-	100.00%	9
Reckitt Benckiser Jersey (No.2) Limited ^f	UK	-	100.00%	9
Reckitt Benckiser Jersey (No.3) Limited ^f	UK	-	100.00%	9

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
Reckitt Benckiser Jersey (No.5) Limited [†]	UK	-	100.00%	9
Reckitt Benckiser Limited*	UK	ORD	100.00%	9
Reckitt Benckiser Luxembourg (2010) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Luxembourg (No. 1) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Luxembourg (No. 2) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Luxembourg (No. 3) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Luxembourg (No. 4) Limited	UK	ORD	100.00%	9
Reckitt Benckiser Service Bureau Limited	UK	ORD	100.00%	9
Reckitt Benckiser Treasury (2007) Limited	UK	ORD/PREF	100.00%	9
Reckitt Benckiser Treasury Services plc	UK	ORD	100.00%	9
Reckitt Benckiser USA (2010) LLC [†]	UK	-	100.00%	9
Reckitt Benckiser USA (2013) LLC [†]	UK	-	100.00%	9
Reckitt Benckiser USA Finance (No.1) Limited	UK	ORD	100.00%	9
Reckitt Benckiser USA Finance (No.2) Limited	UK	ORD	100.00%	9
Reckitt Benckiser USA Finance (No.3) Limited	UK	ORD	100.00%	9
Reckitt Colman Chiswick (OTC) Limited	UK	ORD	100.00%	9
Rivalmuster*	UK	ORD	100.00%	8
Scholl (Investments) Limited*	UK	ORD	100.00%	8
Scholl (UK) Limited	UK	ORD	100.00%	9
Scholl Consumer Products Limited	UK	ORD	100.00%	9
Scholl Limited	UK	ORD/PREF	100.00%	9
Seton Healthcare Group No.2 Trustee Limited	UK	ORD	100.00%	9
Seton Healthcare No.1 Trustee Limited*	UK	ORD	100.00%	8
Sonet Group Limited*	UK	ORD	100.00%	8
Sonet Healthcare Limited*	UK	ORD	100.00%	8

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
Sonet Investments Limited	UK	ORD	100.00%	9
Sonet Prebbles Limited	UK	ORD	100.00%	9
Sonet Products Limited	UK	ORD	100.00%	9
Sonet Scholl Healthcare International Limited*	UK	ORD	100.00%	8
Sonet Scholl Healthcare Limited*	UK	ORD	100.00%	8
Sonet Scholl Overseas Investments Limited	UK	ORD	100.00%	9
Sonet Scholl UK Limited	UK	ORD	100.00%	9
SSL (C C Manufacturing) Limited*	UK	ORD	100.00%	8
SSL (C C Services) Limited*	UK	ORD/PREF	100.00%	8
SSL (MG) Polymers Limited	UK	ORD	100.00%	9
SSL (MG) Products Limited*	UK	ORD	100.00%	8
SSL (RB) Products Limited	UK	ORD	100.00%	9
SSL (SD) International Limited*	UK	ORD	100.00%	8
SSL International plc	UK	ORD	100.00%	9
SSL Products Limited	UK	ORD	100.00%	9
Suffolk Finance Company Limited	UK	ORD/DEF	100.00%	9
Tubifoam Limited	UK	ORD	100.00%	9
Ultra Laboratories Limited*	UK	ORD	100.00%	8
W.Woodward, Limited	UK	ORD	100.00%	9
Medcom Marketing And Prodazha Ukraine LLC	Ukraine	-	100.00%	121
Reckitt Benckiser Household and Health Care Ukraine LLC	Ukraine	-	100.00%	28
Reckitt Benckiser Hygiene Home Ukraine LLC	Ukraine	-	100.00%	122
RB Hygiene Home Arabia FZE	United Arab Emirates	ORD	100.00%	59
Reckitt Benckiser (RUMEA) Limited [†]	United Arab Emirates	-	100.00%	113
Reckitt Benckiser (RUMEA) Limited* [†]	United Arab Emirates	-	100.00%	76
Reckitt Benckiser Arabia FZE	United Arab Emirates	ORD	100.00%	59
Exponential Health LLC	USA	MEMBERSHIP SHARES	100.00%	26
LRC North America Inc.	USA	COM/PREF	100.00%	26

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

11 Subsidiary Undertakings continued

Name	Country of Incorporation	Share Class	Proportion of shares held by Reckitt	Registered Office
Mead Johnson & Company LLC	USA	MEMBERSHIP SHARES	100.00%	26
Mead Johnson Nutrition (Dominicana), S.A.	USA	COMMON	100.00%	26
Mead Johnson Nutrition (Puerto Rico) Inc.	USA	COMMON	100.00%	77
Mead Johnson Nutrition (Venezuela) LLC	USA	Membership Shares	100.00%	26
Mead Johnson Nutrition Company	USA	COMMON	100.00%	26
Mead Johnson Nutrition Nominees LLC	USA	MEMBERSHIP SHARES	100.00%	26
MJ USA Holdings LLC	USA	MEMBERSHIP SHARES	100.00%	27
MJN Asia Pacific Holdings LLC	USA	MEMBERSHIP SHARES	100.00%	26
MJN U.S. Holdings LLC	USA	MEMBERSHIP SHARES	100.00%	26
RB Health (US) LLC	USA	MEMBERSHIP SHARES	100.00%	77
RB Health Manufacturing (US) LLC	USA	MEMBERSHIP SHARES	100.00%	77
RB Manufacturing LLC	USA	MEMBERSHIP SHARES	100.00%	26
RB USA Holdings LLC	USA	MEMBERSHIP SHARES	100.00%	26
Reckitt Benckiser LLC	USA	MEMBERSHIP SHARES	100.00%	26
Reckitt Benckiser USA (2010) LLC	USA	MEMBERSHIP SHARES	100.00%	26
Reckitt Benckiser USA (2012) LLC	USA	MEMBERSHIP SHARES	100.00%	26
Reckitt Benckiser USA (2013) LLC	USA	MEMBERSHIP SHARES	100.00%	26
SSL Holdings (USA) Inc.	USA	COMMON	100.00%	26
UpSpring LLC	USA	ORD	100.00%	72
Blisa, LLC	USA	MEMBERSHIP SHARES	100.00%	26
Mead Johnson Nutrition Venezuela, S.C.A.	Venezuela	GENERAL PARTNER	100.00%	162
Reckitt Benckiser Venezuela S.A.	Venezuela	ORD	100.00%	53
Mead Johnson Nutrition (Vietnam) Company Limited	Vietnam	-	100.00%	155

[†] Branch

* In liquidation

* Interest held directly by Reckitt Benckiser Group plc

Registered Office

- 1 22/F W Square, 314-324 Hennessy Road, Wanchai, Hong Kong
- 2 25/F Chubb Tower, Windsor House, 311 Gloucester Road, Causeway, Hong Kong
- 3 #2, Xiayuan Road, Dongji Industry Zone of Economic and Technology District, Guangzhou, Guangdong, China
- 4 1 Lampousas Street, P.C. 1095, Nicosia, Cyprus
- 5 1 rue de la Poudrerie, Leudelange, L-3364, Luxembourg
- 6 100 Moo 5, Bangsamak Sub-District, Bangpakong District, Chachoengsao Province 24180, Thailand
- 7 102 rue de Sours, 28000 Chartres, France
- 8 1020 Eskdale Road Winnersh, Wokingham, RG41 5TS, United Kingdom
- 9 103-105 Bath Road, Slough, Berkshire, SL1 3UH, United Kingdom
- 10 1113 Budapest, Bocskai út 134-146, Budapest, Hungary
- 11 12 Marina Boulevard, #19-01 Marina Bay Financial Centre, 018982, Singapore
- 12 12 Montgomery Road, Yaba, Lagos, Nigeria
- 13 14 Kozhevnickeskaya Str, 115114, Moscow, Russian Federation
- 14 14 Riverside Drive, Arlington Building, 3rd Floor, Nairobi, 209/19, Kenya
- 15 15 / F, 755 Huaihai Middle Road, Huangpu District, Shanghai, China
- 16 16/F, Xu Jia Hui International Plaza, No.1033 Zhao Jia Bang Road, Shanghai, China
- 17 1680 Tech Avenue, Unit 2, Mississauga, ON L4W 5S9, Canada
- 18 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW
- 19 1st Floor, unit 11, No. 88 Baran Building, Sayed Road, Opposite Mellat Park, Vali-e-Asr Avenue, Tehran, Islamic Republic of Iran, Iran,
- 20 2 Fred Thomas Drive, Takapuna, Auckland, 0622, New Zealand
- 21 20 Allée de la Recherche, Anderlecht, 1070 Brussels, Belgium
- 22 2206-11, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong
- 23 225 North Canal Street, Floor 25, Chicago IL 60606, United States
- 24 2309 Don Chino Roces Avenue Extension, Makati City, Philippines
- 25 24th Floor, Two IFC, 10 Gukjegeumyung-ro, Youngdeungpo-gu, Seoul, 07326, Republic of Korea
- 26 251 Little Falls Drive, Wilmington DE 19808, United States
- 27 2711 Centerville Road, Suite 400, Wilmington DE 19808, United States
- 28 28A Stepana Bandery, Bld.G, Office 80, 04073, Kyiv, Ukraine
- 29 3-20-14 Higashi-Gotanda, Shinagawa-ku, Tokyo, 141-0022, Japan
- 30 38 rue Victor Basch, 91300 Massy, France
- 31 3rd Floor Mead Johnson Nutrition Inc, 2309 Don Chino Roces Extension, Makati City, Philippines
- 32 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
- 33 4, Shluzovaya emb, 3rd Floor, 115114, Moscow, Russian Federation
- 34 44 Esplanade, St Helier, JE4 9WG, Jersey
- 35 4th Floor, 115 George Street, Edinburgh, EH2 4JN, Scotland
- 36 52/1, Kosmodamianskaya emb, 115054, Moscow, Russian Federation
- 37 58-59 Nasirabad Industrial Area, Chittagong 4209, Bangladesh
- 38 59 Boulevard Zerkouni, Residence Les Fleurs 6ème étage, Casablanca, Morocco
- 39 6 Hangar Street, PO Box 6440, I.Z. Neve Nee'man B Hod Hasharon, 4527703, Israel
- 40 65 Moo 12 Lardkrabang-Bangplee Road, Bangplee Samutprakarn, Bangkok, 10540, Thailand

11 Subsidiary Undertakings continued

- 41** 6F., No. 136, Sec. 3, Ren'ai Rd., Da'an Dist, Taipei City 1, R.O.C., 10657, Taiwan
- 42** 6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
- 43** 7 Taki Kavalieratou Street, Kifissia, 145 64, Greece
- 44** 707, Hisense Venture Center, 17 Shandong Road, Shinan District, Qingdao, Shandong Province, China
- 45** 8 Jet Park Road, Gauteng, Elandsfontein, 1406, South Africa
- 46** 80 Robinson Road, #02-00, 068898, Singapore
- 47** 89-97 Grigore Alexandrescu street, Building A, 5th Floor, Sector 1, Bucharest, Romania
- 48** Apartment 6G, 6th Floor, Edificio Bladex, Calle Avenida La Rotonda. Business Park, Corregimiento de Juan Diaz, Urbanización Costa Del Este, Provincia De Panamá, Distrito de Panama, Panama
- 49** Av de las Granjas 972, Col. Santa Barbara, Azcapotzalco, CDMX, 02230, Mexico
- 50** Av Hipólito Alferez Bouchard, 4191 3°, Argentina
- 51** Av. Coruña 27-88 y Av. Orellana, Edificio Coruña Plaza, piso 7, Quito, Ecuador
- 52** Av. Ejército Nacional Mexicano No.769, Corporativo Miyana Torre B, Piso 6, Alcaldía Miguel Hidalgo, Colonia Granada, CP 11520, Mexico
- 53** Avenida Mara con Calle San José, Centro Comercial Macaracuy Plaza, Nivel C3, Locales 5 y 12. Urb. Colinas de la California, Caracas, Bolivarian Republic of Venezuela
- 54** Avenida Presidente Juscelino Kubitschek, 1909 cj 24 e 25, Vila Nova Conceição, São Paulo/SP, Brazil
- 55** Avenida Presidente Juscelino Kubitschek, n° 1909, 24° andar, Parte B, Torre Norte, Condomínio São Paulo Corporate Towers, Vila Nova Conceição, Sao Paulo - SP, CEP 04.543-907, Brazil
- 56** Avenida Presidente Juscelino Kubitschek, n° 1909, 24° andar, Parte C, Torre Norte, Condomínio São Paulo Corporate Towers, Vila Nova Conceição, Sao Paulo, CEP 04.543-907, Brazil
- 57** Avenida Presidente Kennedy, Lateral 5454, Oficina 1602, Vitacura, Región Metropolitana, Chile
- 58** Avenida Son On, No.1040, Centre Industrial Brilliant 2 Andar, Taipa, Macau
- 59** Behind GAC Complex, Jebel Ali Free Zone, PO Box 61344, Dubai, United Arab Emirates
- 60** Bld. 15/A, Koktem-1, Almaty, 050040, Kazakhstan
- 61** Bocskai út 134-146, H-1113, Budapest, Hungary
- 62** Box 190, 101 23 Stockholm, Sweden
- 63** Bucarelli 2609 PB A, Ciudad Autonoma de Buenos Aires, Argentina
- 64** Building 330, Road 1506, Block 115, Bahrain International Investment Park, Hidd. Kingdom of Bahrain, Bahrain
- 65** Building A1, Second Floor, Plot #A14b01, Cairo Festival City, First District, Fifth Settlement, New Cairo, Cairo, Egypt
- 66** C/O 103-105 Bath Road, Slough, SL1 3UH, Berkshire, United Kingdom
- 67** C6-8 Site 6F, No.333 Futexi Road, Waigaoqiao Free Trade Zone, Shanghai City, China
- 68** Calle 46, 5-76, Cali, Colombia
- 69** Calle 76, No. 11-17, Edificio Torre, Los Nogales Piso 2, Bogota, CO, Colombia
- 70** Calle Dean Valdivia No.148, Torre 1, Ofic. 501, Urb. Jardín, San Isidro, Lima, Peru
- 71** Calzada de Tlalpan No. 2996, Col. Ex Hacienda Coapa, Del. Coyoacán, Cd. de México, C.P. 04980, Mexico
- 72** Capitol Service Inc., 1675 South State Street, Suite B, Dover, Delaware 19901, United States
- 73** Carrer de Mataró, 28, 08403, Granollers, Barcelona, Spain
- 74** Circuito Dr Gustavo Baz, 7, No. 7, Fracc Industrial El Pedregal, Atizapan de Zaragoza, Edomex, Mexico
- 75** Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
- 76** Complex, Gate 4, Jebel Ali Freezone Authority., United Arab Emirates
- 77** Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County DE 19808, United States
- 78** Dangtu Economic Development Zone, Maanshan City, Anhui Province, China
- 79** Darwinstrasse 2-4, 69115, Heidelberg, Germany
- 80** Dean Valdivia 148, Piso 5, San Isidro, Lima, Peru
- 81** Dikilitaş Mah. Hakkı Yeten Cad., Selenium Plaza 10 C Fulya, İstanbul, 34349, Turkey
- 82** Drieňová 3, 821 08 Bratislava, Slovakia
- 83** Estrada Fukutaro Yida, n. 930, Bairro Cooperativa, Sao Bernardo Do Campo, Sao Paulo, 09852-060, Brazil
- 84** Estrada Malhada dos Carrascos, 12, Porto Alto, 2135-061, Samora Correia, Portugal
- 85** F73 and 74, Sipcot Industrial Park, Irungattukottai, Sriperumbudur TK, Kancheepuram District, Tamilnadu, 602 117, India
- 86** Gedung Treasury Tower, District 8, Level 58, SCBD Lot 28, Jalan Jend. Sudirman Kav. 52-53, Kel. Senayan, Kec. Kebayoran Baru, Kota, Adm Jakarta Selatan, Prov, DKI Jakarta, Indonesia
- 87** Guglgasse 15, Vienna, 1110, Austria
- 88** Harju maakond, Rae vald, Rae küla, Raeküla tee 5, 75310, Estonia
- 89** Heinestrasse 9, 69469, Weinheim, Germany
- 90** Henrik Ibsens gate 60A, Oslo, 0255, Norway
- 91** IFC 5, St. Helier, JE1 1ST, Jersey
- 92** Intersection of Hongqi Road and Mingzhu Road, Dangtu Economic Development Zone, Maanshan City, Anhui Province, China
- 93** Itsehallintokuja 6, Espoo, 02600, Finland
- 94** Jl. Raya Narogong, Chamber A.I, Kel. Pasirangin, Kec Cileungsi, Kab. Bogor. Prop. Jawa Barat, Indonesia
- 95** King & Wood Mallesons, 'Governor Phillip Tower' Level 61, 1 Farrer Place, Sydney NSW 2000, Australia
- 96** Level 1, 2 Fred Thomas Drive, Takapuna, Auckland, 0622, New Zealand
- 97** Level 47, 680 George Street, Sydney NSW 2000, Australia
- 98** Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490, Damansara Heights, Wilayah Persekutuan, Kuala Lumpur, Malaysia
- 99** Los Frailes Industrial Park, Ave. Esmeralda, Calle C # 475, Guaynabo, 00969, Puerto Rico
- 100** LR.NO.1870/1/569, 2nd Floor, Apollo Centre, Ring Road Westlands, Kenya
- 101** Middenkampweg 2, 6545, CJ Nijmegen, The Netherlands
- 102** No. 3, Canglian 1 Road, ETDZ, Guangzhou, China
- 103** No. 34 East Beijing Road, Jingzhou, Hubei, 434001, China
- 104** No. 388, Room No. 1903, Floor 19th Floor, Exchange Tower, Sukhumvit Road, Sub-District Klongtoey, District Klongtoey, Bangkok, 10110, Thailand
- 105** No.1-13 Shangma, Aodong Road, High-tech Industrial Development Zone, Qingdao City, Shandong Province, China
- 106** No.151, Avda. Can Fatjó, 08191, Rubí, Barcelona, Spain
- 107** No.25, Shrubbery Garden, Colombo-04, Sri Lanka
- 108** No.28 Middle Huasu Road, Liujiagang, Fuqiao Town, Taicang City, Jiangsu Province, China

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

11 Subsidiary Undertakings continued

- 109** No.388 Exchange Tower, 14th Floor, Sukhumvit Road, Klongtoey, Bangkok, 10110, Thailand
- 110** Nowy Dwór Mazowiecki, Ul. Okunin 1, 05-100, Poland
- 111** of. 166, 66, K Liebknekhtha st., Minsk, 220036, Belarus
- 112** Office 302, Building 15a, Koktem-1, Micro District, Almaty City, Kazakhstan
- 113** Office No. 1801 – 1803, EMAAR Properties, Burj Khalifa, PO BOX 119841, United Arab Emirates
- 114** Oficina 4C, Av. 12 de Octubre, #26-48 y Orellana, Edificio Mirage, Piso 4, Quito, 170525, Ecuador
- 115** Orta Mahallesi Demokrasi, Caddesi Benckiser Sitesi No.92, Tuzla, Istanbul, Turkey
- 116** Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands
- 117** Plot 209/2462, Likoni Road, Nairobi, Kenya
- 118** Plot No. 48, Industrial Area, Sector 32, Gurgaon - 122001, Haryana, India
- 119** PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands
- 120** Polyium Building 22, Off Road 90, First District, 5th Settlement, New Cairo, Egypt
- 121** Prospect 40-Richchia Zhovtnia., 120,1 Block, 03127, Kyiv, Ukraine
- 122** Prospect Stepana Bandery, 28-A, letter "G", Kyiv, Ukraine, 04073
- 123** Richtistrasse 5, 8304, Wallisellen, Switzerland
- 124** Robert-Koch-Straße 1, 69115 Heidelberg, Germany
- 125** Rodovia Raposo Tavares, 8015 km 18, 1º andar, Sala 2, Jardim Arpoador, Sao Paolo, CEP 05577-900, Brazil
- 126** Rodovia Raposo Tavares, 8015 km 18, Jardim Arpoador, Sao Paolo, CEP 05577-900, Brazil
- 127** Room 01, 2nd Floor, Office Building, #2, Xia Yuan Road, Dongji Industrial District, Guangzhou Development Zone, Guangzhou, China
- 128** Room 02, 2nd Floor, Office Building, #2, Xia Yuan Road, Dongji Industrial District, Guangzhou Development Zone, Guangzhou, China
- 129** Room 11-13, 8 / F, Global Plaza, 158 Wusi Road, Fuzhou City, Gulou District, China
- 130** Room 1605, No.660, Shangcheng Road, Shanghai, China
- 131** Room 1701, No. 1033, Zhao Jia Bang Road, Shanghai, China
- 132** Room 2001, 20/F, Greenfield Tower, Concordia Plaza, No.1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong
- 133** Room 2202, yanheng land Plaza, No.1, Section 2, Renmin South Road, Jinjiang District, Chengdu, Sichuan Province, China
- 134** Rooms 1408 and 1409, 14 / F, Gaoxin No.9 Office Building, Gaoxin 4th Road, Hi Tech Zone, Xi'an City, Shanxi Province, China
- 135** Rua D. Cristóvão da Gama, n.º 1, 1º, C/D, 1400-116, Lisboa, Portugal
- 136** San Jose-Escazu En Escazu Corporate Center, Setimo Piso, Costado Sur De Multiplaza Escazu, Costa Rica
- 137** Schiphol Boulevard 267, 1118 BH, Schiphol, The Netherlands
- 138** Siriusdreef 14, 2132 WT, Hoofddorp, The Netherlands
- 139** Självstyrelsevägen 6, Esbo, 02600, Finland
- 140** Sofia City - 1407, Lozenets region, 22, Zlaten rog Str, 3rd floor, Office 4, Bulgaria
- 141** Str. Grigore Alexandrescu 89-97, Aripa Vest, Et. 5, Finish room, Sect. 1, Bucuresti, 010624, Romania
- 142** Strēlnieku iela 1A - 2, Rīga, LV-1010, Latvia
- 143** Suite 1005, 10th Floor, Wisma Hamzag Kwong Hing, No. 1 Leboh Ampang, 50100 W.P. Kuala Lumpur, Malaysia
- 144** Suite 2300, 550 Burard Street, Vancouver, BC V6C 2B5, Canada
- 145** Suite 600, 1741 Lower Water Street, Halifax, NS B3J 0J2, Canada
- 146** Tenancy 04 & 05, 3rd Floor, Corporate Office Block, Dolmen City, HC, Block 4, Scheme 5, Clifton, Karachi, 75600, Pakistan
- 147** Teniente General Richieri 15, Ciudad de Sunchales, Santa Fe, Argentina
- 148** Treasury Tower 59th Floor, District 8, SCBD, Jalan Jendral Sudirman Kav 52-53, Jakarta, 12190, Indonesia
- 149** Treasury Tower, District 8, Lantai 58, SCBD Lot 28, Jl. Jend. Sudirman Kav. 52-53, Kel. Senayan, Kec. Kebayoran Baru, Kota, Adm Jakarta Selatan, Prop, DKI Jakarta, Indonesia
- 150** Ul. Okunin 1, 05-100, Nowy Dwor, Mazowiecki, Poland
- 151** Ul. Wołoska 22, 02-675, Warsaw, Poland
- 152** Ulica Grada Vukovara 269d, 10 000 Zagreb, Hrvatska, Croatia
- 153** Unit 02, 11/F, Tower A Hedonic Center, 6 Songyue Road, Siming District, Xiamen, China
- 154** Unit 2001, 20/F, Greenfield Tower Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong
- 155** Unit 401, 4th Floor, Metropolitan Building, No.235 Dong Khoi Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
- 156** Unit B01, Room 401, Tower 2, Parkview Green Fang Cao Di, No.9 Dongdaqiao Road, Chaoyang District, Beijing, China
- 157** Unit b02-b04, Room 401, Unit 2, Building 9, Dongdaqiao Road, Chaoyang District, Beijing, China
- 158** Unit B06, Room 401, Tower 2 Parkview Green Fang Cao Di, No.9 Dongdaqiao Road, Chaoyang District, Beijing, China
- 159** Unit No. 50-8-1, 8th Floor, Wisma Uoa Damansara, 50 Jalan Dungun, Damansara Heights, 50490, Kuala Lumpur, Malaysia
- 160** Unit No. 54, 5th Floor, Kalpataru Square Andheri-Kurla Road, Andheri (East) Mumbai, Maharashtra, 400059, India
- 161** Unit No. 54, 5th Floor, Kalpataru Square, Andheri-Kurla Road, Maharashtra, Mumbai, 400059, India
- 162** Urb. Las Mercedes, Av. Orinoco cruce con Mucuchies Torre Nordic, Piso 1, Oficina 1 y 2, Municipio Baruta Caracas, Bolivarian Republic of Venezuela
- 163** Vandtarnsvej 83A, 2860, Soborg, Denmark
- 164** Via Spadolini 7, 20141, Milano, Italy
- 165** Vilniaus m. Olimpiečių g. 1A, Lithuania
- 166** Vinohradská 2828/151, 130 00 Praha 3-Žižkov, Czech Republic
- 167** Vretervagen 2, 4th Floor, 171 54, Solna, Sweden